



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of December 13, 2024

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1904.02 Credit Enhancement Instrument

➔ Guidance

Fannie Mae's Credit Enhancement Instrument Loan Documents presume the Bond Issuer will:

- be the initial lender and secured party under the Security Instrument; and
- immediately assign the Multifamily Bond Note and Security Instrument to Fannie Mae and the Bond Trustee, as co-assignees.

☑ Requirements

You must ensure that Fannie Mae (not you or the Bond Issuer) is named as the counterparty or beneficiary in the Credit Enhancement Mortgage Loan agreements and collateral assignments.

✦ Operating Procedures

Fannie Mae and its counsel will:

- prepare the
 - Credit Enhancement Commitment Letter,
 - credit enhancement documents,
 - multifamily Note; and
- review and approve all Bond documents.

You may ask Fannie Mae's counsel to also prepare other Loan Documents, or your counsel may prepare these documents.



Glossary

B

Bond Trustee Trustee for a Credit Enhancement Instrument.

Synonyms

- Bond Trustee's

C

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

Credit Enhancement Instrument Agreement between Fannie Mae and a Bond Trustee where Fannie Mae provides credit enhancement of a Credit Enhancement Mortgage Loan, Bonds issued to finance a Credit Enhancement Mortgage Loan, or an Interest Rate Hedge Agreement; and if applicable, a Bond liquidity facility.

Synonyms

- Credit Enhancement Instruments

Credit Enhancement Mortgage Loan Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by

- a Credit Enhancement Instrument, or
- an MBS for Bonds.

Synonyms

- Credit Enhancement Mortgage Loans

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

Loan Documents

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

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

N

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

S



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