



Multifamily Selling and Servicing Guide

Effective as of August 1, 2019

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Chapter 1 General Servicing Requirements, and Servicing for Loan Documents and Specialty Products

Section 101 Servicing – General

The Servicer must service Mortgage Loans:

- with regard to Securitized Mortgage Loans, on behalf of Fannie Mae, in Fannie Mae's corporate capacity and in Fannie Mae's capacity as Trustee, for the benefit of and in the best interest of the Investor in the Security;
- with regard to Credit Enhancement Mortgage Loans, on behalf of Fannie Mae as the issuer of the Credit Enhancement Instrument; and
- with regard to Cash Mortgage Loans, on behalf of Fannie Mae, in Fannie Mae's corporate capacity.

The Servicer's servicing obligations continue until terminated by the terms of the Guide, and the Loan Documents.

The Servicer must always act diligently to protect Fannie Mae's investment interests in the Mortgage Loans. The Servicer is expected to exercise prudent business judgment in all of its servicing and asset management activities, including those relating to matters for which Fannie Mae has not established specific requirements or standards. While this Part V delegates significant decision-making authority and responsibility to the Servicer, consultation with the Servicer's Fannie Mae Representative is encouraged whenever matters arise that could materially affect Fannie Mae's investment interests. All requirements of this Part V are also applicable to any Sub-Servicer of the Mortgage Loan.

Section 102 Servicing Standard

The Servicer must service the Mortgage Loan in accordance with and, in the event of any conflict, in the following order of priority:

- the applicable Loan Documents;
- the Lender Contract;
- the Guide; and
- commercially prudent servicing practices and sound business judgment as would be exercised by prudent institutional mortgage lenders and servicers servicing mortgage loans comparable to the Mortgage Loans in the jurisdictions where



the Property is located.

Section 103 Servicing Files

The Servicer must maintain a separate Servicing File for each Mortgage Loan. The Servicing File may be maintained in paper or electronic imaged form so long as all requirements for record retention provided in the Program Rules are met. The Servicing File for each Mortgage Loan must include copies of any document relevant to the Mortgage Loan as provided in Servicing File Content Requirements ([Form 4800](#)).

The Servicer must carefully document the actions it takes with respect to each Mortgage Loan in the Servicing File. The Servicing Files will be examined as part of Fannie Mae's periodic assessment of the Servicer.

Section 104 Loan Document Servicing

For each Mortgage Loan that it services, the Servicer is responsible for monitoring the Borrower's compliance with the terms and conditions of all Loan Documents, and for taking such actions as are appropriate to facilitate the Borrower's compliance or address any instance of noncompliance.

In the event of any conflict among the requirements of the Lender Contract, the Guide, or the provisions of any Loan Document, the provisions of the Loan Document shall control.

Section 105 Uniform Commercial Code Financing Statements

105.01 Documentation and Filing Requirements

The Servicer must:

- retain in the Servicing File a file-stamped copy of all applicable UCC financing statements, continuations, renewals, and assignments (UCC-1s and UCC-3s) filed in connection with the Personal Property securing the Mortgage Loan;
- preserve, on a continuous basis, Fannie Mae's first Lien security interest in the Personal Property by ensuring that all necessary UCC financing statement renewal or continuation statements are filed on a timely basis (i.e., before the date on which any outstanding filing lapses, or by any earlier deadline for filing that may be applicable in the particular jurisdiction); and
- maintain an effective "tickler" system for tracking the UCC financing statement renewal or continuation filing deadlines applicable to all of the Mortgage Loans it services for Fannie



Mae.

The Servicer is liable for any losses incurred by Fannie Mae due to the Servicer's failure to effect a timely renewal or continuation of a UCC financing statement.

105.02 UCC Renewals or Continuations and Amendments and Terminations

The Servicer is hereby authorized and required to file in all appropriate jurisdictions all required UCC renewal or continuation financing statements on Fannie Mae's behalf as servicer of the Mortgage Loan. The Servicer is also authorized and required to file amendments to the UCC financing statements required to correct any scrivener's error. Unless specific authority is granted by Fannie Mae to serve as Fannie Mae's attorney-in-fact pursuant to a Limited Power of Attorney (as described in [Part V, Chapter 4: Asset Management: Loan Document Administration, Section 403: Execution of Documents by Servicer – Limited Power of Attorney](#)), the Servicer is not authorized to sign or file any amendment to a UCC financing statement (other than an amendment to correct a scrivener's error) or termination of any UCC financing statement.

Section 106 Administrative Duties Relating to Letters of Credit

106.01 Retention in Servicing File

The Servicer must retain a copy of the executed Letter of Credit, and the associated Achievement Agreement or other Collateral Agreement in its Servicing File. Fannie Mae will hold the original Letter of Credit and any amendments thereto.

106.02 Submission of Certification

The Servicer must submit a Letter of Credit Authorization and Certification Form ([Form 4664](#)) with any new or replacement Letter of Credit, and must otherwise comply with the provisions of [Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit](#).

106.03 Forwarding New, Replacement or Amended Letters of Credit

Any new, replacement, or amended Letter of Credit sent to the Servicer rather than to Fannie Mae must be forwarded to Fannie Mae immediately.

106.04 Verification of Issuer Rating

While the Letter of Credit is outstanding, the Servicer must monitor the rating of the Letter of Credit issuer as required in [Part I, Chapter 2:](#)



Mortgage Loan, Section 204.03: Verifying Issuer Ratings, and notify Multifamily Business Operations whenever the issuer ceases to meet the required rating, regardless of whether the Achievement Agreement or other Collateral Agreement provides issuer rating acceptability or gives Fannie Mae the right to take any action in the event of a rating drop.

106.05 Documenting Rating in Servicing File

Each time the issuer's rating is verified, the Servicer must document the current rating in its Servicing File.

106.06 When Issuer Rating Fails to Meet Standard

If the Letter of Credit issuer fails to meet the rating standards prescribed by the Achievement Agreement, other Collateral Agreement, or the Guide (if not specified in the Achievement Agreement or other Collateral Agreement), the Servicer must:

- immediately notify Multifamily Business Operations; and
- send written notification to the Borrower to furnish a replacement or confirming Letter of Credit from an acceptably rated institution by the replacement deadline specified in the applicable Achievement Agreement or Collateral Agreement, or if not specified, by the earlier of 30 days after the date of such notice, or 5 Business Days prior to the Letter of Credit's expiration date.

106.07 Monitoring Expiration Dates

The Servicer must effectively monitor the expiration date of any Letter of Credit to ensure that Fannie Mae receives an acceptable renewal or replacement Letter of Credit by the deadline specified in the Achievement Agreement or other Collateral Agreement, or if not specified, by at least 5 Business Days prior to the Letter of Credit's expiration date. Failure to provide a substitute or renewal Letter of Credit will result in Fannie Mae's presentment of a sight draft against the expiring Letter of Credit.

106.08 Draws on the Letter of Credit

The Servicer must promptly notify Multifamily Asset Management and Multifamily Business Operations whenever a draw on a Letter of Credit may be warranted. If Fannie Mae determines that a draw should be made, Fannie Mae will present a sight draft, signed by Fannie Mae (as beneficiary) to the issuer and arrange to have the cash proceeds wired to a designated Fannie Mae account.



106.09 Release/Reduction of Letter of Credit or Other Collateral

Unless requested in connection with the Mortgage Loan being repaid in full, the Servicer is responsible for:

- assessing any Borrower request for a full release or partial reduction of the Letter of Credit or other collateral held by Fannie Mae or the Servicer in accordance with the terms and conditions of the applicable Achievement Agreement or other Collateral Agreement;
- sending a recommended course of action to Multifamily Asset Management; and
- providing written notification to the Borrower of the approval or denial of each request.

106.10 Replacement Letters of Credit

Any replacement Letter of Credit must have an expiration date that is at least 30 days past the expiration of the applicable Achievement Agreement or other Collateral Agreement.

Section 107 Bond Transactions and Credit Enhancement Mortgage Loans

107.01 Borrower Obligations

107.01A Compliance with Reimbursement Agreement or Loan Agreement, and Other Loan Documents

The Servicer must monitor Borrower's compliance with any Reimbursement Agreement, and the other Loan Documents and Bond Documents. For example, the Servicer must monitor financial information required to be provided by the Borrower or any other Person under the Reimbursement Agreement.

107.01B Payment of Fees

1. Collection from Borrower

In addition to invoicing and collecting from the Borrower the Bond Scheduled Payments (or P&I payment on any Credit Enhancement Mortgage Loan), and other amounts owing, the Servicer is responsible for collecting all payments due from the Borrower in accordance with the terms and conditions of the Reimbursement Agreement, Loan Agreement, and other Loan Documents, including the following:

- reimbursement of all amounts disbursed by Fannie Mae under either:



- its Credit Enhancement Instrument or its MBS issued as Credit Enhancement; and
 - the Loan Documents evidencing or securing the Credit Enhancement Mortgage Loan or any other Collateral Agreement for the Bonds;
- the Facility Fee and the Activity Fee;
 - all amounts required to be paid by Borrower to fully replenish the PRF following any use of funds in the PRF by the Bond Trustee;
 - any Prepayment Premium or other Termination Fee payable by the Borrower with the prepayment of a Credit Enhancement Mortgage Loan; and
 - any other fees, expenses, or reimbursements required to be made by the Borrower under the Reimbursement Agreement.

2. Calculate Amounts Owing

The Servicer must immediately invoice the Borrower upon receipt from Fannie Mae of the information the Servicer requires to calculate amounts owing from the Borrower under the Reimbursement Agreement or any other Loan Agreement evidencing or securing the Credit Enhancement Mortgage Loan. Upon receipt from the Borrower, the Servicer must remit the funds to the appropriate parties in accordance with the timing and terms of the Reimbursement Agreement or the applicable Loan Document.

3. Notification of Fannie Mae Advanced Funds

Fannie Mae will notify the Servicer on or after each date on which Fannie Mae disburses funds, of the amount disbursed, under any:

- Credit Enhancement Instrument;
- Loan Document evidencing or securing a Credit Enhancement Mortgage Loan or any other Collateral Agreement for Bonds; or
- Credit Enhancement for any Interest Rate Hedge, including any Swap Collateral Agreement, Interest Rate Swap Credit Enhancement Instrument, or Interest Rate Swap Credit Support Annex.

4. Collection from Borrower of Fannie Mae Advanced Funds

The Servicer must collect from the Borrower and immediately remit to Fannie Mae funds equal to:

- the amount provided by Fannie Mae in connection with any Credit Enhancement Mortgage Loan or any Credit Enhancement for an Interest Rate Hedge; and/or



- the Activity Fee with respect to the related Credit Enhancement Mortgage Loan, to the extent that the Borrower does not fully reimburse Fannie Mae by 2:00 p.m. Eastern Time, on the date on which Fannie Mae provided the funds in connection with such Credit Enhancement Mortgage Loan or such Credit Enhancement for an Interest Rate Hedge.

107.01C Other Fees

The Servicer must collect from the Borrower and remit to Fannie Mae:

- any other fees, expenses, or additional costs due from the Borrower to Fannie Mae under each Credit Enhancement Mortgage Loan, each Security Instrument, the Reimbursement Agreement, or any other Loan Document; and
- any other amounts due pursuant to written communication from Fannie Mae or the Bond Trustee.

107.01D Timing of Payments

When the Servicer receives payment from the Borrower with respect to the Reimbursement Agreement, Loan Agreement, or any Loan Document, the Servicer must remit such payment as directed by Fannie Mae.

If payment is not provided to Fannie Mae or the Bond Trustee until the next Business Day, the Servicer must invest the funds overnight and remit all investment earnings to Fannie Mae or the Bond Trustee with the payment; provided, however, that the Servicer is only required to use its best efforts to so invest any payments received after 4:00 p.m. Eastern Time.

107.01E Principal Reserve Fund

For each Credit Enhancement Mortgage Loan, the Servicer must monitor the PRF amount and the Interest Reserve Requirement, if any, under the Bond Indenture.

Notwithstanding any provision in the Reimbursement Agreement, Loan Agreement, or any other Loan Document, no withdrawal from a PRF may be made without the prior written consent of Fannie Mae.

If any withdrawal is made from the PRF, including any reimbursement to Fannie Mae for amounts paid by Fannie Mae under the Credit Enhancement Instrument or Credit Enhancement Mortgage Loan Documents, the Servicer must collect the amount of such withdrawal from the Borrower.



107.02 Security Instrument; Collateral Agreements; Uniform Commercial Code Filings

107.02A General

The Servicer must monitor the Borrower's continued compliance with the requirements of the Security Instrument and any other Collateral Agreement.

107.02B Cash Collateral Agreement

Upon request, the Servicer must notify Fannie Mae regarding the status of the investment of the cash collateral posted under any Collateral Agreement. The Servicer must monitor and ensure that any control agreement required to perfect Fannie Mae's security interest in such pledged collateral remains in full force and effect.

107.02C Investment of Collateral

The Servicer must perform reasonable servicing functions, as directed by Fannie Mae, with respect to any Security Agreement. The Servicer acknowledges and agrees, however, that the Servicer has no discretion to direct investment, application, or release of the collateral under any Security Agreement except upon express written authorization and direction from Fannie Mae.

107.02D Monitoring Uniform Commercial Code Filings

The Servicer must monitor and ensure that all UCC filings for Fannie Mae in connection with Loan Documents or related Bond Documents are continued, prior to their expiration, in accordance with the requirements of the jurisdiction in which they are filed.

The Servicer must provide each Bond Trustee with written notice of the need to file continuation statements for all UCC filings for the Bond Trustee for the benefit of Fannie Mae no later than 90 days prior to the expiration of the UCC filings, and must actively, diligently, and persistently seek to obtain confirmation from each Bond Trustee that the requisite continuation statements have been filed prior to the expiration of the UCC filings.

107.03 Remarketing Agent Changes

Fannie Mae must approve any change in the Remarketing Agent if Fannie Mae is providing Bond Liquidity support for an existing variable rate Bond or for index or reset rate Bonds subject to remarketing on certain scheduled mandatory tender and remarketing dates.

To request approval of a new Remarketing Agent, the Lender must submit to Partner Risk Management and Multifamily Asset Management the



following information regarding the proposed Remarketing Agent:

- annual financial statements for the most recent fiscal year;
- description of the operation, knowledge, and experience in public finance and tax-exempt markets, including experience in remarketing variable-rate demand Bonds;
- current weekly variable-rate demand Bond remarketing book, including dollar amount; and
- description of any failed remarketings.

The proposed Remarketing Agent should:

- currently remarket at least \$250 million of weekly variable-rate demand Bonds;
- have experience continuously remarketing weekly variable-rate demand Bonds for the past 3 years;
- have a minimum net worth of \$5 million; and
- have a minimum broker line of credit sufficient for warehousing \$100 million of rated Bonds at any time.



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

Activity Fee For Bond Credit Enhancements, see Part XIV of the DUS Guide.

B

Bond Trustee Trustee for a Credit Enhancement Instrument.

Bonds Tax-exempt or taxable multifamily revenue bonds, or other tax-exempt or taxable bonds, issued to finance 1 or more Credit Enhancement Mortgage Loan Properties.

Synonyms

- Bond

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's



Business Day Any day other than a

- Saturday,
- Sunday,
- day on which Fannie Mae is closed,
- day on which the Federal Reserve Bank of New York is closed, or
- for any MBS and any required withdrawal for remittance thereunder, a day on which the Federal Reserve Bank is closed in the district where any funds are held for the MBS.

Synonyms

- Business Days

C

Collateral Agreement Agreement under which collateral (other than the Property) may be pledged, transferred, or otherwise provided to secure the Borrower's obligations under a Mortgage Loan.

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 underwritten and serviced by the Lender and financed by the issuance of Bonds where Fannie Mae is providing a Credit Enhancement Instrument.

Synonyms

- Credit Enhancement Mortgage Loans



F	
Facility Fee	For Bond Credit Enhancements, per Part XIV of the DUS Guide.
Fannie Mae Representative	Fannie Mae personnel who assist you with various business matters (e.g., Fannie Mae Deal Team, pricing, delivery, servicing, asset management, etc.).

G	
Guide	Multifamily Selling and Servicing Guide and Delegated Underwriting and Servicing Guide, including any exhibits, appendices, or other referenced forms, as updated, amended, restated, modified, or supplemented by any lender memo; provided, however, if a topic is covered in the Multifamily Selling and Servicing Guide, that Guide shall control unless a Lender Contract specifically requires use of another Guide.
	Synonyms <ul style="list-style-type: none">• DUS Guide

I	
Interest Reserve Requirement	For Bond Credit Enhancements, see Part XIV of the DUS Guide.
Investor	MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan.
	Synonyms <ul style="list-style-type: none">• Investors



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 Person approved by Fannie Mae to sell or service Mortgage Loans.

Synonyms

- Lenders
- Lender's

Lender Contract Program Documents per the Mortgage Selling and Servicing Agreement.

Synonyms

- Lender's Contract
- Lender Contracts
- Contract
- 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
- LOC
- LOCs



Lien	Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind. Synonyms <ul style="list-style-type: none">• 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 documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae. Synonyms <ul style="list-style-type: none">• Loan Document• Mortgage Loan Document• Mortgage Loan Documents
M	
MBS	Mortgage-Backed Security
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 <ul style="list-style-type: none">• Mortgage Loans
Multifamily Asset Management	Team that can be contacted at drawer_am@fanniemae.com .
Multifamily Business Operations	Team that can be contacted at multifamily_bizops@fanniemae.com .

P



P&I	Principal and interest
Partner Risk Management	Team that can be contacted at partner_risk_management@fanniemae.com .
Person	<p>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).</p> <p>Synonyms</p> <ul style="list-style-type: none">• Persons
Personal Property	Furniture, fixtures, equipment, and other tangible personal property located on or used in connection with the Property.
Prepayment Premium	<p>When a Mortgage Loan prepayment is made, amount required to be paid by the Borrower in addition to the principal amount being prepaid and accrued interest per the related Loan Documents.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Prepayment Premiums
PRF	<p>Principal Reserve Fund for Bond Credit Enhancements, see Part XIV of the DUS Guide.</p> <p>Synonyms</p> <ul style="list-style-type: none">• Principal Reserve Fund



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

Reimbursement Agreement For Bond Credit Enhancements, see Part XIV of the DUS Guide.

Remarketing Agent For Bond Credit Enhancements, see Part XIV of the DUS Guide.

S

Scheduled Payments Bond Credit Enhancements, see Part XIV of the DUS Guide.

Security MBS, PFP MBS, or REMIC.

Security Instrument Instrument creating a lien or encumbrance on 1 or more Properties and securing the obligations under the Loan Documents.

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

Synonyms

- Servicers



Servicing File

File for each Mortgage Loan serviced by the Lender.

Synonyms

- Servicing Files

U

UCC

Uniform Commercial Code