Fannie Mae®

# Guide Update 21-14: OFAC Compliance

Effective: 12/31/21
Retired: 11/15/22

## Summary of Changes

| HIGHLIGHTS |
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| **For Mortgage Loans Committed on or after December 31, 2021 and for all Portfolio Mortgage Loans after December 31, 2021,** OFAC compliance requirements were updated in:<br><br>• Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals;<br>• Part V, Chapter 5: Surveillance, Section 505: OFAC Compliance; and<br>• the Multifamily Asset Management Delegated Transaction: Transfer/Assumption (Form 4636.TA). |

### Primary Changes

Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals was updated to:

- clarify that the determination of a Principal is based on the aggregate of all direct and indirect ownership interests held in the Borrower;
- require you to confirm that the Borrower, Key Principal, Guarantor, and Principals:
  - are not sanctioned or blocked by OFAC;
  - do not exhibit "red flags" that indicate a high risk of money laundering; and
  - are not on the:
    - FHFA SCP List;
    - HUD "Limited Denial of Participation, Funding Disqualifications and Voluntary Abstentions List", or
    - GSA "System for Award Management (SAM)" Exclusion List;
- classify as a Prohibited Conflict Mortgage Loan any Mortgage Loan where you or your Affiliate is the Property manager; and
- not allow you to cause any Portfolio Mortgage Loan to become a Prohibited Conflict

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Mortgage Loan.

Part V, Chapter 5: Surveillance was updated to require you to maintain effective OFAC Compliance procedures, including:

- screening all Borrowers, Guarantors, Key Principals, and Principals at least monthly to confirm that none are sanctioned or blocked by OFAC; and
- reporting any sanctioned or blocked Person to lender_risk_management@fanniemae.com within 24 hours.

Form 4636.TA was updated to require you to screen any Transferee, and any new Guarantor, Key Principal, and Principal to confirm that none is sanctioned or blocked by OFAC.

**Questions**

Please contact:

- the Fannie Mae Deal Team with any questions; and
- Multifamily Asset Management with any servicing questions.