



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of February 2, 2026

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## Section 503 Financial Analysis of Operations

### 503.01 Reporting

#### Requirements

You must submit quarterly and annual Financial Analysis of Operations reports (Form 4254 or Form 4254.Seniors) for each Property.

#### Operating Procedures

You must submit all Financial Analysis of Operations reports via the MAMP. To ensure the operating statements are complete:

Item	Activity	You must...
1	Verify	Verify the operating statements reflect the Property's actual physical occupancy based on the most recent quarter-end rent roll.
2	Provide	Provide actual expenses, normalizing <ul style="list-style-type: none"><li>• for seasonal variations, and</li><li>• certain expenses including, but not limited to,<ul style="list-style-type: none"><li>- real estate taxes,</li><li>- property casualty insurance,</li><li>- Replacement Reserves, and</li><li>- property management fees.</li></ul></li></ul>



Item	Activity	You must...
3	Comment	<p>Comment if:</p> <ul style="list-style-type: none"> <li>• the Mortgage Loan is on Fannie Mae's Watchlist; or</li> <li>• per <a href="#">Form 4254.DEF</a> there is a 20% or greater variance, either higher or lower, from the same reporting period in the prior year for <ul style="list-style-type: none"> <li>- Effective Gross Income,</li> <li>- Total Operating Expenses,</li> <li>- Capital Expenditures, or</li> <li>- Debt Service Coverage.</li> </ul> </li> </ul> <p>Comments should:</p> <ul style="list-style-type: none"> <li>• describe: <ul style="list-style-type: none"> <li>- the situation and the variance's root cause;</li> <li>- risk changes or trends;</li> <li>- any Property management changes;</li> <li>- the Borrower/Property manager's plan to improve cash flow if the Property is <ul style="list-style-type: none"> <li>▪ on the Watchlist, or</li> <li>▪ not performing as expected per original underwriting; and</li> </ul> </li> <li>- the overall <ul style="list-style-type: none"> <li>▪ payment history,</li> <li>▪ debt service adjustments,</li> <li>▪ Property performance, or</li> <li>▪ significant financial changes; and</li> </ul> </li> </ul> </li> <li>• include: <ul style="list-style-type: none"> <li>- available market data, noting <ul style="list-style-type: none"> <li>▪ concerns or improvements, and</li> <li>▪ Property performance relative to competition;</li> </ul> </li> <li>- normalization/annualization adjustments; and</li> <li>- applicable hedge data for rate cap income and/or escrow payments.</li> </ul> </li> </ul>
4	Resolve	Timely resolve any quality control issues.



## 503.02 Quarterly Financial Analysis of Operations

### Requirements

Fannie Mae Watchlist Status or Product	Reporting
Fannie Mae Watchlist Property (All Products)	You must submit detailed quarterly operating statements <ul style="list-style-type: none"><li>• 90 days after the end of the first quarter, and</li><li>• 75 days after the end of the second and third quarters.</li></ul>
Cooperative Property	No quarterly financial reporting or waiver required.
Small Mortgage Loan	If the original Mortgage Loan amount is: <ul style="list-style-type: none"><li>• equal to \$6 million or less, no quarterly financial reporting or waiver required; or</li><li>• greater than \$6 million, you must submit detailed quarterly operating statements 75 days after the end of the second and third quarters.</li></ul>
Seniors Housing Property	You must submit detailed quarterly operating statements 75 days after the end of every quarter.
Credit Facility Property	You must submit the Deal Level Structured Transaction Quarterly report 75 days after the end of every quarter, including the <ul style="list-style-type: none"><li>• detailed quarterly operating statements,</li><li>• Structured Facilities Monitoring Narrative (<a href="#">Form 4801</a>), and</li><li>• Spreadsheet (<a href="#">Form 4802</a>).</li></ul>
All Others	You must submit detailed quarterly operating statements 75 days after the end of the second and third quarters.

### Operating Procedures

You must adhere to the following due dates:



Fannie Mae Watchlist Property			
Reporting Quarter	Period Covered	Reporting Due Date for Property with 12/31 Fiscal Year End	Reporting Due Date for Property with non-12/31 Fiscal Year End
First	1 st quarter	June 30	90 days after 1st quarter end
Second	2 nd quarter year-to-date	September 15	75 days after 2nd quarter end
Third	3 rd quarter year-to-date	December 15	75 days after 3rd quarter end

Seniors Housing Property			
Reporting Quarter	Period Covered	Reporting Due Date for Property with 12/31 Fiscal Year End	Reporting Due Date for Property with non-12/31 Fiscal Year End
First	Trailing 3 months operating data covering the 1st quarter	June 15	75 days after 1st quarter end
Second	Trailing 3 months operating data covering the 2nd quarter	September 15	75 days after 2nd quarter end
Third	Trailing 3 months operating data covering the 3rd quarter	December 15	75 days after 3rd quarter end
Fourth	Trailing 3 months operating data covering the 4th quarter	March 15	75 days after 4th quarter end



Credit Facility Property			
Reporting Quarter	Reporting Period	Reporting Due Date for Property with 12/31 Fiscal Year End	Reporting Due Date for Property with non-12/31 Fiscal Year End
First	Trailing 3 months operating data: <ul style="list-style-type: none"> <li>• Property level statements covering the 1st quarter; and</li> <li>• Deal level Structured Facilities Monitoring Narrative and Spreadsheet (<a href="#">Form 4801</a> and <a href="#">Form 4802</a>).</li> </ul>	June 15	75 days after 1st quarter end
Second	Trailing 3 months operating data: <ul style="list-style-type: none"> <li>• Property level statements covering the 2nd quarter; and</li> <li>• Deal level Structured Facilities Monitoring Narrative and Spreadsheet (<a href="#">Form 4801</a> and <a href="#">Form 4802</a>).</li> </ul>	September 15	75 days after 2nd quarter end
Third	Trailing 3 months operating data: <ul style="list-style-type: none"> <li>• Property level statements covering the 3rd quarter; and</li> <li>• Deal level Structured Facilities Monitoring Narrative and Spreadsheet (<a href="#">Form 4801</a> and <a href="#">Form 4802</a>).</li> </ul>	December 15	75 days after 3rd quarter end



Credit Facility Property			
Fourth	Trailing 3 months operating data: <ul style="list-style-type: none"><li>• Property level statements covering the 4th quarter; and</li><li>• Deal level Structured Facilities Monitoring Narrative and Spreadsheet (Form 4801 and Form 4802).</li></ul>	March 15	75 days after 4th quarter end

All Others			
Reporting Quarter	Period Covered	Reporting Due Date for Property with 12/31 Fiscal Year End	Reporting Due Date for Property with non-12/31 Fiscal Year End
Second	2 nd quarter year-to-date	September 15	75 days after 2nd quarter end
Third	3 rd quarter year-to-date	December 15	75 days after 3rd quarter end

#### Guidance

If any due date is not a Business Day, you may submit the quarterly Financial Analysis of Operations on the next Business Day.

### 503.03 Annual Financial Analysis of Operations

#### 503.03A Reporting Period

##### Requirements

The annual Financial Analysis of Operations (Form 4254 or Form 4254.Seniors) for each Property must cover the





- previous calendar year for a Property with a 12/31 fiscal year end, or
- fiscal year ending in the previous calendar year for a Property with a non-12/31 fiscal year end.

### 503.03B Submission

#### Operating Procedures

1. Comply with the Annual Reporting Protocol table.
2. Analyze the Borrower's operating statements per [Form 4254.DEF](#).
3. Indicate on each statement line which of the Borrower's income and expense items are included.
4. Provide the pertinent income, expense, and other required data for the current reporting period in the MAMP.

Annual Reporting Protocol		
For...	Due Date	You must...
First Year		
A Mortgage Loan Fannie Mae purchases on or before June 30	June 1 of the following year.	Annualize the operating data to represent 12 months of operations.
A Mortgage Loan Fannie Mae purchases on or after July 1	June 1 of the second year after purchase.	Submit 12 months of actual operating data.
Subsequent Years		



Annual Reporting Protocol		
For...	Due Date	You must...
Every Property	<ul style="list-style-type: none"><li>• June 1 for a Property with a 12/31 fiscal year end, or</li><li>• for a Property with a non-12/31 fiscal year end:<ul style="list-style-type: none"><li>- within 150 days after the fiscal year-end;</li><li>and</li><li>- submit a data change request via the MAMP to change the Borrower's fiscal year end.</li></ul></li></ul>	Submit 12 months of actual operating data.

### 503.03C Annual Review

#### Operating Procedures

Within 15 Business Days after Fannie Mae notifies you of a Mortgage Loan review, you must submit:

- the Borrower's operating statements, with each income and expense line item indicated per [Form 4254.DEF](#);
- the Borrower's escrow activity reconciliation; and
- any other requested documentation.

### 503.04 Waiver Request

#### Operating Procedures



Waiver Reason	Action
Unresponsive Borrower	<ul style="list-style-type: none"> <li>• Request the Borrower provide the missing statements.</li> <li>• If the Borrower does not respond after 3 written requests, wait to submit a waiver request via the MAMP until: <ul style="list-style-type: none"> <li>- for an annual report, 6 months after the due date; or</li> <li>- for a quarterly report, the next due date.</li> </ul> </li> <li>• Include " Unresponsive Borrower " as the waiver condition in the MAMP.</li> <li>• Provide copies of all relevant Borrower correspondence.</li> <li>• Provide any additional requested information.</li> </ul>
All Others	<p>Submit a waiver request via the MAMP if:</p> <ul style="list-style-type: none"> <li>• Your Lender Contract does not require collecting Property operating statements.</li> <li>• The Mortgage Loan Documents do not permit you to collect, nor require the Borrower to submit, financial reports.</li> <li>• The Mortgage Loan: <ul style="list-style-type: none"> <li>- liquidated in the current quarter (for quarterly reporting waivers), or year (for annual reporting waivers), before the Financial Analysis of Operations submission due date;</li> <li>- was delivered per a Forward Commitment and has not yet converted to a permanent loan;</li> <li>- was defeased;</li> <li>- has FHA or HUD risk sharing;</li> <li>- is managed by Fannie Mae's Special Asset Management; or</li> <li>- was acquired by Fannie Mae in the current reporting year, and less than 6 months of Property operating data is available.</li> </ul> </li> </ul>

If you receive operating statements after a waiver was granted, you must promptly submit the Financial Analysis of Operations report (Form 4254 or Form 4254.Seniors).



# Glossary

## B

**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

**Cooperative Property** Multifamily residential property owned by a Cooperative Organization.

### **Synonyms**

- Co-op
- Cooperative

**Credit Facility** Structured Transaction governed by a Master Credit Facility Agreement requiring Mortgage Loans and Properties to be

- cross-defaulted, and
- cross-collateralized.

### **Synonyms**

- Credit Facilities
- Credit Facility's



## E

**Effective Gross Income** On an annual basis or any specified period, the total of Net Rental Income plus other income per [Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis](#) and the applicable products and features in Part III.

### **Synonyms**

- EGI

## F

**FHA** Federal Housing Administration

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

### **Synonyms**

- Forward Commitment's
- Forward Commitments

## H

**HUD** U.S. Department of Housing and Urban Development

### **Synonyms**

- HUD's

## 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



## Loan Documents

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

### **Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## **M**

### MAMP

Multifamily Asset Management Portal used to submit

- Property inspections,
- operating statements,
- requested modifications,
- asset management reports, and
- data corrections for loan or property 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 real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's

## S

### Seniors Housing Property

Multifamily residential rental property with any combination of Independent Living, Assisted Living, Alzheimer's/Dementia Care, or Skilled Nursing units.

### **Synonyms**

- Seniors Housing
- Seniors Housing Properties

### Small Mortgage Loan

Mortgage Loan with an original loan amount less than or equal to \$9 million.

### **Synonyms**

- Small Mortgage Loans

### Special Asset Management

Team performing Fannie Mae's Special Servicing that can be contacted at [multifamily\\_sam@fanniemae.com](mailto:multifamily_sam@fanniemae.com).

### **Synonyms**

- SAM
- SAM's
- Multifamily Special Asset Management

## W

### Watchlist

The risk rating classification if you or Fannie Mae determine the Mortgage Loan has heightened credit risk.