



Multiple Financed Properties Checklist

Policy Update Checklist – For Manually Underwritten Loans and Desktop Underwriter® (DU®) Loan Casefiles PRIOR to the Implementation of DU Version 10.0.

July 2016

A lender may use this checklist to determine whether a transaction meets the additional requirements applicable under Fannie Mae’s guidelines for borrowers with multiple financed properties.

See Examples of Reserves Calculations on pages 2–3

NOTE: This checklist should not be used if the loan is a Refi Plus™ or DU Refi Plus™.

- ✓ If the answer to each of the following questions is “Yes,” the loan appears to meet the additional requirements applicable to borrowers with multiple financed properties.
- ✓ If the answer to any of the following questions is “No” (unless otherwise directed in the table), the loan does not appear to meet the additional requirements applicable to borrowers with multiple financed properties

		Manual		DU	
		Yes	No	Yes	No
1	Will the occupancy of the subject property be a second home or investment property?	Go to Step 2	STOP the multiple financed property guidelines do not apply to principal residences	Go to Step 2	STOP the multiple financed property guidelines do not apply to principal residences
2	At the time of disbursement of the new mortgage loan, will the borrower have 6 or fewer financed properties (including the borrower’s principal residence)? ¹	Skip to 5 (steps 3–4 do not apply)	If > 6 properties, INELIGIBLE for Manual	Skip to 5 (steps 3–4 do not apply)	Go to Step 3
3	At time of disbursement of the new mortgage loan, will the borrower(s) have at least 7 but no more than 10 financed properties (including the borrower’s principal residence)? ¹	N/A	N/A	Go to Step 4	If > 10 properties, INELIGIBLE
4	Is the representative credit score for the loan 720 or higher?	N/A	N/A	Go to Step 5	If < 720, INELIGIBLE
5	Does the borrower have reserves for the subject property in accordance with: The Eligibility Matrix for manually underwritten loans? DU for loan casefiles submitted to DU?	Go to Step 6	INELIGIBLE	Go to Step 6	INELIGIBLE

¹ The financed property limit applies to the borrower's one- to four-unit financed properties for which the borrower is personally obligated, including the borrower’s principal residence and the subject property and is cumulative for all borrowers. These limitations apply to the total number of properties financed, not to the number of mortgages on the property or the number of mortgages sold to Fannie Mae.

The following property types are not subject to these limitations: Commercial real estate, multifamily property consisting of more than four dwelling units, ownership in a timeshare, ownership of a vacant (residential) lot, Ownership of a manufactured home on a leasehold estate not titled as real property (chattel lien on the home).



6	Does the borrower have reserves for all "other" financed properties in accordance with the reserve table below (examples on Page 3)?	Go to Step 8	INELIGIBLE	Go to Step 7	INELIGIBLE
7	DU Recommendation of Approve/Eligible?	N/A	N/A	Go to Step 8	INELIGIBLE
8	SFC Delivery	DO NOT DELIVER LOAN WITH SFC 150			

Reserves Calculation Table	
2 to 6 financed properties (Manually Underwritten and Casefiles Underwritten through DU)	<p>The % of UPB is based on the number of financed properties:</p> <p>If 2-4 financed properties, reserves = 2% of aggregated mortgage UPBs for all other* financed properties.</p> <p>If 5-6 financed properties, reserves = 4% of aggregated mortgage UPBs for all other* financed properties.</p> <p>*Other includes all financed properties which are not the subject property or the borrower's principal residence.</p>
7 to 10 financed properties (DU Casefiles Only)	<p>The % of UPB is based on the number of financed properties:</p> <p>If 7-10 financed properties, reserves = 6% of aggregated mortgage UPBs for all other* financed properties.</p> <p>*Other includes all financed properties which are not the subject property or the borrower's principal residence.</p>

Examples of Reserves Calculations

The following tables contain examples of reserves calculations for borrowers with multiple financed properties.

Example 1: Three Financed Properties

Occupancy	Outstanding UPB	Monthly PITIA	Reserves Calculations	
Subject: Second Home	\$78,750	\$776	2 Months PITIA =	\$1,552
Principal	\$0	\$179	N/A	\$0
Investor	\$87,550	\$787	\$230,050 x 2% =	\$4,601
Investor	\$142,500	\$905		
	\$230,050		Total =	\$6,153

Example 2: Six Financed Properties

Occupancy	Outstanding UPB	Monthly PITIA	Reserves Calculations	
Subject: Investor	\$78,750	\$776	6 Months PITIA =	\$4,656
Principal	\$133,000	\$946	N/A	\$0
Investor	\$87,550	\$787		
Investor	\$142,500	\$905		



Investor	\$84,950	\$722	\$345,030 x 4% =	\$13,801
Investor	\$30,030	\$412		
	\$345,030		Total =	\$18,457

Example 3: Eight Financed Properties (DU ONLY)

Occupancy	Outstanding UPB	Monthly PITIA	Reserves Calculations			
Subject: Investor	\$78,750	\$776	6 Months PITIA =	\$4,656		
Principal	\$133,000	\$946	N/A	\$0		
Investor	\$87,550	\$787	\$629,530 x 6% =	\$37,772		
Investor	\$142,500	\$905				
Investor	\$84,950	\$722				
Investor	\$30,030	\$412				
Second Home	\$124,500	\$837				
Investor	\$160,000	\$1,283				
	\$629,530				Total =	\$42,427