



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 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"><li>• <a href="#">Part V, Chapter 5: Surveillance, Section 502.02: Mortgage Loans with Property Condition Concerns (Not Limited to Watchlist Loans)</a>, and</li><li>• <a href="#">Part V, Chapter 5: Surveillance, Section 502.06F: Analysis of Collateral</a>.</li></ul>
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

**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

**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](mailto: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

## W

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