



Multifamily Mortgage Business Lender Letter 18-10

December 20, 2018

To: Multifamily Lenders

From: Nancy Atwell, Vice President for Multifamily Target State and MBS Management

Subject: Lender Letter 18-10 – Additional Underwriting Fields in C&D™

HIGHLIGHTS

- Effective January 12, 2019, the Multifamily Committing & Delivery (C&D) system will include new fields for capturing underwritten Net Rental Income (NRI).

Introduction

C&D release 12.0 will include new fields for capturing underwritten NRI and trailing collection periods, thereby providing a more detailed snapshot of Property operations and Lender underwriting at the time of Commitment.

Underwriting Valuation Base and Senior Screen Changes

The following fields are now available in the 'Underwriting Valuation – Base' and 'Underwriting Valuation – Senior' screens:

- Underwritten NRI – **Required** field for capturing final underwritten NRI
- Trailing Collections (T-1) – **Required** field for capturing final trailing 1-month collections
- Trailing Collections (T-3) – **Optional** field for capturing final trailing 3-month collections
- Trailing Collections (T-6) – **Optional** field for capturing final trailing 6-month collections
- Trailing Collections (T-12) – **Optional** field for capturing final trailing 12-month collections

See the screenshot below for the locations of these fields on the screen:

| Underwriting Valuation - Base | | | |
|---|-----------------|--|-----------------|
| | | Collateral • Property Collateral | |
| Collateral Value at Acquisition | | | |
| Property Name | | Collateral Reference Number | |
| Underwritten Property Value (\$) | + 43,000,000.00 | Underwritten Capitalization Rate (%) | + 5.2 |
| Property Value As of Date (mm/dd/yyyy) | + 07/26/2018 | | |
| Income/Expense Underwriting at Acquisition | | | |
| Operating Statement (fiscal year) | + 2018 | | |
| | | Income | Expenses |
| Gross Potential Rent (\$) | + 3,909,344.00 | Management Fees (\$) | + 120,323.00 |
| Less Vacancy Loss (\$) | + 195,467.00 | General & Administrative (\$) | + 25,116.00 |
| Less Bad Debt (\$) | + 0.00 | Advertising & Marketing (\$) | + 38,537.00 |
| Less Concessions (\$) | + 0.00 | Payroll/Benefits (\$) | + 488,384.00 |
| Laundry/Vending Income (\$) | + 0.00 | Utilities (\$) | + 70,715.00 |
| Parking Income (\$) | + 38,408.00 | Water & Sewer (\$) | + 188,390.00 |
| Commercial Income (\$) | + 0.00 | Repairs and Maintenance (\$) | + 271,741.00 |
| Other Income (\$) | + 258,472.00 | Property Insurance (\$) | + 61,679.00 |
| | | Real Estate Taxes (\$) | + 376,257.00 |
| | | Other Expenses (\$) | + 123,258.00 |
| | | Ground Rent (\$) | + 0.00 |
| | | Professional Fees (\$) | + 15,550.00 |
| | | Total Operating Expense (\$) | + 1,779,950.00 |
| | | Capital Expenditures (Replacement Reserves) (\$) | + 113,199.00 |
| | | Cooperative Equivalent NCF (\$) | |
| Effective Gross Income (\$) | 4,010,757.00 | | |
| Underwritten NCF (\$) | 2,117,608.00 | | |
| Underwritten NRI (\$) | | | |
| Trailing Collections (T-1) (\$) | | | |
| Trailing Collections (T-3) (\$) | | | |
| Trailing Collections (T-6) (\$) | | | |
| Trailing Collections (T-12) (\$) | | | |



Underwriting Valuation - Senior
Collateral > Property Collateral

Save Validate This Page Reset

Collateral Value at Acquisition

Property Name: test
 Underwritten Property Value (\$):
 Property Value As of Date (mm/dd/yyyy):

Collateral Reference Number: 9999089035
 Underwritten Capitalization Rate (%):

Income/Expense Underwriting at Acquisition

Operating Statement (Fiscal Year):

| Income | | Expenses | |
|------------------------------|--|--|------|
| Gross Potential Rent (\$) | | Management Fees (\$) | |
| Less Vacancy Loss (\$) | | General & Administrative (\$) | |
| Less Bad Debt (\$) | | Advertising & Marketing (\$) | |
| Less Concessions (\$) | | Meals Expense (\$) | |
| Medicare/Medicaid (\$) | | Payroll/Benefits (\$) | |
| Nursing/Medicaid Income (\$) | | Utilities (\$) | |
| Meals Income (\$) | | Water & Sewer (\$) | |
| Second Resident Income (\$) | | Repairs and Maintenance (\$) | |
| Commercial Income (\$) | | Property Insurance (\$) | |
| Other Income (\$) | | Real Estate Taxes (\$) | |
| | | Other Expenses (\$) | |
| | | Ground Rent (\$) | |
| | | Professional Fees (\$) | |
| | | Room Expense - Housekeeping (\$) | |
| | | Total Operating Expense (\$) | 0.00 |
| | | Capital Expenditures (Replacement Reserves) (\$) | |
| | | Cooperative Equivalent NCF (\$) | |

Effective Gross Income (\$): 0.00
 Underwritten NCF (\$): 0.00
 Underwritten NRI (\$):
 Trailing Collections (T-1) (\$):
 Trailing Collections (T-3) (\$):
 Trailing Collections (T-6) (\$):
 Trailing Collections (T-12) (\$):

Business Rules

| Field Label | Rule Message | Severity |
|----------------------------|--|--------------|
| Underwritten NRI | Underwritten NRI (\$) is required. | Non-waivable |
| Underwritten NRI | Underwritten NRI (\$) must be greater than 0.00. | Non-waivable |
| Trailing Collections (T-1) | Trailing Collections (T-1) (\$) is required. | Non-waivable |
| Trailing Collections (T-1) | Trailing Collections (T-1) (\$) must be greater than 0.00. | Non-waivable |
| Trailing Collections (T-3) | Trailing Collections (T-3) (\$) should have a value because Trailing Collections (T-6) (\$) is populated. | Warning |
| Trailing Collections (T-3) | Trailing Collections (T-3) (\$) should have a value because Trailing Collections (T-12) (\$) is populated. | Warning |
| Trailing Collections (T-6) | Trailing Collections (T-6) (\$) should have a value because Trailing Collections (T-12) (\$) is populated. | Warning |

Additional Information

For Nearly Stabilized deals, the lender should input the underwriting values projected at full stabilization. For deals where the lender's final underwritten NRI is actually T-1 collections (e.g. a deal with an Occupancy waiver where there is a request to rate lock on T-1 collections), the lender should input that T-1 collections value in both the Underwritten NRI and Trailing Collections (T-1) fields.

Effective Date



Effective January 12th, 2019, C & D release 12.0 will include these new fields. Once available in C & D, Lenders are expected to enter data for these fields on any property associated to a transaction that hasn't been delivered regardless of when the commitment was confirmed.

Questions

Please direct questions to the following contacts:

- Credit Risk Manager – Mike Meissner at michael_meissner@fanniemae.com
- Loan Operations Manager – Sandra Opon at 202-752-7118, or sandra_c_opon@fanniemae.com
- [Acquisitions Team - mf_acquisitions@fanniemae.com](mailto:mf_acquisitions@fanniemae.com)