



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## Chapter 1 Servicing

### Section 101 Generally

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#### 101.01 Relationship

##### ☒ Requirements

You must:

- service all Portfolio Mortgage Loans on Fannie Mae's behalf per the Guide; and
- not engage any Person on the Restricted Vendor List to perform any service for, or be involved in any way with, the Mortgage Loan servicing.

#### 101.02 Standard

##### ☒ Requirements

You must:

- always protect Fannie Mae's interest in the Mortgage Loan;
- collect all amounts due from the Borrower for Fannie Mae and any MBS Investor;
- service each Mortgage Loan per these documents until your obligations end in the following order of priority:
  1. Loan Documents;
  2. Disclosure Documents;
  3. Lender Contract;
  4. Guide; and
  5. commercially sound servicing practices and business judgment exercised by prudent institutional servicers for comparable mortgage loans in the Property's jurisdiction;
- perform additional servicing duties when directed by Fannie Mae; and
- hold any retained subservicer to this standard.

#### 101.03 Servicing File



### Requirements

You must:

- maintain a separate Servicing File for each Mortgage Loan; and
- permit Fannie Mae to periodically examine your Servicing Files.

### Operating Procedures

The Servicing File must:

1. Per the Multifamily Servicing File Content Requirements ([Form 4800](#)), include a copy of all
  - Mortgage Loan origination documents,
  - underwriting documents,
  - Loan Documents, and
  - servicing documents.
2. Fully document your actions for each Mortgage Loan.
3. Be in paper or electronic imaged form.
4. Comply with all record retention requirements per the Program Rules.

## **101.04** Loan Document Compliance

### Requirements

For each Mortgage Loan, you must:

- monitor the Borrower's compliance with all Loan Document terms and conditions; and
- appropriately address noncompliance.

## **Section 102** Uniform Commercial Code (UCC) Financing Statements

### **102.01** Filing Documents

### Requirements

You must maintain Fannie Mae's first Lien security interest in the Personal Property by filing all necessary UCC financing statements and continuations by the earlier of:



- the date any outstanding filing lapses; or
- any applicable jurisdiction filing deadline.

### Guidance

For all Mortgage Loans, you should effectively monitor

- UCC financing statements, and
- continuation filing deadlines.

### Operating Procedures

Each Mortgage Loan Servicing File must include a file-stamped copy of the UCC financing statements filed for the Personal Property, including

- initial filings,
- continuations,
- assignments, and
- other amendments.

## **102.02** UCC Continuations, Amendments, and Terminations

### Operating Procedures

You are authorized and required to file:

1. All UCC continuation statements in all appropriate jurisdictions.
2. Any UCC financing statement amendments to correct any scrivener's error.

Unless Fannie Mae granted you a Limited Power of Attorney, you are not authorized to

- sign or file any UCC financing statement amendment other than for a scrivener's error, or
- terminate any UCC financing statement.

### Guidance

See [Part V, Chapter 4: Asset Management: Loan Document Administration, Section 403: Execution of Documents by Servicer](#) –



[Limited Power of Attorney](#) for more information.

## Section 103 Letters of Credit

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### 103.01 Servicing File

#### Requirements

You must immediately deliver to Fannie Mae:

- the original Letter of Credit; and
- any new, replacement, or amended Letter of Credit delivered to you.

#### Operating Procedures

In your Servicing File, you must keep a copy of any

- Letter of Credit, and
- the associated Achievement Agreement or other Collateral Agreement.

### 103.02 Certification

#### Operating Procedure

With any new or replacement Letter of Credit, you must

- submit a Borrower Letter of Credit Certification ([Form 4664.B](#)), and
- confirm the Letter of Credit complies with [Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit](#).

### 103.03 Monitoring Expiration Dates

#### Operating Procedures

You must:

- effectively monitor each Letter of Credit's expiration date; and
- ensure Fannie Mae receives an acceptable renewal or replacement Letter of Credit
  - by the deadline per the Achievement Agreement or other Collateral Agreement, or
  - if no deadline is specified, at least 5 Business Days before the Letter



of Credit expires.

If you do not provide a renewal or replacement Letter of Credit, Fannie Mae will present a sight draft against the expiring Letter of Credit.

## 103.04 Replacement Letter of Credit

### Operating Procedures

You must ensure any replacement Letter of Credit has an expiration date at least 30 days after the applicable Achievement Agreement or other Collateral Agreement expiration date.

## 103.05 Verifying Issuer Ratings

### 103.05A Monitoring

#### Operating Procedures

While each Letter of Credit is outstanding, you must:

- comply with [Part I, Chapter 2: Mortgage Loan, Section 204.03: Verifying Issuer Ratings](#); and
- document each rating verification in your Servicing File.

### 103.05B Rating Noncompliance

#### Operating Procedures

If the rating of the financial institution issuing or confirming the Letter of Credit does not comply with...	You must...
<a href="#">Part I, Chapter 2: Mortgage Loan, Section 204.02: Issuers and Ratings</a>	<p>Promptly notify Multifamily Business Operations even if the Achievement Agreement or other Collateral Agreement</p> <ul style="list-style-type: none"><li>• provides different acceptable issuer rating criteria, or</li><li>• does not authorize Fannie Mae to act if the rating falls.</li></ul>



If the rating of the financial institution issuing or confirming the Letter of Credit does not comply with...	You must...
Rating criterial in the Achievement Agreement or other Collateral Agreement	<ul style="list-style-type: none"><li>• Promptly notify Multifamily Business Operations.</li><li>• Require the Borrower to provide a replacement or confirming Letter of Credit from an acceptably rated institution by the:<ul style="list-style-type: none"><li>- replacement deadline per the Achievement Agreement or Collateral Agreement; or</li><li>- earlier of<ul style="list-style-type: none"><li>▪ 30 days after notifying the Borrower,</li></ul></li></ul>or<ul style="list-style-type: none"><li>▪ 5 Business Days before the Letter of Credit expires.</li></ul></li></ul>

## 103.06 Managing Draws and Releases

### 103.06A Letter of Credit Draws

#### Requirements

You must promptly notify Multifamily Asset Management and Multifamily Business Operations if a Letter of Credit draw is appropriate.

### 103.06B Releasing/Reducing Letters of Credit or Other Collateral

#### Operating Procedures

Unless a Mortgage Loan is being fully repaid, you must:

- assess each Borrower request to fully release or partially reduce a Letter of Credit or other collateral;
- submit your recommendation to Multifamily Asset Management; and
- notify the Borrower when each request is approved or denied.

## Section 104 Bond Transactions and Credit Enhancement Mortgage Loans





## 104.01 Borrower Obligations

### 104.01A Payments

#### Operating Procedures

Collect all of the following from the Borrower:

- reimbursement of all amounts Fannie Mae paid or is due per any:
  - Credit Enhancement Instrument or MBS for Bonds;
  - Loan Documents or Reimbursement Agreement;
  - Bond Collateral Agreement; and
  - Interest Rate Cap Agreement or other interest rate hedge;
- any Facility Fee and/or Activity Fee for an unreimbursed Liquidity Advance per the Reimbursement Agreement;
- all amounts required to replenish the PRF;
- any Prepayment Premium or other Termination Fee;
- any other fees, expenses, or additional costs due per any
  - Credit Enhancement Instrument or MBS for Bonds,
  - Security Instrument,
  - Reimbursement Agreement, or
  - other Loan Document; and
- any other amounts due Fannie Mae or the Bond Trustee.

Steps	Activity...
Calculate the Amount Due	<p>After receiving the information to calculate the amount due, you must</p> <ul style="list-style-type: none"><li>• immediately invoice the Borrower, and</li><li>• remit the funds to the appropriate parties per the Reimbursement Agreement or Loan Documents.</li></ul>



Steps	Activity...
Advance Funds Notification	<p>Fannie Mae will notify you of the amount disbursed on or after each disbursement date for any:</p> <ul style="list-style-type: none"><li>• Credit Enhancement Instrument or MBS for Bonds;</li><li>• Loan Document; or</li><li>• other Bond Collateral Agreement.</li></ul>
Payment Timing	<p>You must remit all Borrower payments per the Loan Documents or Fannie Mae's instructions.</p> <p>If you do not pay Fannie Mae or the Bond Trustee until the next Business Day, you must</p> <ul style="list-style-type: none"><li>• invest the funds overnight, and</li><li>• remit all investment earnings to Fannie Mae or the Bond Trustee with the payment.</li></ul> <p>For Borrower payments received after 4:00 p.m. Eastern Time, you must use your best efforts to invest the funds.</p>

#### 104.01B Principal Reserve Fund

##### Requirements

You must ensure no PRF withdrawal occurs without Fannie Mae's approval.

##### Operating Procedures

For each Credit Enhancement Mortgage Loan, you must:

- Review the Bond Trustee's reported PRF balance.
- Collect from the Borrower any amount withdrawn from the PRF, including withdrawals reimbursing Fannie Mae for amounts it paid per the
  - Credit Enhancement Instrument or MBS for Bonds, or
  - Loan Documents.



## 104.02 Cash Collateral Agreements

### Requirements

You must:

- ensure any control agreement perfecting Fannie Mae's security interest in pledged collateral remains in full force and effect; and
- not invest, apply, or release any collateral under a Cash Collateral or other Security Agreement.

## 104.03 UCC Filings

### Operating Procedures

For UCC filings per Loan Documents or Bond documents, you must:

- instruct each Bond Trustee to file UCC continuation statements at least 90 days before the filing expires; and
- confirm the filing occurred before expiration.

## 104.04 Remarketing Agent Changes

### Requirements

For Bond transactions that remarket on scheduled mandatory tender and remarketing dates where Fannie Mae provides Bond liquidity support, you must ensure any new Remarketing Agent complies with [Part III, Chapter 19: Bond Transactions and Credit Enhancement Mortgage Loans, Section 1903.02: Remarketing Agent](#).



# Glossary

## A

**Achievement Agreement** Agreement requiring the Borrower to provide a letter of credit, cash, or guaranty as additional collateral to support the Mortgage Loan amount and specifying the terms for releasing the collateral.

### Synonyms

- Achievement Agreements

## B

**Bond Trustee** Trustee for a Credit Enhancement Instrument.

### Synonyms

- Bond Trustee's

**Borrower** Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

**Business Day** Any day other than a

- Saturday,
- Sunday,
- day when Fannie Mae is closed,
- day when the Federal Reserve Bank of New York is closed, or
- for any MBS and required remittance withdrawal, day when the Federal Reserve Bank is closed in the district where any of the MBS funds are held.

### Synonyms

- Business Days

## C



Collateral	Property, Personal Property, or other property securing a Mortgage Loan.
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Collateral Agreement	Agreement granting a security interest in Mortgage Loan collateral not covered by the Security Instrument.
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**Synonyms**

- Collateral Agreements

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.
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**Synonyms**

- Credit Enhancement Instruments

Credit Enhancement Mortgage Loan	Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by <ul style="list-style-type: none"><li>• a Credit Enhancement Instrument, or</li><li>• an MBS for Bonds.</li></ul>
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**Synonyms**

- Credit Enhancement Mortgage Loans

## D

Disclosure Documents	Documents for an Investor for a particular Securitized Mortgage Loan, which may include the MBS Trust Agreement, Prospectus, and any related documents.
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## G



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

**Synonyms**

- DUS Guide

## I

**Interest Rate Cap Agreement** Contract setting forth the terms and conditions of an Interest Rate Cap, Hedge, or Swap.

**Synonyms**

- Interest Rate Hedge Agreement
- Interest Rate Swap Agreement

**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

**Lender Contract** Program Documents per the Multifamily Selling and Servicing Agreement.

**Synonyms**

- Lender's Contract
- Lender Contracts
- Contract
- Multifamily Selling and Servicing Agreement
- MSSA



## 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 Power of Attorney

Legal document authorizing a Servicer to execute certain Loan Documents related to the asset management of a Mortgage Loan as attorney-in-fact on behalf of Fannie Mae.

## Loan Documents

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

### **Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

# M

## MBS for Bonds

Fannie Mae MBS:

- issued to credit enhance tax-exempt Bonds; or
- exchanged for Bonds redeemed at MBS issuance.

### **Synonyms**

- MBS Exchange
- MTEB
- MTEM



MBS Investor	For MBS Mortgage Loans, either a Third Party MBS Investor for Lender-Arranged Sales, or the Multifamily Trading Desk.
Mortgage Loan	<p>Mortgage debt obligation evidenced, or when made will be evidenced, by</p> <ul style="list-style-type: none"><li>• the Loan Documents, or</li><li>• a mortgage debt obligation with a Fannie Mae credit enhancement.</li></ul> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Mortgage Loans</li><li>• Mortgage Loan's</li></ul>
Multifamily Asset Management	Team that can be contacted at <a href="mailto:drawer_am@fanniemae.com">drawer_am@fanniemae.com</a> .
Multifamily Business Operations	Team that can be contacted at <a href="mailto:multifamily_bizops@fanniemae.com">multifamily_bizops@fanniemae.com</a> .

## P

Person	<p>Legal person, including an</p> <ul style="list-style-type: none"><li>• individual,</li><li>• estate,</li><li>• trust,</li><li>• corporation,</li><li>• partnership,</li><li>• limited liability company,</li><li>• financial institution,</li><li>• joint venture,</li><li>• association, or</li><li>• other organization or entity (whether governmental or private).</li></ul> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Persons</li><li>• Person's</li></ul>
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Personal Property	Furniture, fixtures, equipment, and other tangible personal property located on or used in connection with the Property.
Prepayment Premium	For a Mortgage Loan prepayment, amount the Borrower must pay in addition to the prepaid principal and accrued interest per the Loan Documents.

**Synonyms**

- Prepayment Premiums

PRF	Account you hold accumulating principal amortization payments for variable rate Bond credit enhancements.
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**Synonyms**

- Principal Reserve Fund

Property	Multifamily residential real estate securing the Mortgage Loan, including the <ul style="list-style-type: none"><li>• fee simple or Leasehold interest,</li><li>• Improvements, and</li><li>• personal property (per the Uniform Commercial Code).</li></ul>
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**Synonyms**

- Properties
- Property's

## R

Remarketing Agent	Person selected by the Issuer to reset the interest rate on the Bonds in order to resell any Bonds tendered by investors on the interest rate reset date.
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## S

Security	MBS, PFP MBS, or REMIC.
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**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

## U

**UCC** Uniform Commercial Code