Frequently Asked Questions (FAQs)
Multifamily Affordable Housing Property
Definition – Special Public Purpose

GENERAL INFORMATION

Q1. What is the Multifamily Affordable Housing (MAH) Property Special Public Purpose and when is a waiver required to use this designation?

Part IIIB, Chapter 7 of the Multifamily Selling and Servicing Guide (the “Guide) defines Multifamily Affordable Housing Property (MAH Property). Included in this definition is a Property which, although it does not comply with the rent, income, or occupancy restrictions typically required for an MAH Property (e.g., 20% @ 50%, 40% @ 60%) does (i) have other rent and/or income restrictions, and (ii) meet a noteworthy special public purpose. A Lender must request a Guide waiver for a Property to be considered a Special Public Purpose Property.

For Fannie Mae to approve the waiver for a Special Public Purpose Property, (i) a minimum of 20% of the units must be affordable at 80% AMI, and (ii) the Property would not otherwise meet the definition of an MAH Property described in Part IIIB, Chapter 7 of the Guide without the approved waiver. Other third-party public entity imposed and monitored restrictions must be recorded to be eligible for the Special Public Purpose waiver.

Q2. What are examples of Properties that may meet a noteworthy Special Public Purpose?

Properties that do not otherwise meet the definition of an MAH Property described in Part IIIB, Chapter 7 of the Guide but have recorded restrictions that are imposed and monitored by third-party public entities with a minimum of 20% of the units affordable at 80% AMI are eligible. Other recorded restricted properties may be considered on a case-by-case basis if they are meeting an unmet affordable housing need in the market.

Q3. What are the benefits to the MAH Special Public Purpose Waiver?

Upon approval of the waiver, the deal will automatically be eligible for 10 bps off conventional pricing.

Q4. If the deal meets the minimum affordability criteria for MAH Special Public Purpose, is the Lender required to request a waiver under the Special Public Purpose definition?

No. At this time, this Waiver request is optional but the Mortgage Loan will not be eligible for 10 bps off conventional pricing.
The Lender is encouraged to submit the Mortgage Loan as an MAH Property utilizing the Special Public Purpose waiver to allow Fannie Mae to track and monitor the various affordable programs and incentives across the country and assess any future opportunities for expanded underwriting and pricing benefits.

Q5. Are Mortgage Loans referred to as “80-20 deals” included within this Special Public Purpose definition?

No. The “80-20 deals” refer to tax-exempt bond deals for properties where 80% of the units are at market rates and 20% of the units are restricted to 50% AMI. This level of affordability meets the current MAH definition without a waiver.

A Property must have a minimum of 20% of the units affordable at 80% AMI to be eligible for the Special Public Purpose waiver.

Q6. Are self-imposed recorded affordability restrictions permitted?

This Special Public Purpose waiver is only eligible with third-party public entity imposed and monitored restrictions recorded of record against the Property.

Q7. Do the restrictions have to be recorded or are naturally occurring affordable units eligible?

Naturally occurring affordable units are not eligible for a Special Public Purpose Waiver. The rent, income, or occupancy restrictions must be recorded and monitored by a third-party public entity.

Q8. Is a Lender able to request a pricing waiver in addition to the reduced pricing in the Pricing Memo for a Property granted the Special Public Purpose waiver?

Pricing waivers will be considered on a case by case basis considering the merits of the Mortgage Loan, including Borrower financial condition/experience, asset quality, and market strength, as well as the affordability levels/cap exemption.

Q9. What underwriting requirements of the Guide and the Multifamily Underwriting Standards (Form 4660) apply when the MAH Special Public Purpose definition waiver is granted?

These Mortgage Loans are underwritten to Part IIIA, Chapter 3 of the Guide and utilize conventional standards including but not limited to DSCR, LTV, and Interest-Only requirements as outlined in the Form 4660.

Q10. What if there are special characteristics of the Mortgage Loan that justify using the MAH underwriting standards outlined in the Guide and the Multifamily Underwriting Standards?

Fannie Mae will consider waivers to credit and underwriting standards on a case by case basis considering the merits of the deal. Submit the Mortgage Loan through Gateway with the waivers and Pre-Review conditions identified, along with the supporting information to justify the request. The MAH Deal Team will review.
Q11. What if there are additional Pre-Review conditions or other waiver requests?

The MAH Deal Team will process all waivers and or Pre-Review conditions associated with a Mortgage Loan seeking the MAH Special Public Purpose Waiver.

Q12. Is MBS Additional Disclosure required for deals with the Special Public Purpose Waiver?

The Special Public Purpose Waiver by itself does not require Additional Disclosure. However, Lenders are advised to review Fannie Mae Form 4098, Multifamily Additional Disclosure Guidance. MAH Mortgage Loans may have other characteristics (changes in Property valuation, Tax Abatements for Affordable Housing, etc.) that do require Additional Disclosure.

REGISTRATION/COMMITTING/DELIVERY

Q13. Are there additional requirements to register and submit a deal in DUS Gateway in order to request the MAH Special Public Purpose waiver?

Yes. The process is outlined in the DUS Gateway Job Aid, “MAH Special Public Purpose Definition”, which is available on the Learning Center under the DUS Gateway Job Aids at the following link:


Q14. Are there any specific instructions the Lender must follow in the C&D application?

Yes. To ensure the MBS is disclosed as a Multifamily Affordable Housing Property, the Lender must designate the Property as an MAH Property based on the guidance found in the Affordable Housing Data Guidance Job Aid available on the Learning Center under “Acquisitions” at the following link: