Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of October 26, 2026

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.

TABLE OF CONTENTS

Part III Chapter 17 Choice Refinance Loans 3
Section 1701 Eligibility 3
Section 1702 Prepayment Premiums 5
Section 1703 Streamlined Underwriting 6
1703.01 Environmental Site Assessment 6
1703.02 Radon Testing 6
1703.03 Survey 7
1703.04 Borrower Structure and Experience 7
1703.05 Borrower Credit 7
1703.06 Property Management 8
1703.07 Replacement Reserve 8
1703.08 Real Estate Tax and Insurance Escrows 9
Section 1704 Property Ownership Change 9
GLOSSARY 11

© 2026 Fannie Mae. Trademarks of Fannie Mae.

Chapter 17 Choice Refinance Loans

Section 1701 Eligibility

☑ Requirements

A Choice Refinance Loan is a Portfolio Mortgage Loan that is eligible for a streamlined underwriting process which reduces origination costs.

To use the Choice Refinance Loan streamlined underwriting, you must ensure:

Topic	Requirements
Prerequisites	• You have been the Servicer of the Portfolio Mortgage Loan for the last 12 months. • The Portfolio Mortgage Loan is not in default. • The Borrower has demonstrated a commitment to its obligations under the Portfolio Mortgage Loan by - maintaining the Property in good physical condition, - providing competent Property management services, and - complying with the requirements under the Loan Documents. • You completed a full PCA per - Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 404: Property Condition Assessment (PCA), and - Form 4099. • The Property: - is operating on a stabilized basis; - has a most recent overall inspection rating of 1 or 2; and - during the underwriting inspection, doesnot show any: ▪ adverse change in Property condition, except normal wear and tear; or ▪ life safety issues.

Topic	Requirements
Loan History	• The Portfolio Mortgage Loan: - has a good payment history, with no delinquencies of 60 days or more during the 3 years immediately preceding the proposed refinance; - is not on the current Fannie Mae Watchlist; - had no declared non-Payment Defaults that remained uncured for more than 120 days; - was underwritten and delivered per then-applicable Guide provisions; and - is serviced per the Guide. • There were no unauthorized assumptions or changes in ownership, and no unauthorized Liens filed against the Property.
Additional Collateral	The Portfolio Mortgage Loan does not have a Letter of Credit or additional cash collateral.
Pricing	The pricing that was approved for the Portfolio Mortgage Loan does not apply to the Choice Refinance Loan.
Underwriting	The Choice Refinance Loan, regardless of the Underwritten DSCR, must be of sufficient credit quality to repay the refinanced Mortgage Loan without individually negotiated debt relief.

Section 1702 Prepayment Premiums

☑ Requirements

You must not waive any:

- Prepayment Premium based on required yield maintenance; or
- portion of the Minimum 1% Prepayment Premium above the required yield maintenance if the Portfolio Mortgage Loan
  - has a minimum Prepayment Premium other than 1%,
  - will be refinanced before the Yield Maintenance Period End Date, or
  - is a fixed rate MBS Mortgage Loan with an Issue Date before April 1, 1999.

Guidance

For all other Choice Refinance Loans:

Cash or MBS	You may waive the Minimum 1% Prepayment Premium...
Fixed Rate	• after the Yield Maintenance Period End Date, or • for declining Prepayment Premiums during the 6 months before the Maturity Date.
ARM and SARM	after any lockout if the Portfolio Mortgage Loan • is being refinanced with a fixed rate 7- or 10-year term, and • was either - an ARM Loan with a Plan Number of 02160, 02254, 02255, 03471, or - a SARM Loan with a Plan Number of 03488.

Section 1703 Streamlined Underwriting

1703.01 Environmental Site Assessment

Requirements

A Phase I Environmental Site Assessment is not required if:

- an Environmental Professional performs an environmental database review and identifies no
  - potential environmental concerns (as defined in ASTM E1528 - Standard Practice for Limited Environmental Due Diligence: Transaction Screen), or
  - adverse conditions requiring further due diligence;
- the Borrower enters into an Environmental Indemnity Agreement (Form 6085); and
- you confirm that the Borrower is appropriately implementing any existing O&M Plans for the Property.

1703.02 Radon Testing

Requirements

You must ensure any radon testing required per Environmental Due Diligence Requirements (Form 4251) is performed, unless testing meeting the current requirements of Form 4251 was performed when the Portfolio Mortgage Loan was originated.

1703.03 Survey

☑ Requirements

Part II, Chapter 3: Legal Compliance, Section 305: Survey does not apply if the:

- new mortgagee title insurance policy includes all title exceptions, including those that would appear based upon the most recent survey provided by the Borrower (whether it is the original survey for the Portfolio Mortgage Loan or a subsequent one);
- Borrower certifies that there have been no changes or improvements to the Property since the later of the date of the survey
  - referenced in the original title policy, or
  - most recently completed; and
- Property inspection report reveals no evidence of new construction or encroachments on the site from construction on adjoining properties.

1703.04 Borrower Structure and Experience

☑ Requirements

You must:

- Obtain a new Multifamily Underwriting Certificate (Form 6460 series) from the Borrower, any Guarantor, and any Key Principal.
- Obtain updated copies of the organizational documents of the Borrower and the Key Principal, and confirm that the Borrowers organizational structure complies with Part II, Chapter 3: Legal Compliance.
- Confirm that no unauthorized change has been made to the Borrowers organizational structure or documents.
- Obtain a new good standing certificate from the jurisdiction where the Borrower is organized.

1703.05 Borrower Credit

Requirements

You must obtain and review new financial statements for all parties relevant to the transaction.

For Small Mortgage Loans, you must:

- confirm that the FICO scores of any such individuals comply with Part III, Chapter 9: Small Mortgage Loans, Section 911.02: FICO Scoring; and
- ensure that the net worth and liquidity complies with Part III, Chapter 9: Small Mortgage Loans, Section 910.06: Net Worth and Liquid Assets.

Guidance

If the Borrower or any Key Principal, Guarantor, or Principal submitted financial statements within the past 12 months, then in lieu of new financial statements, you may accept a certification that there has been no material adverse change from the financial condition or credit standing reflected in the financial statements.

1703.06 Property Management

Guidance

You may elect not to review the Property management or agreement per Part II, Chapter 1: Attributes and Characteristics, Section 114: Property Management and Agreement.

1703.07 Replacement Reserve

Requirements

You must ensure the Replacement Reserve is funded as follows:

If...	Then...
The Property • is located in a Pre-Review Market that is not eligible for delegation at any Tier per Section II of Form 4660 , and • the market was a Pre-Review Market when the Portfolio Mortgage Loan was originated.	The Borrower must fully fund the Replacement Reserve.
The Property • is located in a Pre-Review Market that is not eligible for delegation at any Tier per Section II of Form 4660 , and • the market was not a Pre-Review Market when the Portfolio Mortgage Loan was originated.	You must determine the Replacement Reserve funding per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: Replacement Reserve.
The Property is located in • a Strong Market, • a Nationwide Market, or • a Pre-Review Market that is eligible for Tier 3 and Tier 4 Mortgage Loans on a delegated basis per Section II of Form 4660 .	You must determine the Replacement Reserve funding per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: Replacement Reserve.

1703.08 Real Estate Tax and Insurance Escrows

☑ Requirements

You must require T&I escrow deposits for a Tier 2 Choice Refinance Loan unless Fannie Mae waived the T&I escrow for the Portfolio Mortgage Loan. If you do not require T&I escrow deposits, then you must comply with Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 407: Escrow Requirements for Taxes and Insurance.

Section 1704 Property Ownership Change

➔ Guidance

If at the time of the refinance of the Portfolio Mortgage Loan the Property is being sold to a new owner, then you may use the streamlined underwriting per Part III, Chapter 17: Choice Refinance Loans, Section 1703.01: Environmental Site Assessment provided that you comply with Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals for underwriting the Borrower, Key Principals, Guarantors, and Principals.

You may also use the streamlined underwriting per Part III, Chapter 17: Choice Refinance Loans, Section 1701: Eligibility for Portfolio Mortgage Loans that were assumed before being refinanced as a Choice Refinance Loan.

Glossary

A

Adjustable Rate Mortgage Loan	Mortgage Loan with an interest rate that periodically adjusts based on an Index per the Note or Loan Documents. **Synonyms** • ARM Loan • Adjustable Rate Mortgage Loans • ARM Loans
ASTM	American Society for Testing Materials

B

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

C

Choice Refinance Loan	Mortgage Loan refinancing a Portfolio Mortgage Loan using streamlined underwriting per Part III, Chapter 17: Choice Refinance Loans. **Synonyms** • Choice Refinance Loans
Collateral	Property, Personal Property, or other property securing a Mortgage Loan.

Commitment	Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan. **Synonyms** • Committed • Commitments

D

Debt Service Coverage Ratio	On an annual basis or any specified period, the ratio of Net Cash Flow to the total of: principal, interest, and required Mezzanine Financing or Hard Pay Preferred Equity payments. **Synonyms** • DSCR
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

E

Environmental Site Assessment	Investigation and resulting report (Phase I ESA or Phase II ESA) conducted per Environmental Due Diligence Requirements (Form 4251), identifying if a Property has Recognized Environmental Conditions or Business Environmental Risks. **Synonyms** • ESA • Environmental Site Assessments

F

Form 4660	Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans. **Synonyms** • Multifamily Underwriting Standards

G

Guarantor	Key Principal or other Person executing a • Payment Guaranty, • Non-Recourse Guaranty, or • any other Mortgage Loan guaranty. **Synonyms** • Guarantors
Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

I

Improvements	Buildings, structures, improvements, and alterations, including the multifamily housing dwellings, now or hereafter constructed or placed on the Property, including all fixtures (as defined in the UCC). **Synonyms** • Improvements'
Issue Date	First day of the month a Security is issued.

K

Key Principal	Person who • controls and/or manages the Borrower or the Property, • is critical to the successful operation and management of the Borrower and the Property, and/or • may be required to provide a Guaranty. **Synonyms** • Key Principals • Key Principal's

L

Lease	Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent. **Synonyms** • Leases
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 • Letter of Credit's • LOC • LOCs

Lien	Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind. **Synonyms** • Liens
Loan Documents	All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan. **Synonyms** • Loan Document • Mortgage Loan Document • Mortgage Loan Documents

M

Maturity Date	Date all Mortgage Loan amounts become fully due and payable per the Loan Documents. **Synonyms** • Maturity Dates
MBS	Mortgage-Backed Security
MBS Mortgage Loan	Mortgage Loan purchased by Fannie Mae in exchange for an issued MBS backed by the Mortgage Loan. **Synonyms** • MBS Mortgage Loans
Minimum 1% Prepayment Premium	For a prepayment, an amount equal to 1% of the UPB.

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
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.

N

New Construction	Property recently developed/constructed with any certificates of occupancy received within 12 months before the Commitment Date.

O

Operations and Maintenance Plan	Required plan for remediating a Recognized Environmental Condition or Business Environmental Risk as described in Environmental Due Diligence Requirements (Form 4251). **Synonyms** • O&M • O&M Plan • O&M Plans

P

Payment Default	Borrower's failure to fully pay any required Mortgage Loan payment when due, including, • principal, • interest, • late charges, • default interest, • fees, • pricing incentive recapture, • prepayment premium, • escrows, or • other collateral accounts for - taxes, - insurance, - assessments, - Completion/Repair Escrow, and - Replacement Reserve. **Synonyms** • Payment Defaults
Phase I ESA	Environmental Site Assessment conducted per the current ASTM E-1527 standard and the resulting report. **Synonyms** • Phase I Environmental Site Assessment • Phase I ESAs
Plan Number	Number identifying the applicable loan characteristics for any Mortgage Loan that accrues interest at a variable rate at any time during the loan term. **Synonyms** • Plan Numbers

Portfolio Mortgage Loan	Mortgage Loan purchased by Fannie Mae and held as of a certain date regardless of whether it is a Cash Mortgage Loan or an MBS Mortgage Loan. **Synonyms** • Portfolio Mortgage Loans • Portfolio Mortgage Loan's
Pre-Review	Requirement that you obtain Fannie Maes approval before you Rate Lock a Mortgage Loan.
Prepayment Premium	For a Mortgage Loan prepayment, amount the Borrower must pay in addition to the prepaid principal and accrued interest per the Loan Documents. **Synonyms** • Prepayment Premiums
Pricing and Underwriting Tier	Tier 1, Tier 2, Tier 3, or Tier 4 per the Multifamily Underwriting Standards (Form 4660). **Synonyms** • Tier
Principal	Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors. **Synonyms** • Principals



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
Property Condition Assessment	Assessment of the Property's physical condition and historical operation. **Synonyms** • PCA • PNA • Physical Needs Assessment • PCAs

R

Replacement Reserve	Custodial Account the Borrower funds during the Mortgage Loan term for Replacements. **Synonyms** • Replacement Reserves
Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement

S

Servicer	Primary Person servicing the Mortgage Loan, including • the originator, • seller, or • a third party. **Synonyms** • Servicers • Servicer's
Small Mortgage Loan	Mortgage Loan with an original loan amount less than or equal to $9 million. **Synonyms** • Small Mortgage Loans

T

Taxes and Insurance	Taxes or assessments that may become a Lien on the Property and insurance premiums. **Synonyms** • T&I • Tax and Insurance

U

Underwritten Debt Service Coverage Ratio	Ratio of Underwritten Net Cash Flow to the annual debt service for a Mortgage Loan amount based on a level debt service payment with the applicable amortization, and calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis, as adjusted for the applicable products and features in Part III. **Synonyms** • Underwritten DSCR

W

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

Y

Yield Maintenance Period End Date	Last day on which a Borrower owes yield maintenance for a voluntary Mortgage Loan prepayment. **Synonyms** • Yield Maintenance Period End Dates