



Job Aid: Sponsor-Dedicated Workforce Housing

Sponsor-Dedicated Workforce (SDW) Housing is a Fannie Mae product initiative offering a pricing incentive to support workforce housing, benefiting Lenders, Borrowers, and renters for the life of the Mortgage Loan. This Job Aid: defines SDW Housing, reviews the eligibility for an SDW Housing Mortgage Loan, details underwriting the SDW-restricted rents, and describes the origination, delivery, and asset management compliance process for an SDW Housing Mortgage Loan.

What is SDW?

Sponsor-Dedicated Workforce (SDW) Housing is a product initiative providing a pricing incentive for Borrowers electing to establish rent restrictions on a certain percentage of units at the Property for the life of the Mortgage Loan. SDW Housing provides better pricing and the potential for more flexible underwriting to incentivize the creation and preservation of units affordable up to 80% of Area Median Income (AMI) or, in certain metros, up to 100% - 120% of AMI.

SDW Eligible Mortgage Loans and Properties

- **Minimum rent restriction threshold:** 20% of unit rents restricted up to 80% of AMI (and up to 120% of AMI in high-cost burdened markets).
- **Restrictions:** Rent restriction in place for the entire Mortgage Loan term. The Borrower has twelve (12) months from the Mortgage Loan Origination Date to bring the Property into compliance with the SDW rent restrictions.
- **Credit Facilities:** SDW rent restriction structuring is available for Credit Facilities.
- **In-place rent control:** SDW cannot be used for a Property already subject to government-imposed rent control that prohibits vacancy de-control (i.e., rents are allowed to rise to market levels as vacancies occur). If vacancy de-control is permitted under the government-imposed rent control, SDW can be used as a tool to preserve the affordability over the entire Mortgage Loan term. Additionally, if a Property's rent restrictions will expire during the term of the Mortgage Loan, SDW Housing can be leveraged to bridge the in-place restrictions.

Underwritten Rents

The Loan Documents require the Borrower to covenant that it will impose and maintain the SDW-rent restrictions at the Property over the entire Mortgage Loan term.

- Rent is defined per the Fannie Mae [Multifamily Affordability Estimator](#) (MAE) and means regular payments made for rents plus a standard utility allowance (if utilities are not otherwise included in the rent).
- Maximum Area Rents for units at 80%, 100%, and 120% of AMI are listed in the Fannie Mae [Multifamily Affordability Estimator](#) (MAE). The Mortgage Loan must be underwritten per Part III, Chapter 22: Sponsor-Dedicated Workforce Housing Properties, of the Multifamily Selling and Servicing Guide.

Origination and Delivery

REGISTRATION

1. **DUS Gateway Instructions:**
 - a. SDW Housing Mortgage Loans are Lender-delegated.
 - b. Use the "Sponsor-Dedicated Workforce" product tag in Gateway to tag SDW Housing loan options.
 - i. [Product tagging video tutorial](#)
 - ii. [Product tagging process steps](#)
 - c. Once the SDW product tag has been applied to the SDW-specific loan options, register, and submit the deal as usual.



2. **Pre-Review and/or Waiver Requests:**

- a. Pricing Waiver – A pricing waiver must be used, in addition to the SDW product tag, to identify SDW Housing Mortgage Loans and the level of rent restrictions the Borrower is willing to elect.
 - i. Category: Pricing/Fees
 - ii. Description for Fannie Mae Quote: “Pricing contingent upon borrower election of Sponsor-Dedicated Workforce rent restrictions: at least X% of units rent restricted at X% AMI.”
- b. Credit Pre-Review – Any credit enhancements must be submitted with a separate waiver and leverage the “Pre-Review (Guide Requirements) | Products & Features | Sponsor-Dedicated Workforce” to request credit enhancements.
 - i. Sample acceptance language to be placed in Conditions/Modified Acceptance Details: “Transaction will be subject to compliance with the Sponsor-Dedicated Workforce (SDW) rent restrictions.”
 - ii. Additional Disclosure is required for “Other – Sponsor-Dedicated Workforce with Cost-Burdened and Very Cost-Burdened”. Fannie Mae’s “cost-burdened” (100% of AMI) and “very cost-burdened” (120% of AMI) markets should be used to identify applicable geographies for eligible Properties:
 1. “Additional Disclosure” field on the “Commitment” Page should be “Yes”; and
 2. “Additional Disclosure Comments” should contain “Other – Sponsor-Dedicated Workforce with Cost-Burdened and Very Cost-Burdened”.

3. **Commitment**

- a. An SDW Streamlined Rate Lock (SRL) option should be used only when the Lender is extremely certain that the deal will close as an SDW Housing Mortgage Loan. All SDW SRL deals must obtain Credit Fee quotes for both SDW and non-SDW. If the Security Instrument does not impose the SDW Housing rent restrictions, the interest rate in the Loan Agreement must be based on the non-SDW quote.

DELIVERY

The Lender must follow the outlined instructions in the Multifamily Committing and Delivery System (C&D) and Multifamily Structured Facilities Management System (MSFMS) applications.

4. **C&D and MSFMS**

- a. *Multifamily Affordable (MAH) Type:* Other – Sponsor-Dedicated Workforce.
- b. *Commitment MAH Type:* Other – Sponsor-Dedicated Workforce.
- c. *Commitment Additional Disclosure:* No.¹
- d. *Affordable Housing Type:* Other – Sponsor-Dedicated Workforce.
- e. *Units with Income or Rent Restrictions (%):* Sum of all values in Percentage of Units with Rent and/or Income Restrictions.
- f. *Percentage of Units with Rent and/or Income Restrictions at 120%, 100%, 80%, 60% and 50% of Area Median Income:* Enter the rent restrictions as applicable from Form 6271.SDW.

5. **MBS Disclosure**

- a. To ensure the MBS is accurately disclosed, the Lender must designate the Property as an SDW Housing Property based on the guidance found in the [Affordable Housing Data Guidance Job Aid](#) available on the Fannie Mae website.
 - i. Additional disclosure is required for SDW deals in cost-burdened (100% AMI) and very cost-burdened (120% AMI) markets.

¹ Note, Additional Disclosure is required for SDW deals in “cost-burdened” (100% of AMI) and “very cost-burdened” (120% of AMI) markets.



6. Legal Documents

The Borrower must execute the following SDW Housing Loan Documents at the Mortgage Loan Origination Date:

- a. Form 6271.SDW – Modifications to Multifamily Loan and Security Agreement (Sponsor-Dedicated Workforce Housing); and
- b. Form 6325 – Modifications to Security Instrument (Sponsor-Dedicated Workforce Housing).

After closing, the Borrower and Servicer will need to provide annual verification of the SDW-rent restrictions using Form 6620.Supplemental.SDW – Supplemental Annual Loan Agreement Certification (Sponsor-Dedicated Workforce Housing).

Compliance

The Borrower has twelve (12) months from the Mortgage Loan Origination Date to bring the Property into compliance with the Sponsor-Dedicated Workforce rent restrictions. The Borrower must recertify rent level compliance annually thereafter via the Supplemental Annual Loan Agreement Certification (Sponsor-Dedicated Workforce Housing) (6620.Supplemental.SDW), and the Lender must complete an annual rent roll review to confirm the Property's rent restriction compliance.

Please refer to the Fannie Mae Multifamily Selling and Servicing Guide ("Guide"), Part V, Chapter 4: Section 419 – Sponsor-Dedicated Workforce Housing Properties, for additional information.



Sponsor-Dedicated Workforce (SDW) Delivery Summary

Item	Sponsor-Dedicated Workforce (SDW) Housing
Pre-Review	No
Gateway	“Sponsor-Dedicated Workforce” Product Tag
Additional Disclosure	Not required (See MBS Prospectus – Multifamily), except for cost-burdened (100% of AMI) and very cost-burdened (120% AMI) markets.
MAH Allowable Value	“Other – Sponsor-Dedicated Workforce”
Special Feature Code (SFC)	N/A
Required SDW Loan Documents	(1) Form 6271.SDW – Modifications to Multifamily Loan and Security Agreement (Sponsor-Dedicated Workforce Housing) (2) Form 6325 – Modifications to Security Instrument (Sponsor-Dedicated Workforce Housing) (3) Form 6620.Supplemental.SDW – Supplemental Annual Loan Agreement Certification (Sponsor-Dedicated Workforce Housing)

The Lender Contract describes delegated authority to underwrite and deliver SDW Housing Mortgage Loans. For underwriting and delivery to be fully delegated, the Lender must underwrite the Mortgage Loan to meet the requirements provided in the Multifamily Underwriting Standards (Form 4660) and Part III, Chapter 22: Sponsor-Dedicated Workforce Housing Properties, of the Multifamily Selling and Servicing Guide.