

Multifamily C&D Release Notes

Version 4.5

October 3, 2013

Multifamily Operations announces the release of Multifamily C&D 4.5 on **October 19, 2013**, with the enhancements described below.

Highlights

- Updated Debt Service Coverage Ratio (DSCR) instructions.
- Updated certain calculations.
- Upload Template changes.
- Additional new data fields.

Introduction

The C&D 4.5 release on October 19, 2013 will implement changes to DSCR instructions for Additional Debt and Soft Subordinate Debt, as well as add additional instructions regarding the calculations of DSCR for Structured ARM (SARM) loans. There are also additional calculation updates. The release also incorporates changes to the Upload Template, and in the C&D system to accommodate new fields being added to the Commitment, Property Collateral, and Loan tabs. As a result of release 4.5 enhancements, the C&D business rules will be enhanced to promote increased data accuracy and more complete reporting.

I. Updated Debt Service Coverage Ratio Instructions

The DSCR Data C&D Instructions have been updated to include new definitions for Additional Debt and Soft Subordinate Debt.

- Additional Debt includes any other debt secured by the same Property that secures the Mortgage Loan and certain other debt associated with either the Borrower or the Property. This includes debt that is senior to, equal in priority to, or subordinate to the Mortgage Loan.
- Soft Subordinate Debt, unlike Additional Debt, is always subordinate to the Security Instrument securing the Mortgage Loan and is generally not disclosed due to its characteristics.

Please refer to the updated DSCR Data C&D Instructions within the C&D system for comprehensive details on the new definitions and characteristics for Additional Debt and Soft Subordinate Debt. Also, note that there are additional updates to the DSCR calculations to further clarify existing information in the C&D Instructions and to align with the DSCR training previously provided to Lenders.

II. Updated Calculations

Calculations for “Scheduled P&I Payment Per Fannie Mae Participation” and “Actual DSCR” have been modified. For full and partial interest only loans, the “Scheduled P&I Payment Per Fannie Mae Participation” calculation has been revised to account for number of days in a month.

Also, “Actual DSCR” has been modified to more accurately calculate the debt service used for SARM loans, as previously discussed in Lender training.

III. Upload Template Changes

On the Commitment tab, the following fields have been re-labeled:

- “Extended Rate Lock” to “Early Rate Lock”; and
- “Additional Commitment Waivers Exist” to “Type of Commitment Variance/Waivers”.

Additionally, there are several allowable value updates to existing fields. For the Type of Commitment Variance/Waivers column, the Yes/No indicators are removed and the following allowable values are added:

- Underwriting Standards Variances;
- Non-Delegated Legal Waivers;
- Non-Delegated Insurance Waivers;
- Other Guide Waivers; and
- None.

For the Fannie Mae Pre-Review column, the Yes/No indicators are removed and “Pre-Review Mortgage Loan” and “Delegated Mortgage Loan” are added. For the MAH Type column, “Project Based Section 8” has been re-labeled as “Proj Based HAP (incl. Sec. 8)”. Also, “Both LIHTC and Proj Based HAP” has been added so that allowable values for Affordable Housing Type on the Property Collateral and MAH Type for Commitments are in sync.

On the Property Collateral tab, “Not MAH” has been added as an allowable value for the Affordable Housing Type column so Lenders may identify properties that do not meet Fannie Mae’s specific Affordable Housing classification, but have project-based income or rent restrictions.

On the Loan tab, “Standard Refinance Interest Rate” and “Alternative Refinance Interest Rate” are two new columns added and are required fields for refinance risk analysis at underwriting.

With the implementation of C&D release 4.5, C&D system functionality will accommodate upload of Excel version 2007. Should you have any internal processes to populate the Upload Template and load into the C&D system, please consider the above template revisions. Also, all Upload Template changes are reflected on the respective pages in C&D.

IV. New Data Fields

In addition to the field additions and modifications referenced in the Upload Template Changes section, “Unlock Reasons” has been added to the Commitment to identify why commitments are sent back to the Lender for additional information. Similarly, “Transaction Errors” will be displayed on the Loan, Cash Funding and MBS Pool pages to provide more detailed information regarding transaction exceptions. Furthermore, the “Additional Debt” section on the Loan page now includes “Margin”, “Interest Only Payment Date” and “Minimum Interest Rate”. Data field definitions are provided in the C&D system.

Effective Date

The changes are effective October 19, 2013.

Questions

If you have questions or need more information, please contact:

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