

VII, 101.05: Multiple Mortgages to the Same Borrower (06/30/02)

When the mortgage that is being delivered to us is secured by the borrower's principal residence, we do not impose any limitations on the number of mortgages that the borrower can currently be financing. But, if the mortgage is secured by a second home or an investment property, the borrower may not own more than ten properties (including his or her principal residence) that are currently being financed. In addition, the borrower may not be affiliated with the builder, developer, or seller of the property that secures any of the mortgages that are delivered to us for purchase or securitization. For exceptions to this policy, see [Section 117](#) (for *HomeStyle Renovation Mortgages*) and [Part IX, Section 301.02](#) (for *Community Living group home mortgages*).

Our limitation on the number of mortgages currently being financed applies to the total number of properties financed, not just the number of mortgages sold to us. Joint ownership in residential real estate is considered the same as total ownership of an individual property. However, ownership in commercial or multifamily (more than four dwelling units) real estate is not included in the limitation. The ten-property limit applies to any combination of ownership in one-family to four-family properties. For example, a borrower may own ten single-family properties; three two-family properties and seven single-family properties; ten four-family properties; etc. In addition, one co-borrower may own one single-family property and the other co-borrower may own nine two-family properties; one co-borrower may own six three-family properties and the other co-borrower, four two-family properties; etc.

We do have concerns about how ownership of multiple investment properties can affect a borrower's ability to repay the total mortgage debt if he or she is unable to rent some of the properties for extended periods. To address these concerns, we require a borrower who has multiple mortgages that are secured by investment properties to have a financial reserve equal to at least six payments (of principal, interest, and escrows) for all of the mortgages that it delivers to us. (A lower cash reserve requirement may apply if the mortgages are evaluated by *Desktop Underwriter*.) Additional eligibility criteria for mortgages secured by investment properties may be found in [Section 102.01](#).