



## Multifamily C&D Release Notes Version 5.0

June 3, 2016

Multifamily Operations announces the release of Multifamily C&D 5.0 on **July 15, 2016**, with the enhancements described below needed to support DUS Disclose.

### Highlights

- Alignment of terminology with the market;
- Changes to operating statement line items to align with Asset Management;
- Debt Service Coverage Ratio (DSCR) changes; and
- Additional Information.

### Introduction

Fannie Mae is developing DUS Disclose, a new MBS Disclosure platform, which will align Fannie Mae's MBS disclosure data with industry standards and increase the amount of data disclosed to Investors. In preparation for the release of DUS Disclose, C&D Release 5.0 will be implemented. Enhancements will enable the collection of new data and change the terminology for certain existing data fields. Operating statement field changes are made to align the system with Asset Management data collection and review. Additionally, new DSCR fields, calculations, and instructions will be introduced. C&D 5.0 system enhancements will conform to Guide and associated Business Form updates.

#### I. Enhancements to Align Terminology with the Market

C&D has several new and modified data attributes to align with the industry. The changes are summarized below.

##### Net Operating Income (NOI) and Replacement Reserve field re-labels and Calculation updates

NOI fields are re-labeled to Net Cash Flow (NCF). Replacement Reserve fields are also re-labeled to Capital Expenditures (Replacement Reserves).

In addition, the calculation for Total Operating Expense (TOE) has been revised. Capital Expenditures (Replacement Reserves) is taken out of expenses. NCF will be net of Capital Expenditures (Replacement Reserves) and will continue to be used to calculate the DSCR. Reference the modified TOE and NCF calculations below for specifics.

- **TOE Underwriting Valuation Base** = Management Fees plus  
General & Administrative plus  
Payroll/Benefits plus  
Utilities plus  
Water & Sewer plus



Repairs and Maintenance plus  
Property Insurance plus  
Real Estate Taxes plus  
Other Expenses plus  
Ground Rent plus  
Professional Fees plus  
Advertising & Marketing.

- **TOE Underwriting Valuation Senior** = Management Fees plus  
General & Administrative plus  
Advertising & Marketing plus  
Meals Expense plus  
Payroll/Benefits plus  
Utilities plus  
Water & Sewer plus  
Repairs and Maintenance plus  
Property Insurance plus  
Real Estate Taxes plus  
Other Expenses plus  
Ground Rent plus  
Professional Fees plus  
Room Expense - Housekeeping

- **Net Cash Flow** = Effective Gross Income minus  
Total Operating Expense minus  
Capital Expenditures (Replacement Reserves)

#### Cross Default/Cross Collateralize updates

The “Crossed Group ID” field is removed from the Cross Default/Cross Collateralize section on the Commitment screen. In lieu of entering this information, a new Crossed Loan Information section is added to the Loan screen to allow entry of the following fields: “Crossed Commitment Number”, “Crossing Relationship”, and “Crossed Fannie Mae Loan Number”.

Furthermore, “One Way Cross Default Only” is added as an allowable value for the Cross Default/Cross Collateralize field on the Commitment.

#### Special Disclosure field re-labeled as Additional Disclosure

Special Disclosure indicator, comments, seller contact, and e-mail fields are re-labeled to Additional Disclosure.

#### Capture of Additional Property Addresses

A new Additional Property Address Information section is added to the Property Collateral screen. This will allow the capability for users to completely and accurately add multiple property addresses to the system.

#### Green changes

For the Green Financing field on the Loan screen, the “M-PIRE” allowable value is re-labeled to “Green Rewards”.



Also, on the Property Collateral screen there are several Green Building Certification allowable value re-labels: “GreenPoint, Build It Green” to “Green Point Rated, Build It Green”; “Home Energy Rating System, Residential Energy Services Network (RESNET)” to “ENERGY STAR®, US EPA”; and “National Green Building Program, National Association of Home Builders (NAHB)” to “National Green Building Standard (NGBS), Home Innovation Research Labs”.

In addition, “ENERGY STAR® Score”, “ENERGY STAR® Score Date”, “Source Energy Use Intensity”, and “Source Energy Use Intensity Date” fields are added to the Property Collateral screen.

#### Additional Debt field additions

For Adjustable Rate Mortgage Loans (ARM Loans) with a lifetime maximum interest rate or for Structured ARM Loans (SARM Loans) with a Strike Rate, a new “Is Prior Lien a Capped ARM?” field is added to the Additional Debt section of the Loan screen. When applicable, the new “Monthly Payment at Cap” field should be populated and will be used in the calculation of UW NCF DSCR at Cap.

#### Mezzanine Loan field additions

New “Mezzanine Monthly Payment” field should be populated and will be used in the calculation of UW NCF DSCR All In. New “Mezzanine Combined LTV” field is included in the Mezzanine Details section on the Loan screen.

### **II. Underwriting/ Operating Statement field updates**

In addition to the above enhancements several Property Collateral underwriting fields are added and modified to align C&D with Asset Management reviews, and Multifamily Asset Management Portal (MAMP) income and expense line items.

A new field “Property Value As of Date” is added for association with the “Underwritten Property Value” field. Many Underwriting Valuation Base and Underwriting Valuation Senior income/expense fields are re-labeled. The following new expense fields are also introduced: “Ground Rent”, “Professional Fees”, “Advertising & Marketing”, and “Room Expense – Housekeeping”.

### **III. DSCR Changes**

DSCR enhancements are also implemented to align with the industry.

“Lender Underwritten DSCR (Combined if Supplemental)” is re-labeled to “Lender Underwritten DSCR per Guide Requirements”. Additionally, on the Loan screen the following new DSCR fields are introduced: “UW NCF DSCR”, “UW NCF DSCR IO”, “UW NCF DSCR at Cap”, and “UW NCF DSCR All In”.

The new DSCR fields and respective definitions will be added to “DSCR Data: C&D Instructions” that will be available upon the release Effective Date noted below.

### **IV. Additional Information**

One additional change, the “Multifamily C&D Disclosure Data” preview screen has been removed from the MBS Pool and Financing Options screens.

As the above-mentioned enhancements impact various components of the C&D application, the Upload Template, certain screens, field definitions, calculations, and business rules will be updated respectively.



Mortgage loans underwritten or quoted prior to the implementation of C&D release 5.0 will not need to be re-underwritten or re-quoted; however, Lenders must deliver the new data requirements as of the effective date of this release.

## Effective Date

C&D 5.0 changes are effective July 15, 2016.

## Questions

Please contact the following with any questions:

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