



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of August 29, 2025

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



TABLE OF CONTENTS

Part I Mortgage Loan	4
Chapter 1 Overview	4
Section 101 Using the Guide	4
101.01 Organization	4
101.02 References	4
Section 102 Delegation and Underwriting	5
Section 103 Transaction Approval Memo	5
Section 104 Representations	6
Chapter 2 Mortgage Loan	12
Section 201 Registration and Multifamily Affordability Estimator	12
Section 202 Delegated Mortgage Loans	12
Section 203 Pre-Review Mortgage Loans	12
Section 204 Letters of Credit	14
204.01 Generally	14
204.02 Issuers and Ratings	15
204.03 Verifying Issuer Ratings	16
204.04 Restrictions on Issuer Collateral	16
204.05 Drawing on Letter of Credit	16
Chapter 3 Borrower, Guarantor, Key Principals, and Principals	17
Section 301 Generally	17
Section 302 Borrower Organizational Structure	18
302.01 Single-Asset Entity	18
302.02 Co-Tenant Borrowers	20
302.02A Tenancy-in-Common Agreement	20
302.02B Key Principal Execution of Guaranty	21
302.03 Joint and Several Borrowers with Multiple Properties	22
Section 303 Key Principals, Principals, and Guarantors	22
303.01 Generally	22
303.02 Entity Review	26
303.03 Fund Review	27
Section 304 Limited Experience Owner	27
Section 305 Financial Statements	29
Section 306 Schedule of Real Estate Owned (SREO) (Form 4526)	30
Section 307 Certifications	31
307.01 Multifamily Underwriting Certificate (Form 6460)	31
307.02 Brokered Transaction Certifications	33
Section 308 Fraudulent Conveyance	33
Section 309 Applicant Experience Check	34
Section 310 Compliance	36
Section 311 Execution of Non-Recourse Guaranty	38
Section 312 Conflict Mortgage Loans	38
312.01 Description	38
312.02 Restrictions	41



312.02A Underwriting	41
312.02B Servicing	42
312.02C No First Right of Refusal	42
312.02D Additional Disclosure	43
312.02E Notifications	43
GLOSSARY	44



Part I Mortgage Loan

Chapter 1 Overview

Section 101 Using the Guide

101.01 Organization

Requirements

The Guide is divided into 3 categories:

- Requirements are mandatory conditions that must be satisfied for all Lender-delegated Mortgage Loans and activities. You must obtain Fannie Mae's prior approval to Deliver a Mortgage Loan or perform an activity that does not comply with any requirement.
- Guidance are best practices to inform and support a Lender's delegated analysis and decision-making. Fannie Mae expects you to exercise your delegated authority in a prudent manner, and will review your analysis and delegated decisions.
- Operating Procedures are required steps or processes that must be followed.

The Lender Contract provides Fannie Mae with certain rights, remedies, and corrective actions if you fail to satisfy requirements, follow the operating procedures, or exercise delegated authority in a prudent manner.

If the Guide does not specify a category, then the information is a requirement.

101.02 References

Requirements

The following rules apply:

- a reference to the Guide includes any:
 - update, amendment, restatement, modification, or supplement; and
 - referenced exhibits, appendices, or other forms;
- a reference to any Person also includes the Person's successors and assigns;
- a reference to any Loan Document, statute, regulation, or standard, also



includes all amendments, modifications, or restatements made from time to time;

- for any inconsistency between the Guide and the Loan Documents regarding a Mortgage Loan or Portfolio Mortgage Loan, the Loan Documents will govern; and
- whenever you make a representation “to your knowledge” or “to the best of your knowledge,” you mean the actual state of knowledge of your officers and employees responsible for the underwriting, origination, servicing, or sale of the Mortgage Loan regarding the matters expressly set forth in the representation, in each case without having conducted any independent inquiry into such matters, and without any obligation to do so (except as expressly set forth herein). All information contained in documents which are part of or required to be part of your Servicing File is deemed to be within your knowledge.

Registered and unregistered trademarks can be found on Fannie Mae’s trademarks website. You must include the appropriate trademark symbols when using Fannie Mae’s protected words and phrases, and comply with the instructions on the website.

Section 102 Delegation and Underwriting

Requirements

You must comply with the Guide in its entirety. Your Lender Contract describes your delegated authority to underwrite and Deliver Mortgage Loans.

For underwriting and Delivery to be fully delegated to you, you must underwrite the Mortgage Loan to meet the requirements provided in

- the Multifamily Underwriting Standards (Form 4660),
- Part I,
- Part II, and
- the applicable chapters of Part III based on the specific products and features of the Mortgage Loan.

If the Mortgage Loan does not comply with the applicable requirements, it is a Pre-Review Mortgage Loan (see [Part I, Chapter 2: Mortgage Loan, Section 203: Pre-Review Mortgage Loans](#)).

Section 103 Transaction Approval Memo

Requirements



Your Transaction Approval Memo must:

- document
 - your analysis of all reasonably identifiable strengths and weaknesses of the proposed Mortgage Loan transaction, and
 - all due diligence findings required by the Guide; and
- address and mitigate the following:
 - Property's financial performance, trends, and value;
 - Property's current physical condition and expected condition over the term of the Mortgage Loan;
 - environmental conditions and seismic risk impacting the Property;
 - ability of the Property to be refinanced at the Maturity Date;
 - Borrower's, Key Principals', and Guarantors' financial capacity and experience;
 - Property market's performance and trends;
 - any other factors that could impact the transaction during the Mortgage Loan term or at the Maturity Date; and
 - analysis and support for your decisions on any matters covered by requirements or guidance in Parts I, II, and III.

Guidance

Fannie Mae will consider the quality and thoroughness of your analysis, and the appropriateness and quantity of adjustments made

- in the underwriting,
- during the monitoring process, and
- when exercising the remedies or corrective actions provided in the Lender Contract.

Section 104

Representations

Requirements

When you Deliver a Mortgage Loan to Fannie Mae you represent that:

- At all times during the origination and underwriting of the Mortgage Loan, you were authorized to transact business in the Property's jurisdiction. If you were not authorized, then none of your activities related to the



Mortgage Loan requires authorization to transact business in the Property's jurisdiction.

- If the laws of the Property's jurisdiction do not require you to be authorized to do business, then this lack of authorization will not adversely affect the mortgagee's ability to enforce the Mortgage Loan.
- You are the sole owner and holder of the Mortgage Loan and have full right and authority to sell the Mortgage Loan to Fannie Mae.
- Your right to sell the Mortgage Loan to Fannie Mae is not subject to any other party's interest or Lien, or to any agreement with any other party.
- You complied with all applicable federal or state laws, regulations, or other requirements regarding
 - fair lending,
 - fair housing,
 - consumer credit,
 - equal credit opportunity,
 - truth-in-lending, and
 - the prohibition of redlining and other forms of discrimination.
- Unless modified by Fannie Mae's Pre-Review approval, the Mortgage Loan meets
 - the requirements of the Guide,
 - the Form 4660, and
 - all applicable requirements of your Lender Contract.
- No Person on the Restricted Vendor List performed any service for, or was involved in any way with, the Mortgage Loan's
 - underwriting,
 - closing, or
 - Delivery.
- The Mortgage Loan either meets or is exempt from any usury laws or regulations.
- The Loan Documents you deliver to Fannie Mae are the appropriate and correct forms for the particular transaction under the Guide and contain the same provisions as those provided to you by Fannie Mae (except for completion of blanks, deletion of bracketed information which is not applicable, and other changes approved by Fannie Mae).
- The Borrower is not in default under any of the terms of the Loan



Documents and would not be in default under any of the terms of the Loan Documents with the passage of time, the giving of notice, or both.

- The terms and conditions of the Mortgage Loan (as reflected in the Loan Documents) have not been amended, modified, or supplemented by
 - any other agreement or understanding of the parties, or
 - waiver of any of the material provisions of those Loan Documents.
- All documents that evidence, secure, or otherwise relate to the Mortgage Loan have been delivered to Fannie Mae. If you are not the actual party assigning the Mortgage Loan to Fannie Mae because of the financing structure (e.g., a variable rate bond transaction), you make this representation only to the best of your knowledge.
- The Mortgage Loan has not been satisfied, cancelled, released, or subordinated, and Fannie Mae has approved in writing any material modification to the Mortgage Loan occurring after the Mortgage Loan Origination Date, including any change in the:
 - Mortgage Loan amount, Gross Note Rate, Maturity Date, amortization period, or timing of payments;
 - Collateral or Lien priority;
 - reserve types required per the Loan Documents or their release provisions;
 - Mortgage Loan recourse provisions, including the addition of new non-recourse carveouts;
 - Borrower's organization type; or
 - Persons personally liable for the Mortgage Loan, including any Payment Guaranty or additional credit enhancement.
- The Lien on the Collateral identified in the Transaction Approval Memo is valid.
- The Borrower has properly signed the Loan Documents; they are valid and enforceable obligations of the Borrower, subject to bankruptcy, reorganization, or insolvency laws, or other general principles of equity.
- To the best of your knowledge, as of the Delivery of the Mortgage Loan:
 - the Property does not have any subordinate loans that have not been pre-approved by Fannie Mae;
 - the Property has not been damaged by any Catastrophic Event;
 - the Property has not been condemned or been a part of any proceeding that would impair
 - the value of the Mortgage Loan,



- the value of the Property, or
- the usefulness of the Property for the contemplated purpose; and
- there are no proceedings – pending or contemplated – to partially or totally condemn the Property.
- To the best of your knowledge:
 - the credit reports and financial statements relating to the Borrower(s) (and to any other person or entity required by the Guide) correctly reflect the financial condition of these person(s) without material exception; and
 - as of the Delivery of the Mortgage Loan, none of the following is the subject of an existing or contemplated bankruptcy, reorganization, insolvency, or comparable proceeding
 - any Borrower,
 - any general partner of a Borrower,
 - any Key Principal,
 - any Guarantor, or
 - any other party whose bankruptcy could negatively impact one of these parties.
- If the Mortgage Loan is insured or guaranteed by any Person, including any governmental authority
 - you have ensured that insurance or Guaranty is in effect, and
 - you have complied with all applicable provisions of the insurance or Guaranty that covers the Mortgage Loan.
- The Property is free of all mechanics', materialmen's, or similar Liens, and there are no rights outstanding that could cause such liens. (The only exceptions are mechanics' or materialmen's Liens which attach automatically under the laws of any governmental authority when work is started or materials are delivered to the Property and the Borrower is not delinquent in the payment for this work or materials).
- You have not made or knowingly received from others, any advance of funds (directly or indirectly) on behalf of the Borrower connected with the Mortgage Loan transaction, except for funds permitted in the Guide or related to interest paid from the earliest of the:
 - date of the Note;
 - date the Mortgage Loan proceeds were disbursed to the Borrower; or
 - date 1 month before the first installment of P&I on the Mortgage Loan



is due.

- To the best of your knowledge, based solely on the survey and the title insurance policy connected with the origination of the Mortgage Loan (except for encroachments that do not materially and adversely affect the current marketability or principal use of the Property, or that are insured against by the title insurance policy):
 - all material improvements used to determine the appraised value of the Property when the Mortgage Loan was originated are within the boundaries of the Property;
 - no material improvements on adjoining parcels encroach onto the Property; and
 - no material improvements encroach onto any easements.
- To the best of your knowledge, nothing involving the Mortgage Loan, the Property, or the Borrower can reasonably be expected to:
 - cause private institutional investors to regard the Mortgage Loan as an unacceptable investment;
 - cause the Mortgage Loan to become delinquent; or
 - adversely affect the Mortgage Loan's value or marketability.
- If the Mortgage Loan provides that the interest rate or principal balance may be adjusted, Fannie Mae may enforce the terms of the Mortgage Loan, and these adjustments will not affect the priority of the Lien.
- All Mortgage Loan proceeds were funded on the Mortgage Loan Origination Date
 - directly to or for the benefit of the Borrower, or
 - to fund reserves or escrows per the Loan Documents.
- All electronic data you submit is accurate and complete.
- If Fannie Mae's interest in the Mortgage Loan is a Participation Interest, all of the information and statements in any participation certificate that you deliver are complete, correct, and true.

Guidance

Redlining is illegal and occurs when a lender provides unequal access to credit, or offers unequal credit terms, because of the race, color, national origin, or other prohibited characteristics of the residents of the area in which the mortgaged property is located.

You may consider locational factors when appraising and underwriting if your



risk analysis applies Fannie Mae's guidelines in a consistent, equitable, and legal manner.



Chapter 2

Mortgage Loan

Section 201

Registration and Multifamily Affordability Estimator

Requirements

You must:

- register each Mortgage Loan in DUS Gateway; and
- submit the Multifamily Affordability Estimator (MAE), and all other required affordability data, in DUS Gateway at the earlier of when you:
 - request a pricing quote, if it will incorporate the Property's affordability; and
 - place the transaction under application.

Operating Procedures

You must submit:

- the MAE;
- all required data fields, including the following based on the completed MAE:
 - “% Mission Driven” in the “Deal Overview” section;
 - percent of AMI in the “Property Detail” section:
 - “% of Units <= 80% of AMI”;
 - “% of Units <= 60% of AMI”; and
 - “% of Units <= 50% of AMI”; and
 - loan options based on the proposed transaction structure.

Section 202

Delegated Mortgage Loans

Requirements

If your Lender Contract provides you with the delegated authority, you may underwrite, commit, and Deliver any fully-delegated Mortgage Loan (see [Part I, Chapter 1: Overview, Section 102: Delegation and Underwriting](#)).

Section 203

Pre-Review Mortgage Loans



Requirements

You must obtain Fannie Mae's Pre-Review approval before requesting a Commitment for any Pre-Review Mortgage Loan and any Mortgage Loan that is not fully delegated to you.

You must ensure that your Chief Underwriter, or a delegated employee directly supervised by your Chief Underwriter, reviews and approves all material supporting the Pre-Review approval request before submitting it.

Operating Procedures

The Pre-Review approval process must follow these steps:

Step 1: You submit a Pre-Review request to the Fannie Mae Deal Team via DUS Gateway that includes, at a minimum:

- a loan-sizing spreadsheet with the preliminary Underwritten NCF and a refinance risk analysis;
- a narrative describing the overall transaction, including risks and mitigating factors for Pre-Review reasons; and
- any additional information requested by Fannie Mae.

Step 2: Fannie Mae's Pre-Review response will indicate:

- **Approval.** You have Pre-Review approval to underwrite the Mortgage Loan and request a Commitment on the proposed terms without further Fannie Mae approval before purchase.
- **Resubmission Required.** You are authorized to underwrite the Mortgage Loan on the proposed terms and pricing, but you must resubmit it after full underwriting for Fannie Mae Pre-Review approval at least 10 Business Days before requesting a Commitment.
- **Decline Approval.** You do not have Fannie Mae Pre-Review approval and may not request a Commitment on the proposed terms. Fannie Mae will issue a notice of denial containing its rationale.



If you...	Within 30 days of Fannie Mae's notice of denial, you must...
Either: <ul style="list-style-type: none">• deny the Borrower credit; or• offer the Borrower another quote, commitment, or credit option (from a source other than Fannie Mae) that the Borrower does not expressly accept	<ul style="list-style-type: none">• issue the Borrower an adverse action letter including Fannie Mae's denial reasons; and• upload into the Deal Documents section of DUS Gateway your:<ul style="list-style-type: none">- copy of final adverse action letter; and- issuance evidence (e.g., email, certified mail receipt, courier receipt, etc.).
Offer the Borrower another quote, commitment, or credit option (from a source other than Fannie Mae) that the Borrower expressly accepts	<p>upload into the Deal Documents section of DUS Gateway a statement confirming:</p> <ul style="list-style-type: none">• the Borrower expressly accepted the credit; and• you sent no adverse action letter.

Section 204 Letters of Credit

204.01 Generally

Requirements

You must comply with this Section for all Letters of Credit posted as Collateral for a Mortgage Loan.

You must obtain Fannie Mae's approval for any new or renewal Letter of Credit, regardless of whether the Letter of Credit is required by you or Fannie Mae.

All Letters of Credit must:

- Name Fannie Mae as the sole beneficiary.
- Have a minimum term of 1 year.
- Be issued or confirmed by a financial institution that meets the eligibility criteria in [Part I, Chapter 2: Mortgage Loan, Section 204.02: Issuers and Ratings](#).



All Letters of Credit must meet the requirements in the Irrevocable Letter of Credit Instructions ([Form 4663](#)), including the form of sight draft on the Issuer.

Operating Procedures

How do you request approval to use a Letter of Credit?

Step 1: Complete the Letter of Credit Authorization and Certification Form ([Form 4664.B](#)) that states

- whether the Letter of Credit is new or will renew or confirm an existing Letter of Credit, and
- that the Letter of Credit is posted as Collateral for a Mortgage Loan.

Step 2: Indicate whether the Letter of Credit is required by the Guide or is required by you as additional collateral. If you require the Letter of Credit, include the Loan Document imposing the requirement.

Step 3: Send the completed [Form 4664.B](#) to Lender Risk Management.

What do you do after Fannie Mae has approved a Letter of Credit?

Step 1: Send the original Letter of Credit:

- to be delivered the following business day; and
- addressed to Multifamily Certification and Custody, Attention: Manager, Multifamily Operations - Recourse and Collateral.

Step 2: Include [Form 4664.B](#) in the Mortgage Loan Delivery Package

Step 3: Retain a copy of [Form 4664.B](#) in your Servicing File.

204.02 Issuers and Ratings

Operating Procedures

Who is eligible to issue a Letter of Credit?

A financial institution that satisfies the ratings criteria may issue or confirm a Letter of Credit.

You, one of your Affiliates, or an Affiliate of the Borrower, may issue a Letter of Credit, but only if it is confirmed by a financial institution that is not an Affiliate of you or the Borrower.

Fannie Mae, in its sole discretion, may prohibit you from obtaining a Letter of Credit (or confirming a Letter of Credit) from a specific financial institution.

What ratings do Issuers need to satisfy?



A financial institution is eligible to issue or confirm a Letter of Credit if it satisfies the following ratings criteria:

- a Standard and Poor's long-term issuer rating of "A" or better; or
- a Moody's long-term issuer rating of "A2" or better.

204.03 Verifying Issuer Ratings

Requirements

You must monitor and verify the rating of any financial institution issuing or confirming a Letter of Credit

- throughout the term of the Letter of Credit,
- on each anniversary of the date of issuance, and
- on the date of any renewal, replacement, or amendment.

If the ratings of the financial institution issuing or confirming the Letter of Credit fall below the ratings criteria you must

- contact Multifamily Business Operations promptly, and
- use a financial institution that satisfies the ratings criteria to replace or confirm the Letter of Credit.

A change from "stable" or "positive outlook" to "negative outlook" or "on watch for downgrade" would represent a fall below the ratings criteria.

204.04 Restrictions on Issuer Collateral

Requirements

You must ensure that the Issuer does not collateralize the Letter of Credit with a lien on

- the Property, or
- any personal property that secures the Mortgage Loan.

204.05 Drawing on Letter of Credit

Operating Procedures

You may, with Fannie Mae's written approval, instruct the issuing bank to honor a draw on the Letter of Credit by depositing the proceeds into an account designated by Fannie Mae.



Chapter 3

Borrower, Guarantor, Key Principals, and Principals

Section 301

Generally

Requirements

You must:

- perform a risk assessment of the Borrower, Guarantor, Key Principals, and Principals based solely on objective credit standards;
- for any Sponsor, Key Principal, Guarantor, or Person who owns a Controlling Interest in the Borrower, Key Principal, or Guarantor, search the internet for
 - any negative press,
 - current or prior lawsuits, and/or
 - fair housing violations or other sanctions;
- ensure all:
 - [Potential Red Flags for Mortgage Fraud and Other Suspicious Activity](#) were evaluated; and
 - unresolved red flags were reported per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 310: Compliance](#); and
- document all due diligence findings in the Transaction Approval Memo.

Prohibited practices include:

- basing the risk assessment on any characteristic protected by any fair housing or fair lending law, including
 - race,
 - color,
 - religion,
 - sex,
 - handicap,
 - familial status, or
 - national origin of the prospective
 - Borrowers,
 - Guarantors,



- Key Principals,
- Principals,
- Property occupants, or
- residents of the Property's neighborhood; or

- using
 - unsupported assumptions,
 - personal opinions, or
 - unsupported perceptions.

You must:

- complete a credit review by analyzing information about the Borrower's, Key Principals', and Guarantors'
 - organizational structure,
 - multifamily business experience and qualifications,
 - general credit history, and
 - current and prospective financial condition; and
- ensure the financial strength, experience, qualifications, and credit history of the Borrower, Key Principals, and Guarantors support the transaction's
 - size,
 - complexity,
 - structure, and
 - risk.

Section 302 Borrower Organizational Structure

302.01 Single-Asset Entity

☒ Requirements

You must ensure:

- the Borrower is a domestic single-asset entity formed for the sole purpose of owning the Property;
- if the Borrower is ultimately owned by foreign persons or entities, it has at



least 1 domestic tier of ownership; and

- you review
 - the Borrower's complete formation documents, and
 - all amendments or restatements.

➔ Guidance

As you analyze the Borrower and its organizational documents to confirm that it has been a single-asset entity since formation, consider the following questions:

- Can the Borrower acquire any additional real property, personal property, or assets?
- Can the Borrower participate in any business other than managing and operating the Property?
- Are the Borrower's assets or funds commingled with anyone else's? If so, can these assets or funds be separated and identified?
- Are the Borrower's financial statements, accounting records, and other organizational documents maintained with anyone else's?
- Has the Borrower assumed, guaranteed, or obligated itself to cover anyone else's liabilities?

☑ Requirements

If the Borrower owns more than a single asset, the Borrower may still qualify as a single asset entity if you:

- Obtain an operating statement for each real property owned.
- Obtain proof that the Borrower has no existing debt secured by a Lien on any of the Borrower's real property, other than a Mortgage Loan purchased by Fannie Mae.
- Obtain proof that no direct or indirect equity interest in the Borrower is subject to mezzanine financing.
- Ensure that the Loan Documents prohibit the Borrower from
 - acquiring any additional debt (except for supplemental debt on existing Fannie Mae loans),
 - increasing any existing debt, or
 - acquiring any additional real property.



→ Guidance

As you analyze the Borrower that owns more than a single asset, you should consider whether its other real estate assets are only

- multifamily properties, or
- other types of real estate that do not pose an environmental risk to the Borrower.

302.02 Co-Tenant Borrowers

☑ Requirements

You must ensure that any Co-Tenant Borrower meets these eligibility requirements:

- the Borrower has no more than 10 co-tenants;
- no co-tenant is an individual; and
- each co-tenant:
 - is a single-asset entity complying with [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.01: Single-Asset Entity](#);
 - is underwritten as a stand-alone Borrower;
 - complies with [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors](#); and
 - has jointly and severally executed the Loan Documents.

302.02A Tenancy-in-Common Agreement

☑ Requirements

You must ensure that a validly executed Tenancy-in-Common Agreement is in place prior to or at the Mortgage Loan closing.

You must review the agreement to ensure that:

- each co-tenant is bound by the terms of the agreement;
- the Property has a manager of its day-to-day business and affairs, which can be
 - a single co-tenant (or the Key Principal of such co-tenant) known as



the “co-tenant representative”, or

- a validly-appointed property manager; and
- distributions to the co-tenant representative are subordinate to
 - all payments under any Mortgage Loan secured by a Lien on the Property, and
 - the terms and conditions of any such Mortgage Loan.

Guidance

As you analyze the Tenancy-in-Common Agreement, consider the following questions. The term “co-tenant” also includes any Key Principal who has the rights of the co-tenant.

Representation

- Have the Co-Tenant Borrowers given the co-tenant representative the power to deal with the Lender through the Tenancy-in-Common Agreement or an irrevocable power-of-attorney?
- Has each Co-Tenant Borrower waived its right to reside in the Property?

Buy outs

- Does each Co-Tenant Borrower have buy out rights to any other co-tenant?
- Is each Co-Tenant Borrower financially able to buy out any other co-tenant?

Communication

- Does each Co-Tenant Borrower have a name, address, telephone number, and percentage of ownership interest listed?
- Has each Co-Tenant Borrower agreed to promptly notify all other Co-Tenant Borrowers and you if their address or telephone number changes?
- Has a single Key Principal of the co-tenant representative agreed to receive any communication from you on behalf of all Co-Tenant Borrowers?

302.02B Key Principal Execution of Guaranty

Requirements



You must ensure that:

- each Co-Tenant Borrower names at least 1 Key Principal; and
- if a Guaranty is required per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 311: Execution of Non-Recourse Guaranty](#), a Key Principal from each Co-Tenant Borrower must become a Guarantor and execute either a Non-Recourse Guaranty or Payment Guaranty.

302.03 Joint and Several Borrowers with Multiple Properties

Requirements

If a Mortgage Loan not in a Credit Facility is secured by multiple Properties and any Property is owned by a different Borrower, you must require each Borrower to:

- execute a single set of Loan Documents with joint and several liability for the Mortgage Loan;
- comply with the “single purpose entity” requirements per Modifications to Multifamily Loan and Security Agreement (Co-Borrowers) ([Form 6274](#));
- be owned, directly or indirectly, by the same Persons having the same percentage ownership interests;
- be Controlled by the same Sponsor or Key Principal;
- execute [Form 6274](#), restricting Property Transfer/Assumption or release during the Mortgage Loan term;
- execute an acceptable Contribution Agreement complying with [Form 6274](#); and
- if separate Security Instruments are recorded to encumber Properties in different counties, execute separate Modifications to Security Instrument (Co-Borrowers) ([Form 6322](#)) for each Security Instrument.

Each Property securing the Mortgage Loan must:

- be in the same State; and
- comply with [Part II, Chapter 1: Attributes and Characteristics, Section 102.01: Single Borrower Ownership](#).

Section 303 Key Principals, Principals, and Guarantors

303.01 Generally



☑ Requirements

For every Mortgage Loan, you must:

- identify and underwrite the Sponsor, any Guarantor, and all Key Principals and Principals of the Borrower;
- require the Borrower to disclose any foreign Persons whose direct or indirect ownership interest in the Borrower, in the aggregate, is 10% or greater; and
- ensure the Guarantor
 - is not a foreign person or a foreign entity, and
 - either has an ownership interest in the Borrower or ensure that the Guarantor has adequate legal consideration to enter into the Guaranty.

You must:

- not deliver a Mortgage Loan with
 - undisclosed Principals, or
 - a Blocked Person as a
 - Borrower,
 - Guarantor,
 - Key Principal, or
 - Principal;
- review the complete, unredacted organizational documents, and any amendments and restatements;
- comply with [Part III, Chapter 16: Mezzanine Financing and Preferred Equity, Section 1602: Preferred Equity](#) if the organizational documents provide any investor having a direct or indirect ownership interest in the Borrower with:
 - preferred rights to receive dividends, distributions, payments, or returns relative to other equity owners; or
 - the right to, directly or indirectly, force a
 - sale of the Property,
 - transfer of the direct or indirect ownership interests in the Borrower, or
 - transfer of the Controlling Interest in the Borrower, Key Principal,



or Guarantor; and

■ identify:

- as a Key Principal any Person with control takeover rights per the Preferred Equity Checklist ([Form 6441](#)); and
- Principals based on the aggregate of all direct and indirect ownership interests in the Borrower held per the following table.

If the Borrower (or the Person owning an interest in the Borrower) is a...	Then a Principal is...
General Partnership or Joint Venture	any general partner or joint venturer.
Limited Partnership	<ul style="list-style-type: none">• all general partners;• any Person who owns, directly or indirectly, an aggregate 25% or more limited partnership interest in the Borrower through any single limited partner; and• any Person who owns, directly or indirectly, an aggregate 25% or more limited partnership interest in the Borrower through multiple limited partners.
Privately-Held Corporation	any Person who owns 25% or more of the voting stock in the Borrower.
Limited Liability Company	<ul style="list-style-type: none">• all non-member managers or member-managers;• any Person who owns, directly or indirectly, an aggregate 25% or more membership interest in the Borrower through any single member; and• any Person who owns, directly or indirectly, an aggregate 25% or more membership interest in the Borrower through multiple members.
Co-Tenant Borrower	any Person who owns, directly or indirectly, a 25% or more ownership interest in each co-tenant.
Trust (other than a Land Trust)	<ul style="list-style-type: none">• the grantor (if the trust is a revocable trust or if the grantor or settlor has retained powers);• any Person who has a 25% or more beneficial interest in the trust; and• any trustee.



If the Borrower (or the Person owning an interest in the Borrower) is a...	Then a Principal is...
Land Trust	any Person who has <ul style="list-style-type: none"> • the power of direction, and • a 25% or more beneficial ownership interest in the land trust.

➔ Guidance

For example: Borrower ABC Apartments, LLC has the following ownership structure:

Equity Owner	Role	Direct Ownership % in Borrower	Member Equity Owner and % Interest	Aggregate Indirect Ownership % in Borrower
ABC Reality, LLC	Managing Member	1%	John Doe - 100%	1%
Member A, LLC	Non-managing Member	19.80%	Bob Smith - 50%	9.9%
			Others - 50%	9.9%
Member B, LLC	Non-managing Member	19.80%	Bob Smith - 50%	9.9%
			Others - 50%	9.9%
Member C, LLC	Non-managing Member	19.80%	Bob Smith - 20%	3.96%
			XYZ Owner, LP - 80%	15.84%
Member D, LLC	Non-managing Member	19.80%	Bob Smith - 50%	9.9%
			Sally White - 50%	9.9%



Equity Owner	Role	Direct Ownership % in Borrower	Member Equity Owner and % Interest	Aggregate Indirect Ownership % in Borrower
Member E, LLC	Non-managing Member	19.80%	Bob Smith - 50%	9.9%
			Others - 50%	9.9%

In addition, the ownership interest of XYZ Owner, LP is:

Equity Owner	Role	Direct Ownership % in XYZ Owner, LP	Aggregate Indirect Ownership % in Borrower
987 Investor, LLC	General Partner	1%	0.16%
Sally White	Limited Partner	99%	15.68%

You must identify:

- Bob Smith as a Principal of ABC Realty based on his aggregate 43.56% indirect ownership interest in the Borrower; and
- Sally White as a Principal of ABC Realty based on her aggregate 25.58% indirect ownership interest in the Borrower.

It is immaterial that:

- neither Bob Smith nor Sally White has any direct ownership interest in the Borrower or the managing member of the Borrower; and
- none of the non-managing members of the Borrower owns greater than the 25% direct interest in the Borrower that would qualify for being identified as a Principal.

303.02 Entity Review

Guidance

When you review an entity, consider the following questions:

- If it is an existing entity (e.g., a corporation, limited liability company, limited liability partnership, or other acceptable structure) that is not newly formed, does it comply with the requirements for a Borrower owning more



than a single asset per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.01: Single-Asset Entity?](#)

- Is it a well-capitalized, stable, ongoing business that would be expected to:
 - Remain financially healthy?
 - Support the Property?
 - Meet all Guarantor requirements and obligations under the Guaranty?
 - Have assets and net worth that are significantly greater than what would be minimally acceptable for an individual Key Principal?

303.03 Fund Review

→ Guidance

When you review a fund, consider the following questions:

- What is the experience and performance history of the fund manager with similar funds?
- Can the fund raise equity from financially substantial investors?
- What is the performance of the fund?
- What is the leverage level of the fund?
- What is the net worth and liquidity of the fund?
- What is the type and quality of
 - the Property and market,
 - other existing properties and markets, and
 - any potential additional properties and markets targeted by the fund pursuant to its agreements?

Additionally, you should review the organizational documents and private placement memorandum (if applicable) for the following information:

- the fund's expiration date;
- any extension to the fund's existence and conditions to approve that extension; and
- the process for winding up the business affairs of the fund, including whether the fund is organized in a state that requires the orderly dissolution of investment funds, such as Delaware or Illinois.



Section 304 Limited Experience Owner

Requirements

You must determine if any Sponsor, Key Principal, or Guarantor is a Limited Experienced Owner.

To determine if a Co-Tenant Borrower is a Limited Experienced Owner, you:

- must analyze the Person named as the co-tenant representative per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.02: Co-Tenant Borrowers](#); and
- may exclude from the analysis any:
 - passive Tenant in Common Member, who is solely named a Key Principal to comply with [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.02: Co-Tenant Borrowers](#); or
 - Borrower whose Controlling Interest is owned by a Key Principal or Guarantor that does not meet the definition of a Limited Experienced Owner.

For each Limited Experienced Owner:

- verify the identity of the Sponsor and each Key Principal or Guarantor, or any Person who owns a Controlling Interest in the Borrower, using a current
 - driver's license or passport,
 - personal residence, and
 - business address (not a P.O. Box);
- ensure your Credit Underwriting or Screening team meets, in person or virtually, each individual:
 - identified as, or on behalf of, the Key Principal or Guarantor; or
 - who owns, directly or indirectly, a Controlling Interest in
 - the Borrower,
 - any Key Principal, or
 - any Guarantor;
- for any individual identified as a Key Principal or Guarantor, or who owns a Controlling Interest in the Borrower, Key Principal, or Guarantor:
 - obtain a resume; and



- verify employment history using
 - a Lexis-Nexis report, or
 - other industry standard background reporting tool;
- review, for each Key Principal or Guarantor, or Person who owns a Controlling Interest in the Borrower, their:
 - investment profile;
 - business goals; and
 - primary sources of income, which must be consistent with business activities;
- obtain evidence of the origin of transaction funds for
 - an Acquisition, or
 - cash-in refinances requiring the Borrower to deposit additional funds at closing; and
- determine any appropriate adjustments to the reported liquidity and net worth of the Sponsor and each Key Principal or Guarantor, including:
 - verifying liquidity based on 3 consecutive months of bank or brokerage statements for accounts (a bank or brokerage letter alone is insufficient to verify liquidity); and
 - using best efforts to verify the value (including ownership interest and debt outstanding) of all real estate owned, directly or indirectly, using
 - K-1 statements,
 - CoStar or similar service, or
 - mortgage loan verification from other creditors.

Guidance

You should consider if the additional underwriting requirements are appropriate for any Borrower, Sponsor, Guarantor, or Key Principal with whom you have never originated a multifamily Mortgage Loan, even if they are not a Limited Experienced Owner.

Section 305

Financial Statements

Requirements

You must:



- obtain signed financial statements dated within 15 months of the Commitment Date from all parties relevant to the Mortgage Loan; and
- ensure all:
 - Potential Red Flags for Mortgage Fraud and Other Suspicious Activity were considered; and
 - unresolved red flags were reported per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 310: Compliance](#).

For all financial statements, you must collect:

- a list of all other assets, including
 - notes receivable from related entities, and
 - an estimate of the market value of each asset with the basis for calculating value estimates; and
- all liabilities and contingent liabilities, including
 - debts under lines or letters of credit,
 - personal guaranties,
 - unmet obligations to partnerships or other entities, and
 - other future obligations, with their amount and timing.

For all Mortgage Loans, you must determine any:

- appropriate adjustments to the reported net worth and liquidity of the Sponsor and each Key Principal or Guarantor; and
- other factors that may impact the party's financial position immediately or during the term of the Mortgage Loan (including any known threat of potential lawsuits that may arise from the parties' business operations).

Section 306

Schedule of Real Estate Owned (SREO) (Form 4526)

Requirements

You must:

- obtain an SREO ([Form 4526](#)) from the Sponsor (if the Sponsor is not the named Key Principal and/or Guarantor), Key Principal, and Guarantor for all real estate assets;
- fully comply with the Instructions tab in [Form 4526](#); and



- fully analyze:
 - the SREO, including non-multifamily properties;
 - your identification and mitigation of underperforming properties;
 - upcoming maturities; and
 - recourse debt.

➔ Guidance

You should review [Form 4526](#) and financial statements to determine whether the named Key Principal and any Guarantor have sufficient:

- multifamily real estate expertise to manage the
 - Mortgage Loan, and
 - Property; and
- unencumbered financial wherewithal to provide necessary support for the
 - Property, and
 - Mortgage Loan.

You do not need to obtain a separate [Form 4526](#) from the Sponsor if:

- a Mortgage Loan's Sponsor is not the named Key Principal or Guarantor; and
- you determined the Key Principal and/or Guarantor have sufficient multifamily real estate experience and the financial capacity to support the
 - Property, and
 - Mortgage Loan.

Section 307 Certifications

307.01 Multifamily Underwriting Certificate (Form 6460)

☑ Requirements

You must:

- obtain the appropriate Multifamily Underwriting Certificate ([Form 6460](#)) from



- the Borrower,
 - any Guarantor, and
 - each Key Principal; and
- retain a copy of each [Form 6460](#) in your Servicing File.

You must ensure the [Form 6460](#):

- is signed and certified as
 - true,
 - correct, and
 - complete;
- has all corresponding financial documents attached;
- includes representations by the Borrower, Guarantor, or Key Principal that, to their knowledge, all
 - financial statements and schedules
 - are dated within 15 months of the certification date,
 - were prepared by the Borrower, Guarantor, or Key Principal or their independent accounting firm,
 - are true, correct, and provide a current and accurate account of the financial condition of the
 - Property,
 - Borrower,
 - Key Principals, and
 - Guarantors; and
 - Property condition information provided to you or to the PCA Consultant is correct as of the date provided; and
- either:
 - is dated within 90 days before the Commitment Date; or
 - includes a certification of no material adverse changes to the financial condition shown in the financial statements delivered per the [Form 6460](#) from each of the
 - Borrower,
 - Key Principals, and



— Guarantor.

307.02 Brokered Transaction Certifications

Requirements

For any Brokered Transaction, you must ensure the Borrower, all Key Principals, and any Guarantors directly deliver all:

- financial statements and schedules to you, including:
 - Property rent rolls;
 - Cooperative Maintenance Fee schedules;
 - Property operating statements;
 - Borrower financial statements; and
 - other related documents; and
- Property condition information to you or the PCA Consultant, including:
 - inspection records;
 - maintenance records;
 - pre-site visit questionnaire;
 - capital improvement plans; and
 - other relevant information.

For any Brokered Transaction, you must certify in your Transaction Approval Memo that you directly, not through a Broker or Correspondent:

- obtained and reviewed all underwriting source documents from the
 - Sponsor/Borrower,
 - Key Principals, and
 - Guarantors;
- underwrote the Mortgage Loan;
- engaged all third-party reports/consultants; and
- entered accurate and complete Broker or Correspondent information into
 - DUS Gateway, and
 - acquisition systems.



Section 308 Fraudulent Conveyance

Requirements

You must not obtain a Commitment for any Mortgage Loan if you believe that the Borrower, Key Principals, Principals, or Guarantors intend to delay, hinder, or defraud creditors.

Guidance

To show that you have made the Mortgage Loan in good faith, consider the following questions:

- Have you carefully reviewed the facts so that you have a clear defense to potential fraudulent conveyance or fraudulent transfer claims?
- Have you obtained a [Form 6460](#) that confirms the Borrower's good faith?

Section 309 Applicant Experience Check

Requirements

For all Mortgage Loan applications and any Transfer/Assumption, you must:

- perform an ACheck per the timing below for
 - the Borrower,
 - each Key Principal,
 - each Principal,
 - each Guarantor, and
 - any Person who owns a Controlling Interest in an entity
 - Key Principal, or
 - Guarantor; and
- receive a "You can proceed" response.



ACheck Timing	
For all...	You must perform an ACheck for each of the following events...
Mortgage Loans	<ul style="list-style-type: none">• upon accepting a signed application when you receive the<ul style="list-style-type: none">- Social Security Number, or- Tax Identification Number;• before you obtain a Rate Lock; and• before the Mortgage Loan Origination Date.
Transfers/Assumptions	<ul style="list-style-type: none">• when the Borrower submits the request and you receive the Transferee's/Assignee's<ul style="list-style-type: none">- Social Security Number, or- Tax Identification Number; and• before any required Amendment to the Loan Agreement is executed.

Guidance

When entering your final Mortgage Loan data per [Part IV, Chapter 4: Delivery, Section 402.01: Data and Documents](#), the Multifamily Committing and Delivery System runs an ACheck on all listed participants. The Mortgage Loan will not reach “Submitted” status unless a “You can proceed” response is received.

For any extended Rate Lock (e.g., 180 days), you should consider performing an additional ACheck between Rate Lock and Delivery.

Operating Procedures

The ACheck application is available at <https://multifamily.fanniemae.com/applications-technology/acheck>.

ACheck Frequently Asked Questions	
Question	Answer
What information do you need to perform an ACheck?	<p>The applicant's</p> <ul style="list-style-type: none">• tax identification number, or• Social Security number.



ACheck Frequently Asked Questions	
Question	Answer
How do you view ACheck results?	<p>The ACheck application will immediately respond either</p> <ul style="list-style-type: none">• "You can proceed", or• "Do not continue processing".
What must you do if you receive a "You can proceed" response?	<p>For each applicant, you must:</p> <ul style="list-style-type: none">• receive a "You can proceed" response to proceed with the Mortgage Loan application;• complete full credit underwriting; and• not interpret this ACheck response to mean the applicant is approved.
What must you do if you receive a "Do not continue processing" response?	<p>If the ACheck response is "Do not continue processing the transaction involving this applicant" (or similar wording), you must:</p> <ul style="list-style-type: none">• comply with all ACheck instructions; and• not proceed with the application by omitting any Borrower, Key Principal, Principal, or Guarantor who received a "Do Not Process" response.
What about confidentiality?	<ul style="list-style-type: none">• Fannie Mae will not provide any information regarding a "Do not continue processing" response for a particular<ul style="list-style-type: none">- Borrower,- Key Principal,- Principal, or- Guarantor.• You must establish procedures ensuring all ACheck responses remain confidential.

Section 310

Compliance

☒ Requirements

You must:



- unless you are subject to, and complying with, the Bank Secrecy Act, establish and maintain effective procedures and controls (including employee training), similar to those required by the Bank Secrecy Act, to prevent, identify, and report potential:
 - mortgage fraud; and
 - other suspicious activity; and
- confirm every Borrower, Key Principal, Principal, or Guarantor is not a Blocked Person.

Operating Procedures

If you identify **Potential Red Flags for Mortgage Fraud and Other Suspicious Activity**:

1. Do not inform the Borrower, any Borrower Affiliate, Key Principal, Principal, or Guarantor.
2. Evaluate the red flags to determine if a plausible business explanation exists.
3. Immediately report any unresolved red flags indicative of mortgage fraud or other suspicious activity to:
 - <https://fims.my.salesforce-sites.com/MortgageFraudReport> or (800) 232-6643; and
 - Lender Assessment Oversight.
4. Maintain all documentation relating to the potential mortgage fraud or other suspicious activity.
5. Promptly provide all related documentation to Fannie Mae upon request.
6. Do not provide any information to Fannie Mae that would indicate whether you have filed a Suspicious Activity Report (SAR) with the Financial Crimes Enforcement Network (FinCEN).

If you identify any Borrower, Key Principal, Principal, or Guarantor as a Blocked Person:

1. Report the Blocked Person to Lender Assessment Oversight within 24 hours.
2. Maintain all documentation relating to your searches.
3. Promptly provide all related documentation to Fannie Mae upon request.
4. Do not



- Deliver the Mortgage Loan, or
- proceed with the Mortgage Loan by omitting any Person that is a Blocked Person.

Section 311 Execution of Non-Recourse Guaranty

☒ Requirements

You must obtain a Non-Recourse Guaranty from a Key Principal (the Guarantor) for any Mortgage Loan that has:

- an Underwritten DSCR less than
 - 1.35 for fixed rate, or
 - 1.10 for variable rate; or
- an LTV greater than 65%.

You do not need to obtain a Non-Recourse Guaranty if the

- Borrower is a Cooperative Organization, or
- Key Principal (who would otherwise be the Guarantor) is a publicly traded entity.

Section 312 Conflict Mortgage Loans

312.01 Description

☒ Requirements



Conflict Mortgage Loan Type	
Conflict Mortgage Loan	<ul style="list-style-type: none">Any Mortgage Loan in which:<ul style="list-style-type: none">- you, or any of your Lender Affiliates or Lender Senior Executives<ul style="list-style-type: none">owns (or will own) any direct or indirect equity interest in the Borrower, ordirectly or indirectly controls the Borrower; or- any of your employees, or a group of your employees, owns (or will own) more than a 5% direct or indirect equity interest in the Borrower.Any Mortgage Loan with DLA Mezzanine Financing. <p>Any equity interest you acquire in the Borrower relating solely to obtaining the associated LIHTCs is not considered when determining if the Mortgage Loan is a Conflict Mortgage Loan (see Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 709: LIHTC Properties Lender Equity Interest).</p>
Prohibited Conflict Mortgage Loan	<p>Any Mortgage Loan in which:</p> <ul style="list-style-type: none">you or any single Lender Senior Executive of yours owns more than a 5% direct or indirect equity interest in the Borrower;any group of your Lender Senior Executives together owns more than a 10% direct or indirect equity interest in the Borrower; oryou or any of your Lender Affiliates is the Property manager.



Conflict Mortgage Loan Type	
Controlling Conflict Mortgage Loan	<p>Any Conflict Mortgage Loan where:</p> <ul style="list-style-type: none">• you<ul style="list-style-type: none">- can (other than through the exercise of a lender's rights and remedies under the Loan Documents) require changes to the management, operations, or decision-making of the Borrower, the Key Principal, any Person holding a Controlling Interest in the Borrower or Key Principal, or any Principal or Guarantor, or- own any Preferred Equity in the Borrower;• any of your Lender Affiliates or any employees or any group of employees of yours or any of your Lender Affiliates<ul style="list-style-type: none">- can require changes to the management, operations, or decision-making of the Borrower, the Key Principal, any Person holding a Controlling Interest in the Borrower or Key Principal, or any Principal or Guarantor,- individually or together own a 25% direct or indirect equity interest in the Borrower or in any Person holding a Controlling Interest in the Borrower at or after loan origination (including any interest acquired as part of a Transfer/Assumption),- own any Preferred Equity in the Borrower, or- exercises rights under DLA Mezzanine Financing that results in a Controlling Conflict Mortgage Loan under these requirements; or• any of your Lender Senior Executives owns any direct or indirect equity interest in the Borrower.

You must not



- Deliver a Prohibited Conflict Mortgage Loan, or
- cause any Portfolio Mortgage Loan to become a Prohibited Conflict Mortgage Loan.

312.02 Restrictions

312.02A Underwriting

Requirements

You must ensure that no Lender employee or other person involved in Conflict Mortgage Loan underwriting and approval owns any direct or indirect equity interest in the Borrower.

You must include the following in your Transaction Approval Memo:

- the amount of any direct or indirect equity interest in the Borrower owned by any Lender Senior Executive, other Lender employee or group of employees; and
- answers to the following questions, including an explanation if your answer to a question is yes:
 - Does any Lender Senior Executive, other Lender employee or group of employees, or any person who participated in the underwriting or approval of the Mortgage Loan, own any direct or indirect equity interest in the Borrower?
 - Can any Lender Senior Executive, other Lender employee or group of employees, or any person who participated in the underwriting or approval of the Mortgage Loan, require changes to the management, operations, or decision-making of the Borrower?

In addition, your underwriting submission must include:

- copies of the Borrower's organizational documents and financial statements;
- copies of all organizational documents and financial statements for any Lender Affiliate that holds a direct or indirect equity ownership interest in the Borrower; and
- an organizational chart or diagram showing the:
 - Borrower's complete ownership structure;
 - relationship among the Lender, Borrower, and applicable Lender Affiliate; and
 - percentage ownership of each entity.



Operating Procedures

You must designate the Mortgage Loan as a Conflict Mortgage Loan in C&D.

312.02B Servicing

Requirements

As Servicer of a Controlling Conflict Mortgage Loan, you must not

- participate in loss mitigation or special asset management decisions if it becomes a Non-Performing Mortgage Loan, or
- be notified of, or participate in, any negotiations or communications between Fannie Mae and the Borrower, Key Principal, or Principal (or any Affiliate of any of them).

Fannie Mae will make reasonable efforts to provide copies of written communications between Fannie Mae and other parties.

These servicing restrictions apply as long as the Mortgage Loan is considered a Controlling Conflict Mortgage Loan.

Operating Procedures

1. Fannie Mae has sole discretion to decide what action, if any, to take regarding any Controlling Conflict Mortgage Loan, any Property securing a Controlling Conflict Mortgage Loan, or any Borrower or Guarantor.
2. If Fannie Mae decides that a Controlling Conflict Mortgage Loan has a material risk of default or other characteristics of increased risk, it can
 - designate a substitute servicer or subservicer, or
 - terminate (with or without cause) your right to service the Mortgage Loan.
3. Fannie Mae will comply with the Program Rules Part 3 Sections B and C relating to Fannie Mae initiated servicing transfers. After servicing is transferred, you will retain your loss sharing obligation.

312.02C No First Right of Refusal

Requirements



You will not have any First Right of Refusal to purchase a Property that secured a Conflict Mortgage Loan, even if the Loss Sharing Addendum to the MSSA grants you this right.

312.02D Additional Disclosure

Operating Procedures

For an MBS backed by a Conflict Mortgage Loan, you must indicate in C&D

- that additional disclosure is required, and
- whether it is the Lender, a Lender Affiliate, a Lender Senior Executive, a Lender employee, or group of employees who has a Controlling Interest or a non-Controlling Interest.

312.02E Notifications

Requirements

If, after delivering a Mortgage Loan, it becomes a Conflict Mortgage Loan, you must deliver all materials described in this Section to Multifamily Asset Management within 30 days after acquiring each equity interest.



Glossary

A

ACheck

Lender due diligence performed for the Borrower, Key Principal, and Principal using the ACheck™ application.

Synonyms

- Applicant Experience Check

Acquisition

Any Purchase of either the:

- Property's fee simple or leasehold interest via a deed transfer; or
- Controlling Interest in the Borrower.

Synonyms

- Acquisitions

Affiliate

When referring to an affiliate of a Lender, any other Person or entity that Controls, is Controlled by, or is under common Control with, the Lender.

When referring to an affiliate of a Borrower or Key Principal:

- any Person that owns any direct ownership interest in Borrower or Key Principal;
- any Person that indirectly owns, with the power to vote, 20% or more of the ownership interests in Borrower or Key Principal;
- any Person Controlled by, under common Control with, or which Controls, Borrower or Key Principal;
- any entity in which Borrower or Key Principal directly or indirectly owns, with the power to vote, 20% or more of the ownership interests in such entity; or
- any other individual that is related (to the third degree of consanguinity) by blood or marriage to Borrower or Key Principal.

Synonyms

- Affiliates
- Affiliate's



B

Bank Secrecy Act	Financial Recordkeeping and Reporting of Currency and Foreign Transactions Act of 1970 (31 U.S.C. 5311 et seq.).
Blocked Person	<p>Any Person who is:</p> <ul style="list-style-type: none">• on the FHFA SCP List;• sanctioned or blocked by OFAC; or• identified on:<ul style="list-style-type: none">- HUD's "Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions List"; or- General Services Administration's "System for Award Management (SAM) exclusion list".
Borrower	<p>Person who is the obligor per the Note.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Borrowers• Borrower's
Brokered Transaction	<p>Any Mortgage Loan sourced by you using a third party (e.g., a Mortgage Loan Broker or Correspondent) for which the third party receives a referral or other similar fee paid by you or on behalf of the Borrower. A Brokered Transaction does not include using an investment sale broker retained solely to assist in selling a Portfolio Mortgage Loan Property that is not being refinanced with Fannie Mae.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Brokered Transactions

C



Catastrophic Event

Natural or man-made hazard resulting in an event of substantial extent causing

- significant physical damage or destruction,
- loss of life, or
- drastic change to the natural environment, such as
 - earthquake,
 - flood,
 - terrorist attack, or
 - windstorm.

Synonyms

- Catastrophic Events

Co-Tenant Borrower

Borrower consisting of tenants-in-common that own the Property in equal or unequal shares.

Synonyms

- Co-Tenant Borrowers

Collateral

Property, Personal Property, or other property securing a Mortgage Loan.

Commitment

Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan.

Synonyms

- Committed
- Commitments

Commitment Date

Date a Commitment is confirmed by Fannie Mae per [Part IV, Chapter 2: Rate Lock and Committing, Section 204: Commitments](#).



Controlling Interest	For any entity, ownership or control of 50% or more of the ownership interests in the entity or the power or right to control or modify, directly or indirectly, the management and operations of the entity.
Cooperative Maintenance Fee	<p>Periodic fee assessed each shareholder or owner of a Cooperative Organization to fund costs and expenses associated with ongoing operations of the Cooperative Property.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Cooperative Maintenance Fees
Cooperative Organization	Corporation or legal entity where each shareholder or equity owner is granted the right to occupy a unit in a multifamily residential property under a proprietary lease or occupancy agreement.
Credit Facility	<p>Structured Transaction governed by a Master Credit Facility Agreement requiring Mortgage Loans and Properties to be</p> <ul style="list-style-type: none">• cross-defaulted, and• cross-collateralized. <p>Synonyms</p> <ul style="list-style-type: none">• Credit Facilities• Credit Facility's

D

Delivery	<p>Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Mae's satisfaction.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Deliver• Delivered• Deliveries
----------	--



DUS Gateway

Multifamily pre-acquisition system, or any successor systems, recording deal registration, Pre-Review and/or waiver tracking, Mortgage Loan Commitments, and decision records.

F

Fannie Mae Deal Team

Team responsible for reviewing Pre-Review Mortgage Loans, waivers, etc.

Synonyms

- Deal Team

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

G

Gross Note Rate

Interest rate stated in the Loan Documents.

Guarantor

Key Principal or other Person executing a

- Payment Guaranty,
- Non-Recourse Guaranty, or
- any other Mortgage Loan guaranty.

Synonyms

- Guarantors

Guaranty

Payment Guaranty, Non-Recourse Guaranty, or other guaranty by a Guarantor for the Mortgage Loan.



Guide Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise.

Synonyms

- DUS Guide

I

Investor MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan.

Synonyms

- Investors
- Investor's

Issuer Entity that:

- issues Bonds for a Credit Enhancement Mortgage Loan;
- packages mortgages for sale as a Security for an MBS; or
- issues a Letter of Credit.

Synonyms

- Issuers

K

Key Principal Person who

- controls and/or manages the Borrower or the Property,
- is critical to the successful operation and management of the Borrower and the Property, and/or
- may be required to provide a Guaranty.

Synonyms

- Key Principals
- Key Principal's

L



Lender	<p>Person Fannie Mae approved to sell or service Mortgage Loans.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Lenders• Lender's
Lender Affiliate	<p>Other Person or entity that Controls, is Controlled by, or is under common Control with, the Lender.</p>
Lender Assessment Oversight	<p>Team that can be contacted at lenderassessment_oversightteam@fanniemae.com.</p>
Lender Contract	<p>Program Documents per the Multifamily Selling and Servicing Agreement.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Lender's Contract• Lender Contracts• Contract• Multifamily Selling and Servicing Agreement• MSSA
Lender Risk Management	<p>Team that can be contacted at lender_risk_management@fanniemae.com.</p>



Lender Senior Executive

For any Lender any:

- a. senior executive officer serving as its president, chief executive officer, chief financial officer, chief operating officer, chief production officer, chief underwriter, chief asset manager, chief legal officer, chief information security officer, chief compliance officer, or substantially equivalent position;
- b. individual with voting or approval rights over whether the Lender commits to make a Mortgage Loan; or
- c. Immediate Family Member of, or individual having a close relationship with, any individual identified in (a) or (b).

Synonyms

- Lender Senior Executives

Letter of Credit

Letter of Credit approved by Fannie Mae per [Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit](#).

Synonyms

- Letters of Credit
- Letter of Credit's
- LOC
- LOCs

Lien

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

Synonyms

- Liens



Limited Experienced Owner

Any Sponsor, Key Principal, or Guarantor who has either:

- never obtained a prior Fannie Mae multifamily Mortgage Loan; or
- during the last 10 years, not owned a Controlling Interest in one or more multifamily properties for at least:
 - 5 consecutive years; or
 - 2 consecutive years if the Sponsor, Key Principal, or Guarantor would qualify as a Local Borrower for a Small Mortgage Loan with properties of similar
 - size, and
 - asset type.

Regardless of the requirements above, a Sponsor, Key Principal, or Guarantor is not a Limited Experienced Owner if they:

- are a fund Sponsor whose other current or historical funds under its Control satisfy these requirements; or
- currently have a controlling interest in more than 1,000 multifamily units.

Synonyms

- Limited Experienced Owners

Loan Documents

All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

M

Maturity Date

Date all Mortgage Loan amounts become fully due and payable per the Loan Documents.

Synonyms

- Maturity Dates

MBS

Mortgage-Backed Security



Mezzanine Financing	Subordinate debt financing provided to a direct or indirect owner of a Borrower that is secured by a pledge of the direct or indirect equity interest in the Borrower held by the owner, and not by a Lien on the Property.
Mortgage Loan	<p>Mortgage debt obligation evidenced, or when made will be evidenced, by</p> <ul style="list-style-type: none">• the Loan Documents, or• a mortgage debt obligation with a Fannie Mae credit enhancement. <p>Synonyms</p> <ul style="list-style-type: none">• Mortgage Loans• Mortgage Loan's
Mortgage Loan Delivery Package	Loan Documents and underwriting material required in connection with the Delivery of a Mortgage Loan.
Mortgage Loan Origination Date	<p>Date you fund a Mortgage Loan to the Borrower.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Mortgage Loan's Origination Date• Origination Date
Multifamily Asset Management	Team that can be contacted at drawer_am@fanniemae.com .
Multifamily Business Operations	Team that can be contacted at multifamily_bizops@fanniemae.com .



Multifamily Certification and Custody

Team responsible for taking custody of and certifying Mortgage Loans that can be contacted at

- multifamcert_team@fanniemae.com,
- (800) 940-4646, or
- for submissions:

Fannie Mae (Multifamily)
Certification and Custody
21240 Ridgetop Circle
Suite 125-130
Sterling, VA 20166.

Synonyms

- DDF
- Document Delivery Facility
- Document Delivery System

Multifamily Committing and Delivery System

Electronic committing and delivery system used for issuing and confirming Commitments for acquiring Mortgage Loans, or any such successor system.

Synonyms

- C&D

Multifamily Underwriting Certificate

Multifamily Underwriting Certificate ([Form 6460 series](#)) , and/or other agreement approved by Fannie Mae that provides underwriting information for a Mortgage Loan.

N

Non-Performing Mortgage Loan

Mortgage Loan with an uncured default.

Synonyms

- Non-Performing Mortgage Loans
- Non-Performing Mortgage Loan's
- Non-Performing



Non-Recourse Guaranty

Guaranty executed by a Key Principal on Form 4501 series or [Form 6015 series](#), or approved by Fannie Mae.

Synonyms

- Guaranty of Non-Recourse Obligations

Note

Instrument evidencing a Mortgage Loan obligation, including

- [Form 6010 series](#),
- any other Fannie Mae-approved note, and
- all applicable
 - addenda,
 - schedules, and
 - exhibits.

Synonyms

- Notes

P

P&I

Principal and interest

Participation Interest

Undivided interest in a Mortgage Loan per the participation certificate for a specified percentage of principal (and proportionate rights and benefits of the Participation Interest seller in any Mortgage Loan collateral or guaranty), and a specified yield.

Synonyms

- Participation Interests

Payment Guaranty

Guaranty executed by a Key Principal on Form 4502 series or [Form 6020 series](#), or approved by Fannie Mae.

PCA Consultant

Individual or firm conducting a PCA and preparing a PCA Report.

Synonyms

- PCA Consultant's



Person	<p>Legal person, including an</p> <ul style="list-style-type: none">• individual,• estate,• trust,• corporation,• partnership,• limited liability company,• financial institution,• joint venture,• association, or• other organization or entity (whether governmental or private). <p>Synonyms</p> <ul style="list-style-type: none">• Persons• Person's
Portfolio Mortgage Loan	<p>Mortgage Loan purchased by Fannie Mae and held as of a certain date regardless of whether it is a Cash Mortgage Loan or an MBS Mortgage Loan.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Portfolio Mortgage Loans• Portfolio Mortgage Loan's
Pre-Review	<p>Requirement that you obtain Fannie Mae's approval before you Rate Lock a Mortgage Loan.</p>
Pre-Review Mortgage Loan	<p>Mortgage Loan that is not delegated to you and requires Fannie Mae's approval before Rate Lock.</p>
Preferred Equity	<p>A direct or indirect equity investment in an entity providing that investor with preferred rights to receive dividends, distributions, payments, or returns relative to other equity owners.</p>



Principal

Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors](#).

Synonyms

- Principals

Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

Synonyms

- Properties
- Property's

R

Rate Lock

Agreement between you and the Investor containing the terms of the Lender-Arranged Sale or Multifamily Trading Desk trade of the Mortgage Loan and the MBS terms and conditions relating to the underlying MBS, if applicable, which may be documented via a recorded telephone conversation.

Synonyms

- Rate Locks

S

Security

MBS, PFP MBS, or REMIC.

Synonyms

- Securities



Security Instrument

Instrument creating a lien or encumbrance on 1 or more Properties and securing the Loan Document obligations.

Synonyms

- Security Instruments
- Security Instrument's

Servicer

Primary Person servicing the Mortgage Loan, including

- the originator,
- seller, or
- a third party.

Synonyms

- Servicers
- Servicer's

Servicing File

Your file for each Mortgage Loan serviced.

Synonyms

- Servicing Files

Sponsor

Principal equity owner and/or primary decision maker of the Borrower (often the Key Principal or the Person Controlling the Key Principal).

Synonyms

- Sponsors
- Sponsor's

SREO

Certified document listing all real estate equity interests the Person owns.

Synonyms

- Schedule of Real Estate Owned



Suspicious Activity Report

Report made by a financial institution to the Financial Crimes Enforcement Network (FinCEN), regarding suspicious or potentially suspicious activity.

Synonyms

- SAR

T

Transfer/Assumption

Transaction changing the ownership of the Borrower or Property.

Synonyms

- Transfers/Assumptions