

# Multifamily Selling and Servicing Guide

Effective as of August 29, 2025

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#### 2003.05A Monitoring

# ✓ Requirements

You must monitor the construction process to ensure that when the permanent Mortgage Loan is converted it will comply with the

- Forward Commitment, and
- permanent Mortgage Loan Commitment.

# Guidance

During the construction or substantial rehabilitation period:

Responsible Party	Activities
You	<ul> <li>Evaluate inspections and change orders.</li> <li>Reject any change orders that would: <ul> <li>change the Property'smain design or asset quality features;</li> <li>make material changes; or</li> <li>result in combined hard and contingency costs greater than the construction loan budget (i.e., the construction loan must remain in balance).</li> </ul> </li> <li>Review the consulting architect's progress reports and provide them to Fannie Mae upon request.</li> <li>Monitor the construction loan and lease-up status.</li> </ul>
Consulting Architect	<ul> <li>Regularly perform on-site construction progress inspections.</li> <li>Ensure the time between inspections is not more than 2 months.</li> <li>Issue a progress report after each <ul> <li>inspection, and</li> <li>whenever the construction lender approves a disbursement.</li> </ul> </li> </ul>

You and the construction lender may both use the same consulting architect for the

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preliminary and final plans,



- specification reviews, and
- construction period inspections.

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# **Glossary**

### 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

## F

#### **Forward Commitment**

Commitment to purchase a permanent Mortgage Loan for a to-be constructed or rehabilitated Property.

#### **Synonyms**

- Forward Commitment's
- Forward Commitments

## 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.

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#### **Synonyms**

- Mortgage Loans
- Mortgage Loan's

# P



# **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).

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# **Synonyms**

- Properties
- Property's