



Multifamily Selling and Servicing Guide

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310.01 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"> - a Lender, any Lender Affiliate, or any Lender Senior Executive owns (or will own) any direct or indirect equity interest in the Borrower, or - any Lender employee, or group of 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 that is acquired only to benefit the LIHTC will not be counted when determining if a 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"> • the Lender or any single Lender Senior Executive owns more than a 5% direct or indirect equity interest in the Borrower, or • any group of Lender Senior Executives together owns more than a 10% direct or indirect equity interest in the Borrower.



Conflict Mortgage Loan Type	
Controlling Conflict Mortgage Loan	<p>Any Conflict Mortgage Loan where:</p> <ul style="list-style-type: none">• the Lender<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- owns any Preferred Equity in the Borrower;• any Lender Affiliate or employee or group of employees of the Lender or any Lender Affiliate<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 Lender Senior Executive owns any direct or indirect equity interest in the Borrower.

You must not Deliver a Prohibited Conflict Mortgage Loan.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

C

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.

G

Guarantor Key Principal or other Person who executes a Payment Guaranty, a Non-Recourse Guaranty, or any other guaranty in connection with the Mortgage Loan.

Synonyms

- Guarantors

K

Key Principal Person(s) who control and/or manage the Borrower or the Property, are critical to the successful operation and management of the Borrower and the Property, and who may be required to provide a Guaranty.

Synonyms

- Key Principals

L



Lender	<p>Person approved by Fannie Mae 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 Senior Executive	<p>For any Lender any:</p> <ol style="list-style-type: none">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, or substantially equivalent position;individual with voting or approval rights over whether the Lender commits to make a Mortgage Loan; orfamily member of, or individual having a close relationship with, any individual identified in (a) or (b). <p>Synonyms</p> <ul style="list-style-type: none">• Lender Senior Executives
Loan Documents	<p>All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Loan Document• Mortgage Loan Document• Mortgage Loan Documents
M	
Mezzanine Financing	<p>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.</p>



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

P

Person

Legal person, including an individual, estate, trust, corporation, partnership, limited liability company, financial institution, joint venture, association, or other organization or entity (whether governmental or private).

Synonyms

- Persons

Principal

Person who owns or controls 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

T

Transfer/Assumption

Transaction resulting in a change in the ownership of the Borrower or Property.

Synonyms

- Transfers/Assumptions