



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## **1602.03** Hard Preferred Equity

### **1602.03A** Submission

#### Operating Procedures

You must submit the following in DUS Gateway:

- a sources and uses of funds reflecting the investment of the Hard Preferred Equity holder;
- Exhibit B to the Multifamily Underwriting Certificate (Borrower) ([Form 6460.Borrower](#));
- a complete organizational chart of the Borrower, including upper tier entities or other owners, that shows the respective ownership percentages of Persons holding any
  - direct or indirect control of the management and operations of the Borrower,
  - ownership of a direct or indirect interest of 25% or more in the Borrower, and
  - ownership of any other direct or indirect interest in the Borrower that constitutes Hard Preferred Equity; and
- copies of the organizational and other documents that govern the
  - Hard Preferred Equity, and
  - Hard Preferred Equity holder, including any
    - term sheets,
    - private placement memoranda,
    - operating agreements,
    - pledge agreements,
    - guaranties, or
    - similar arrangements.

### **1602.03B** Outside Counsel and Due Diligence Fees

#### Operating Procedures

The Borrower must pay the legal fees if Fannie Mae engages outside



counsel.

These fees are non-refundable, and you must pay the counsel retainer when you submit the underwriting.

### Guidance

You may charge the Borrower your own legal and due diligence fees.



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## D

**DUS Gateway** Multifamily pre-acquisition system, or any successor systems, recording deal registration, Pre-Review and/or waiver tracking, Mortgage Loan Commitments, and decision records.

## M

**Multifamily Underwriting Certificate** Multifamily Underwriting Certificate ([Form 6460 series](#)) , and/or other agreement approved by Fannie Mae that provides underwriting information for a Mortgage Loan.