



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of February 2, 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 Lender Delegation	5
Section 1703 Prepayment Premiums	6
Section 1704 Streamlined Underwriting	6
1704.01 Environmental Site Assessment	6
1704.02 Radon Testing	7
1704.03 Survey	7
1704.04 Borrower Structure and Experience	7
1704.05 Borrower Credit	8
1704.06 Property Management	8
1704.07 Replacement Reserve	9
1704.08 Real Estate Tax and Insurance Escrows	9
Section 1705 Property Ownership Change	10
GLOSSARY	11



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	<ul style="list-style-type: none">• You have been the Servicer of the Portfolio Mortgage Loan for the last 12 months.• The Choice Refinance Loan complies with Form 4660 .• The Portfolio Mortgage Loan is not in default.• The Borrower has demonstrated a commitment to its obligations under the Portfolio Mortgage Loan by<ul style="list-style-type: none">- 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<ul style="list-style-type: none">- Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 404: Property Condition Assessment (PCA), and- Form 4099.• The Property:<ul style="list-style-type: none">- is operating on a stabilized basis;- has a most recent overall inspection rating of 1 or 2; and- during the underwriting inspection, does not show any:<ul style="list-style-type: none">▪ adverse change in Property condition, except normal wear and tear; or▪ life safety issues.



Topic	Requirements
Loan History	<ul style="list-style-type: none">• The Portfolio Mortgage Loan:<ul style="list-style-type: none">- 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

Lender Delegation

Requirements

You are delegated to underwrite the Choice Refinance Loan if:

- the Portfolio Mortgage Loan and the Choice Refinance Loan fall under the same Pre-Review categories in the Form 4660, and Fannie Mae approved those same Pre-Review categories for the Portfolio Mortgage Loan; or
- the Choice Refinance Loan falls under the Pre-Review categories in the Form 4660, and has the same structure as the Portfolio Mortgage Loan, even though the Portfolio Mortgage Loan was not a Pre-Review Mortgage Loan when it was Committed.

In addition, you are delegated to approve a Non-Contiguous Parcel structure



if the same structure was approved for the Portfolio Mortgage Loan.

Section 1703 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	<ul style="list-style-type: none">• after the Yield Maintenance Period End Date, or• for declining Prepayment Premiums during the 6 months before the Maturity Date.
ARM and SARM	<p>after any lockout if the Portfolio Mortgage Loan</p> <ul style="list-style-type: none">• is being refinanced with a fixed rate 7- or 10-year term, and• was either<ul style="list-style-type: none">- an ARM Loan with a Plan Number of 02160, 02254, 02255, 03471, or- a SARM Loan with a Plan Number of 03488.

Section 1704 Streamlined Underwriting

1704.01 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.

1704.02 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.

1704.03 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.



1704.04 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 Borrower's organizational structure complies with [Part II, Chapter 3: Legal Compliance](#).
- Confirm that no unauthorized change has been made to the Borrower's organizational structure or documents.
- Obtain a new good standing certificate from the jurisdiction where the Borrower is organized.

1704.05 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.

1704.06 Property Management

Guidance



You may elect not to review the Property management or agreement per [Part II, Chapter 1: Attributes and Characteristics, Section 113: Property Management and Agreement](#).

1704.07 Replacement Reserve

Requirements

You must ensure the Replacement Reserve is funded as follows:

If...	Then...
<p>The Property</p> <ul style="list-style-type: none">• 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.	<p>The Borrower must fully fund the Replacement Reserve.</p>
<p>The Property</p> <ul style="list-style-type: none">• 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.	<p>You must determine the Replacement Reserve funding per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: Replacement Reserve.</p>
<p>The Property is located in</p> <ul style="list-style-type: none">• 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 .	<p>You must determine the Replacement Reserve funding per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: Replacement Reserve.</p>

1704.08 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 1705

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 1704.01: 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

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 18: Choice Refinance Loans](#).

Synonyms

- Choice Refinance Loans

Collateral Property, Personal Property, or other property securing a Mortgage Loan.

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

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

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.

P



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 <ul style="list-style-type: none">• 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 <ul style="list-style-type: none">• Portfolio Mortgage Loans• Portfolio Mortgage Loan's
Pre-Review	Requirement that you obtain Fannie Mae's approval before you Rate Lock a Mortgage Loan.
Pre-Review Mortgage Loan	Mortgage Loan that is not delegated to you and requires Fannie Mae's approval before Rate Lock.
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 <ul style="list-style-type: none">• Prepayment Premiums
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 <ul style="list-style-type: none">• Principals



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

P

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

S

Servicer

Primary Person servicing the Mortgage Loan, including
• the originator,
• seller, or
• a third party.

Synonyms

- Servicers
- Servicer's

T



Taxes and Insurance

Taxes or assessments that may become a Lien on the Property and insurance premiums.

Synonyms

- T&I
- Tax and Insurance

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