Fannie Mae®

Guide Update 19-04: Credit Facilities and Rent-Stabilized Properties

Effective: 11/25/19
Retired: 05/02/22

Summary of Changes

HIGHLIGHTS
Effective **November 25, 2019**, Fannie Mae is increasing the minimum Credit Facility transaction size to $100 million. In addition, for Rent-Stabilized Properties, Fannie Mae is also: • providing new underwriting guidance; and • updating the Small Mortgage Loan requirements for - Key Principal Guaranty Obligations, - Underwritten Net Cash Flow (Underwritten NCF), - Property Condition Assessments (PCAs), - Replacement Reserves, and - Financial Statements.

Changes

The minimum Credit Facility transaction size is increasing from $55 million to $100 million.

The new Rent-Stabilized Properties section in Part II, Valuation and Income, provides guidance for

- underwriting Property income,
- preparing refinance risk analyses,
- determining the Underwriting Value,
- reviewing fund Sponsors, and
- funding Replacement Reserves.

For Small Mortgage Loans:

- Key Principal Guaranty Obligation: You must obtain a Non-Recourse Guaranty from each Key Principal for any Small Mortgage Loan.
- Underwritten NCF: You must deduct owner-occupied units as an expense unless the Mortgage Loan is Tier 3 or Tier 4, or the Property contains 24 or more units.
- PCAs: You must require a PCA if Replacement Reserves are required.
- Replacement Reserves: You must require full or alternative funding of Replacement

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Reserves for any Tier 2 Small Mortgage Loan not located in an Eligible MSA, or on a Rent-Stabilized Property located in the New York-Newark-Jersey City, NY-NJ-PA MSA.

- Financial Statements: Clarified the wording to align with the financial requirements in Part I, Chapter 3. You must obtain a schedule of owned real estate assets and signed financial statements.

Questions

Please contact your Deal Team with any questions.

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