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# Multifamily Selling and Servicing Guide

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## Section 803 Underwriting

### 803.01 Financial Operation

#### Requirements

As part of your underwriting analysis, you must:

- Examine the year-to-date operational budget.
- Collect, review, and analyze audited financial/operating statements for the last 3 years of operations.
- Ensure that the average Cooperative Maintenance Fee Accounts Receivable for the last 3 years is less than 3% of the annual Cooperative Maintenance Fees.
- Ensure that the Cooperative Operating Reserve at closing is at least 10% of the annual Cooperative Maintenance Fees.

### 803.02 Property Valuation

#### Requirements

You must obtain an Appraisal per [Part II, Chapter 2: Valuation and Income](#) that provides a value of the Cooperative Property on a Cooperative Market Rental Basis for determining the LTV Ratio per Form 4660.

#### Guidance

You may obtain an Appraisal per [Part II, Chapter 2: Valuation and Income](#) that provides a value of the Cooperative Property on a Cooperative Gross Sellout Value basis.

### 803.03 Subordinate Debt

#### Requirements

You must ensure that any existing debt secured by a Lien on a Cooperative Property complies with [Part III, Chapter 14: Supplemental Mortgage Loans, Section 1402: Supplemental Mortgage Loans](#). You must also calculate the

- Underwritten DSCR per [Part III, Chapter 8: Cooperative Properties, Section 804.02: Cooperative Market Rental Basis DSCR](#)



(Underwritten DSCR), and

- Actual Cooperative DSCR per Part III, Chapter 8: Cooperative Properties, Section 804.04: Actual Cooperative Property DSCR.



# Glossary

## A

**Appraisal** Written statement independently and impartially prepared by a qualified Appraiser stating an opinion of the Property's market value

- as of a specific date, and
- supported by the presentation and analysis of relevant market information.

### **Synonyms**

- Appraisals
- Appraisal's

## C

**Cooperative Gross Sellout Value** Value based upon the sum of the gross sales prices of all units (subject to discounts on rent restricted units) plus the aggregate UPB of all existing Mortgage Loans (prior to any proposed refinancing) secured by a Lien on the Cooperative Property.

**Cooperative Maintenance Fee Accounts Receivable** Cooperative Maintenance Fees due the Cooperative Organization that are more than 30 days past due.

**Cooperative Market Rental Basis** Financial analysis or valuation of a Cooperative Property conducted as if it were operated as a conventional multifamily property subject to applicable rental restrictions.

**Cooperative Operating Reserve** Liquid funds, including loan proceeds, controlled by the Cooperative Organization to cover operating and capital expenses, and comprised of unrestricted cash, less the sum of accounts payable.



## Cooperative Property

Multifamily residential property owned by a Cooperative Organization.

### **Synonyms**

- Co-op
- Cooperative

## **F**

### Form 4660

Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans.

### **Synonyms**

- Multifamily Underwriting Standards

## **L**

### Lien

Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind.

### **Synonyms**

- Liens