



Fannie Mae®

Multifamily Selling and Servicing Guide

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Chapter 14 Split Mortgage Loans and Bifurcated Mortgage Loans

Section 1401 Description

Requirements

A Split Mortgage Loan consists of 2 Mortgage Loans, a Senior Mortgage Loan and a Subordinate Loan, that are underwritten concurrently. A Split Mortgage Loan allows the Borrower to divide the debt or increase the leverage on a property.

A Bifurcated Mortgage Loan is a single Senior Mortgage Loan that is evidenced by 2 Notes with the same payment and collateral priority. A Bifurcated Mortgage Loan allows the Borrower to deleverage a portion of the debt.

Split Mortgage Loans and Bifurcated Mortgage Loans are sometimes referred to as A/B Structures. Split Mortgage Loans and Bifurcated Mortgage Loans are not the same as the Dual Commitment Option described in [Part IV, Chapter 3: Streamlined Rate Lock, Section 307: Dual Commitment Option](#).

Section 1402 Characteristics

Requirements

Topic	Split Mortgage Loans	Bifurcated Mortgage Loans
Closing	Subordinate Loan closing must occur on, or within 12 months after, the Senior Mortgage Loan closing.	Must occur on the same date.
Loan Amount	Aggregate original principal amounts of the Senior Mortgage Loan and the Subordinate Loan.	Aggregate original principal amounts of the 2 Notes. If any proceeds are based on an IRP, Part III, Chapter 7: Multifamily Affordable Housing Properties applies.
Purpose	Either Acquisition or refinancing.	Either Acquisition or refinancing.



Topic	Split Mortgage Loans	Bifurcated Mortgage Loans
Underwriting	<p>The 2 Mortgage Loans must:</p> <ul style="list-style-type: none"> • not have a combined LTV higher than the maximum standard for a Senior Mortgage Loan; • not have a combined DSCR lower than the minimum standard for a Senior Mortgage Loan; and • be cross-defaulted. 	<p>Must not have a combined:</p> <ul style="list-style-type: none"> • LTV higher than the maximum standard for a Senior Mortgage Loan; and • DSCR lower than the minimum standard for a Senior Mortgage Loan.
Interest Rate Structures	<p>Either a fixed or variable interest rate.</p> <p>If you use a combination of fixed and variable interest rates, you must comply with Part III, Chapter 13: Supplemental Mortgage Loans.</p>	<p>Either a fixed or variable interest rate.</p> <p>If you use a combination of fixed and variable interest rates, each Note must have its own MBS.</p>
Documentation	<p>2 separate sets of Loan Documents: 1 for the Senior Mortgage Loan and 1 for the Subordinate Loan.</p>	<p>1 set of Loan Documents, but evidenced by 2 separate Notes.</p> <p>The Notes must be pari passu.</p>
Securitization	<p>2 separate MBS: 1 for the Senior Mortgage Loan and 1 for the Subordinate Loan.</p> <p>Additional Disclosure per Form 4098 will be required if a partial release of collateral is permitted for either Mortgage Loan.</p>	<p>1 MBS unless multiple Interest Rate Structures.</p> <p>Additional Disclosure per Form 4098 must be required if a partial release of collateral is permitted for either Note.</p>
Hazard Insurance	<p>Coverage based on the combined UPB of the Senior Mortgage Loan and the Subordinate Loan.</p>	<p>Consistent with Senior Mortgage Loans.</p>



Topic	Split Mortgage Loans	Bifurcated Mortgage Loans
Title Insurance	Separate title insurance policies for the Senior Mortgage Loan and Subordinate Loan, in the respective amounts of each loan.	Consistent with Senior Mortgage Loans.
UCC Financing Statements	Filings for both the Senior Mortgage Loan and Subordinate Loan.	Consistent with Senior Mortgage Loans.

➔ Guidance

Topic	Split Mortgage Loans	Bifurcated Mortgage Loans
Maturity Date	2 Mortgage Loans may have different Maturity Dates if the Subordinate Loan is resubordinated per Part III, Chapter 13: Supplemental Mortgage Loans .	2 Notes may have different Maturity Dates and Yield Maintenance Period End Dates.



Glossary

A

Acquisition Any Purchase of either the:

- Property's fee simple or leasehold interest via a deed transfer; or
- Controlling Interest in the Borrower.

Synonyms

Additional Disclosure Information you provide that is published as an addendum to the disclosure documents when an MBS is issued and describes special Security, Mortgage Loan, or Property characteristics or terms that differ from those described in the standard Multifamily MBS Prospectus.

Synonyms

B

Bifurcated Mortgage Loan Single Senior Mortgage Loan that is evidenced by 2 Notes with the same payment and collateral priority.

Synonyms

Borrower Person who is the obligor per the Note.

Synonyms

C

Collateral Property, Personal Property, or other property securing a Mortgage Loan.



Commitment Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan.

Synonyms

D

Debt Service Coverage Ratio On an annual basis or any specified period, the ratio of Net Cash Flow to the total of: principal, interest, and required Mezzanine Financing or Hard Pay Preferred Equity payments.

Synonyms

Dual Commitment Option For a Streamlined Rate Lock Mortgage Loan trade with the Multifamily Trading Desk, your ability to increase the Mortgage Loan Rate Lock amount.

G

Guide Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise.

Synonyms

I

IRP Interest Reduction Payment

Synonyms

L



Loan Documents

All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

Synonyms

Loan-to-Value Ratio

Ratio of the actual aggregate UPB of the Mortgage Loan, plus any Pre-Existing Mortgage Loans, plus any Hard Pay Preferred Equity, plus any Mezzanine Financing, to the value of the Property, expressed as a percentage.

Synonyms

M

Maturity Date

Date all Mortgage Loan amounts become fully due and payable per the Loan Documents.

Synonyms

MBS

Mortgage-Backed Security

Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by

- the Loan Documents, or
- a mortgage debt obligation with a Fannie Mae credit enhancement.

Synonyms

Multifamily Affordable Housing Property

Property encumbered by a regulatory agreement, land use restriction agreement, extended use agreement, or similar restriction that limits rents that can be charged to tenants, or imposes income limits on tenants.

Synonyms

N



Note Instrument evidencing a Mortgage Loan obligation, including

- Form 6010 series,
- any other Fannie Mae-approved note, and
- all applicable
 - addenda,
 - schedules, and
 - exhibits.

Synonyms

P

Principal Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors.

Synonyms

Property Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

Synonyms

R

Rate Lock Agreement between you and the Investor containing the terms of the Lender-Arranged Sale or Multifamily Trading Desk trade of the Mortgage Loan and the MBS terms and conditions relating to the underlying MBS, if applicable, which may be documented via a recorded telephone conversation.

Synonyms



S

Senior Mortgage Loan Senior loan purchased by Fannie Mae.

Synonyms

Streamlined Rate Lock Optional process permitting a Rate Lock before completing full Mortgage Loan underwriting, per [Part IV, Chapter 3: Streamlined Rate Lock](#).

Synonyms

Subordinate Loan Multifamily residential real estate loan secured by a Lien against the Property having a lesser priority than the Lien securing another multifamily residential real estate loan on the same Property.

Synonyms

Supplemental Mortgage Loan Mortgage Loan purchased by Fannie Mae that is subordinated to, and has a Mortgage Loan Origination Date after, the Senior Mortgage Loan that is also owned by Fannie Mae.

Synonyms

U

UCC Uniform Commercial Code

UPB Unpaid Principal Balance

Synonyms

Y



Yield Maintenance
Period End Date

Last day on which a Borrower owes yield maintenance
for a voluntary Mortgage Loan prepayment.

Synonyms