



## Guide Update 25-06: Preferred Equity

Effective: 04/14/25

### Summary of Changes

#### HIGHLIGHTS

##### **Effective for Mortgage Loans Committed as of April 14, 2025:**

- updated:
  - Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors; and
  - Part III, Chapter 16: Mezzanine Financing and Preferred Equity, Section 1602 for Preferred Equity requirements;
- created a new
  - Preferred Equity Checklist (Form 6441), and
  - Preferred Equity Operating Procedures Job Aid; and
- aligned Preferred Equity guidance in
  - Multifamily Asset Management Delegated Transaction: Transfer/Assumption (Form 4636.TA), and
  - Multifamily Additional Disclosure Guidance (Form 4098).

### Primary Changes

- Updated:
  - Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors, requiring you to review organizational documents to determine needed compliance with Part III, Chapter 16: Mezzanine Financing and Preferred Equity, Section 1602;
  - Part III, Chapter 16: Mezzanine Financing and Preferred Equity, Section 1602 requiring you to comply with the Preferred Equity Checklist (Form 6441);
  - Multifamily Asset Management Delegated Transaction: Transfer/Assumption (Form 4636.TA); and
  - Multifamily Additional Disclosure Guidance (Form 4098).
- Created a new:



- Preferred Equity Checklist (Form 6441) to:
  - define 3 types of Preferred Equity structures that allow more flexibility;
  - continue delegation for Soft Pay Preferred Equity (previously Soft Preferred Equity);
  - clarify Mandatory Pay Preferred Equity (new classification) and Hard Pay Preferred Equity (previously Hard Preferred Equity) are subject to Pre-Review;
  - specify underwriting requirements for the 3 types of Preferred Equity structures, providing additional clarity on:
    - loan sizing requirements, if applicable; and
    - credit underwriting requirements for Preferred Equity investors;
  - outline permitted Preferred Equity Default Triggers;
  - specify Limitations on Equity Terms; and
  - require Pre-Review for any transactions with terms outside of Form 6441; and
- Preferred Equity Operating Procedures Job Aid.

## Questions

Please contact Kathleen Iscra at (312) 368-6073, or at [kathleen\\_iscra@fanniemae.com](mailto:kathleen_iscra@fanniemae.com), with any questions.