



# Multifamily Selling and Servicing Guide

Effective as of August 1, 2019

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 V Section 804 Underwriting Process .....	3
804.01 Generally .....	3
804.02 Specific Underwriting Requirements .....	3
804.02A Borrower Structure and Experience .....	3
804.02B Property Management .....	3
804.02C Occupancy .....	4
804.02D Property Zoning, Location, and Condition .....	4
GLOSSARY .....	5



## Section 804 Underwriting Process

### 804.01 Generally

Unless specifically modified in this Chapter, an In Place Loan must meet all of the requirements provided in:

- Part I;
- Part II;
- the applicable Part III Chapters based on the specific products and features of the Mortgage Loan; and
- Form 4660.

In all cases, the Lender must exercise prudent judgment and, unless modified by this Chapter, give the same selling and servicing representations and warranties as are required for newly originated Mortgage Loans.

### 804.02 Specific Underwriting Requirements

#### 804.02A Borrower Structure and Experience

No modifications are permitted to the underwriting requirements for the Borrower's structure and experience set forth in [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals](#). A new Underwriting Certificate is required from the Borrower, any Guarantor of the In Place Loan, and any Key Principal. In addition, the Lender must:

- confirm the original underwriting of the organizational structure, experience and creditworthiness of the Borrower, Guarantor, Key Principal, and Principal;
- identify the Guarantor, Key Principals and Principals of the Borrower and report the results of the ACheck for each Borrower, Guarantor, Key Principal, and Principal;
- obtain updated copies of the organizational documents of the Borrower and the Key Principal and confirm that the Borrower's organization complies with [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals](#);
- confirm that no unauthorized change has been made to the organizational structure and organization documents of the Borrower; and
- obtain a new good standing certificate from the jurisdiction where the Borrower is organized.



#### **804.02B** Property Management

The Borrower is required to provide a management plan and a list of major repairs completed during the preceding 3 years, and the Lender must confirm that the Property is capably managed.

#### **804.02C** Occupancy

The Lender is not required to obtain a copy of the Certificates of Occupancy for the Property. However, the Lender should review the original loan files to identify any issues related to the legal status of the Property's occupancy, and all issues must be clearly outlined in the Lender's Transaction Approval Memo.

#### **804.02D** Property Zoning, Location, and Condition

The Lender must confirm that there has been no change in the zoning affecting the Property. If the Property zoning has not changed since the time the Portfolio Mortgage Loan was initially underwritten, and the Property is a non-conforming use, then a new zoning and non-conforming use analysis is not required for the Property. However, if the Property has been rezoned causing it to become a non-conforming use, or rezoned to further restrict the ability of an existing nonconforming use to rebuild, then the Lender must deliver a non-conforming use analysis. The Lender is not required to obtain an aerial photograph of the Property.



## Glossary

### B

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

**Synonyms**

- Borrowers
- Borrower's

### F

**Form 4660** Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the minimum 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 who executes a Payment Guaranty, a Non-Recourse Guaranty, or any other guaranty in connection with the Mortgage Loan.

**Synonyms**

- Guarantors

### I

**In Place Loan** Mortgage Loan refinancing a Portfolio Mortgage Loan that does not meet Tier 2 underwriting requirements.

**Synonyms**

- In Place Loans

### K



**Key Principal** Person(s) who control and/or manage the Borrower or the Property, are critical to the successful operation and management of the Borrower and the Property, and who may be required to provide a Guaranty.

**Synonyms**

- Key Principals

## L

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

**Synonyms**

- Lenders
- Lender's

## M

**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

## P

**Portfolio Mortgage Loan** Mortgage Loan that was purchased by Fannie Mae and is held as of a certain date regardless of whether it is a Cash Mortgage Loan or an MBS Mortgage Loan.

**Synonyms**

- Portfolio Mortgage Loans



## Principal

Person who owns or controls 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 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