



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of December 31, 2021

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TABLE OF CONTENTS

Part V Section 601 Servicer Watchlist	3
601.01 Submission	3
601.02 Actions	3
GLOSSARY	5



Section 601 Servicer Watchlist

601.01 Submission

Requirements

You must:

- Maintain a Servicer Watchlist for your Portfolio Mortgage Loans that
 - reflects your loan rating methodology, and
 - identifies Mortgage Loans with heightened credit risk.
- Submit your Servicer Watchlist for all
 - Primary Risk Mortgage Loans, and
 - Secondary Risk Mortgage Loans.

Operating Procedures

Submit your Servicer Watchlist:

- using the CSV upload template located under “Guides and Templates” in the MAMP; and
- within 45 days after each calendar quarter end, but no later than the due date shown in the MAMP.

For each Mortgage Loan, you must:

- Respond “Yes” or “No” to the following 2 questions:
 - Will the Borrower likely not be able to make timely debt service payments?
 - Will the Borrower likely not meet the contractual obligations to timely pay off the Mortgage Loan UPB?
- Explain
 - why it is being reported, and
 - the rationale for its rating.
- Describe the current status of the issues.

601.02 Actions



☑ Requirements

If a Mortgage Loan has heightened credit risk, you must:

- act to mitigate the risk of loss or default;
- explain the nature and severity of the issues; and
- contact Fannie Mae:

Contact	For...
Watchlist Management	Primary Risk Mortgage Loans with deteriorating Property performance near or below breakeven.
Top Loss	Secondary Risk Mortgage Loans with deteriorating Property performance near or below breakeven.
Special Credits	Property condition concerns per <ul style="list-style-type: none">• Part V, Chapter 5: Surveillance, Section 502.02: Mortgage Loans with Property Condition Concerns (Not Limited to Watchlist Loans), and• Part V, Chapter 5: Surveillance, Section 502.06F: Analysis of Collateral.
Special Asset Management	Monetary default.
Maturity Management	Mortgage Loans maturing within the next 24 months.

✻ Operating Procedures

Your mitigating actions must include 1 or more of the following:

- monitoring the Property (and any other collateral)
 - management and operations, and
 - physical condition (e.g., more frequent inspections);
- implementing or enforcing Loan Document provisions such as
 - rescinding Loan Document waivers, or
 - reinstating Replacement Reserve funding; and
- communicating with all appropriate parties (e.g., Borrower, Key Principals, Sponsor, and Property manager).



Glossary

B

Borrower Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

C

Collateral Property, Personal Property, or other property securing a Mortgage Loan.

M

MAMP Multifamily Asset Management Portal used to submit Property inspections, operating statements, and requested modifications; asset management reports; and data corrections related to loan or property level attributes.

Synonyms

- Multifamily Asset Management Portal
- MAMP's

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
- Mortgage Loan's

P



Property

Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

Synonyms

- Properties
- Property's

R

Replacement Reserve

Custodial Account established by the Lender and funded by deposits from the Borrower over the term of the Mortgage Loan to fund the replacement of capital items at the Property.

Synonyms

- Replacement Reserves

S

Servicer

Primary Person responsible for servicing the Mortgage Loan (e.g., the originator, the selling Lender, or a third-party servicer).

Synonyms

- Servicers
- Servicer's

Special Asset Management

Team that performs the work of the Special Servicer for Fannie Mae that can be contacted at sam_legal_mailbox@fanniemae.com.

Synonyms

- SAM
- Multifamily Special Asset Management



Sponsor Principal equity owner and/or primary decision maker of the Borrower (often the Key Principal or the Person Controlling the Key Principal).

Synonyms

- Sponsors
- Sponsor's

U

UPB Unpaid Principal Balance

W

Watchlist Mortgage Loan or Property exhibiting heightened credit risk as identified by the Lender or Fannie Mae.