



Fannie Mae®

Multifamily Selling and Servicing Guide

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Chapter 21 Sponsor-Dedicated Workforce (SDW) Housing Properties

Section 2101 Description

Requirements

An SDW Housing Property is a Property where:

- either
 - all rent restrictions are newly imposed by the Borrower, or
 - new rent restrictions are being added to existing rent restrictions; and
- the aggregate rent restrictions:
 - meet or exceed 20% @ 80%: at least 20% of all units have rent restrictions in place making them affordable to households earning up to the following as adjusted for family size:
 - 80% of AMI; or
 - 100% of AMI in an FHFA-designated “cost-burdened” market; or
 - 120% of AMI in an FHFA-designated “very cost-burdened” market;
 - are in place at the Property by the Mortgage Loan Origination Date; and
 - remain in place during the entire Mortgage Loan term.

An SDW Housing Property is ineligible if:

- 3 or more years of LIHTC restrictions remain; and
- the Borrower intends to enter into the Qualified Contract Process (per Internal Revenue Code Section 42) within 3 years after the Mortgage Loan Origination Date.

Guidance

- FHFA annually designates the “cost-burdened” and “very cost-burdened” markets.
- As designated by FHFA, the income threshold for affordability is:
 - 100% of AMI or below for “cost-burdened” markets; and



- 120% of AMI or below for “very cost-burdened” markets.
- This market designation is available in the:
 - Very Cost-Burdened and Cost-Burdened Renter Multifamily Markets; and
 - “Sponsor-Dedicated Workforce (SDW) Housing” section of the [Affordable Housing Data Guidance Job Aid](#).

Section 2102 Compliance

Requirements

You must:

- ensure the Borrower’s execution of the:
 - Modifications to Multifamily Loan and Security Agreement (Sponsor-Dedicated Workforce Housing) ([Form 6271.SDW](#)); and
 - Modifications to Security Instrument (Sponsor-Dedicated Workforce Housing) ([Form 6325](#));
- require the Property’s compliance within 12 months after the Mortgage Loan Origination Date; and
- ensure the SDW units are at least proportional to the Property’s overall unit mix.

Guidance

An example of an acceptable unit mix is:

| Sample 100-Unit Building | | |
|--------------------------|-----------------|----------------------|
| Apartment Type | Number of Units | Minimum 20% Unit Mix |
| Studio | 10 | 2 |
| 1 Bedroom | 50 | 10 |
| 2 Bedroom | 30 | 6 |
| 3 Bedroom | 10 | 2 |
| Total | 100 | 20 |

Operating Procedures



You must use the Sponsor-Dedicated Workforce (SDW) Housing Job Aid to commit and Deliver a Mortgage Loan qualifying for a Sponsor-Dedicated Workforce Housing pricing incentive.



Glossary

B

Borrower Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

F

FHFA Federal Housing Finance Agency.

M

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

- Mortgage Loans
- Mortgage Loan's

Mortgage Loan Origination Date Date you fund a Mortgage Loan to the Borrower.

Synonyms

- Mortgage Loan's Origination Date
- Origination Date

P



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

- Properties
- Property's

S

Security

MBS, PFP MBS, or REMIC.

Synonyms

- Securities

Security Instrument

Instrument creating a lien or encumbrance on 1 or more Properties and securing the Loan Document obligations.

Synonyms

- Security Instruments
- Security Instrument's

Sponsor

Principal equity owner and/or primary decision maker of the Borrower (often the Key Principal or the Person Controlling the Key Principal).

Synonyms

- Sponsors
- Sponsor's