



Multifamily Selling and Servicing Guide

Effective as of November 25, 2019

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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](#)) 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](#) to Partner Risk Management.

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

Step 1: Send the original Letter of Credit to Multifamily Operations to be delivered the following business day. The address is:

Fannie Mae - Midtown Center
1100 15th Street, NW



Mailstop 8S 33
Washington, DC 20005
Attention: Manager, Multifamily Operations - Recourse and
Collateral.

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

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



Glossary

C

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

G

Guide Multifamily Selling and Servicing Guide and Delegated Underwriting and Servicing Guide, including any exhibits, appendices, or other referenced forms, as updated, amended, restated, modified, or supplemented by any lender memo; provided, however, if a topic is covered in the Multifamily Selling and Servicing Guide, that Guide shall control unless a Lender Contract specifically requires use of another Guide.

Synonyms

- DUS Guide

I

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

L



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
- LOC
- LOCs

M

Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by the Loan Documents or a mortgage debt obligation with a Fannie Mae credit enhancement.

Synonyms

- Mortgage Loans

Mortgage Loan Delivery Package

Loan Documents and underwriting material required in connection with the Delivery of a Mortgage Loan.

P

Partner Risk Management

Team that can be contacted at partner_risk_management@fanniemae.com.

S

Servicing File

File for each Mortgage Loan serviced by the Lender.

Synonyms

- Servicing Files