Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of October 26, 2026

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☑ Requirements

Control Requirements	
For a...	To be eligible for Delivery, you must ensure the Borrower has...
Wholly-Owned Condominium	Complete control to directly or indirectly manage and operate the Condominium Property, through voting rights, consent rights, or ownership, to control all: • voting outcomes; and • actions taken, including for: - Condominium termination; - Condominium Document amendments; - assessments and budgets; - insurance requirements; and - post casualty or condemnation: ▪ restoration and repair; and ▪ proceeds or award application.

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Control Requirements	
For a...	To be eligible for Delivery, you must ensure the Borrower has...
Fractured Condominium or Commercial Condominium	Material control (including the requisite votes in any Person directly or indirectly governing the Condominium), either individually or with its mortgagee, to: • prevent: - Condominium termination; and - any Material Amendment to the Condominium Documents; and • require, either directly or per the Condominium Documents: - Condominium repair and restoration, including common elements, for any casualty or condemnation damage equal to 80% or less of either the ▪ common elements, or ▪ Borrower-owned Condominium units; and - for any casualty or condemnation neither repairable nor restorable, timely distribution of insurance or condemnation proceeds to Condominium unit owners.

Guidance

Condominium Document Review	
Topic	You should review the Condominium Documents to evaluate...
Governing Body	Membership • composition, • appointment, and • removal.

Condominium Document Review	
Topic	You should review the Condominium Documents to evaluate...
Voting	Thresholds for • making decisions, • amending documents, and • terminating the condominium structure.
Association	• Responsibilities for - collecting fees, - managing maintenance tasks, - obtaining adequate insurance, and - mediating disputes. • Requirements and restrictions for - operations, - physical appearance, - common area alterations, - unit alterations, and - rebuilding.
Assessment Fees	Provisions for • establishment, • escalation, and • special assessments.
Common Areas	Use of • shared amenities, • ingress/egress, and • parking.
Financials	Reasonableness of • annual budget, • 3 years Condominium income/expense statements, and • reserves.

Condominium Document Review	
Topic	You should review the Condominium Documents to evaluate...
Insurance Proceeds and Condemnation Awards	How funds are • held, • applied, and • disbursed.
Covenant Enforcement	Ability to, and history of, • levying fines, • collecting interest, and/or • placing and foreclosing liens.
Insurance	Coverage for • property (e.g., accidents, fire, equipment failure, flood, wind, etc.), • liability (personal injury), and • directors and officers (e.g., theft, fraud, etc.).

Glossary

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

C

Commercial Condominium	Mixed-use Condominium Property combining Borrower-owned multifamily residential units with 1 or more other uses (e.g., retail, hotel, office, etc.) which may not be Borrower-owned.
Condominium	Statutorily established Property ownership regime where Condominium Documents designate: • individual units for separate ownership; and • common areas for shared use and joint ownership by the unit owners.
Condominium Documents	Governing documents: • for the Condominium and owners associations - creation, - operation, and - management; and • including Condominium instruments for Condominium governance, such as - declarations, - plats, - bylaws, - rules and regulations, - articles of incorporation, or - any other document required by law. **Synonyms** • Condominium Document

Control	Possessing, directly or indirectly, the power to direct or cause the management and operations of an entity (e.g., through the ownership of voting securities or other ownership interests, or by contract). **Synonyms** • Controlling • Controlled • Controls

D

Delivery	Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Maes satisfaction. **Synonyms** • Deliver • Delivered • Deliveries

F

Fractured Condominium	Residential Condominium Property where the Borrower owns less than 100% of the units.

G

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

L

Lien	Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind. **Synonyms** • Liens

M

Material Amendment	Change to the Condominium Documents pertaining to: • modifying, after a casualty or condemnation, - insurance requirements, - use of insurance proceeds, or - rebuild requirements; • altering or restricting the use of the - Condominium units, - common elements, or - other easements; • decreasing mortgagee - rights, or - notices; • altering or diluting - voting rights, or - the number of board seats; • diluting Borrower's ownership interest in, or use of, common elements; • changing the structure or methodology for determining assessments and special assessments; or • causing or allowing termination of the Condominium structure without Borrower or mortgagee consent.

P

Person	Legal person, including an • individual, • estate, • trust, • corporation, • partnership, • limited liability company, • financial institution, • joint venture, • association, or • other organization or entity (whether governmental or private). **Synonyms** • Persons • Person's
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

W

Wholly-Owned Condominium	Residential Condominium Property where the Borrower owns 100% of the units.