



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

### 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>	Promptly notify Multifamily Business Operations even if the Achievement Agreement or other Collateral Agreement <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	After receiving the information to calculate the amount due, you must <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	Fannie Mae will notify you of the amount disbursed on or after each disbursement date for any: <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	You must remit all Borrower payments per the Loan Documents or Fannie Mae's instructions.  If you do not pay Fannie Mae or the Bond Trustee until the next Business Day, you must <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> For Borrower payments received after 4:00 p.m. Eastern Time, you must use your best efforts to invest the funds.

## 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.

**Collateral Agreement** Agreement granting a security interest in Mortgage Loan collateral not covered by the Security Instrument.

**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.

**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

## **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.

## **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	Mortgage debt obligation evidenced, or when made will be evidenced, by <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	Legal person, including an <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	<p>For a Mortgage Loan prepayment, amount the Borrower must pay in addition to the prepaid principal and accrued interest per the Loan Documents.</p> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Prepayment Premiums</li></ul>
PRF	<p>Account you hold accumulating principal amortization payments for variable rate Bond credit enhancements.</p> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Principal Reserve Fund</li></ul>
Property	<p>Multifamily residential real estate securing the Mortgage Loan, including the</p> <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> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Properties</li><li>• Property's</li></ul>
<b>R</b>	
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.
<b>S</b>	
Security	<p>MBS, PFP MBS, or REMIC.</p> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Securities</li></ul>



**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