



Guide Update 25-04: Fraud Prevention

Effective: 04/14/25

Summary of Changes

HIGHLIGHTS

Effective for Mortgage Loans Committed as of April 14, 2025, updated fraud prevention underwriting due diligence in:

- Part I, Chapter 1: Overview;
- Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals;
- Part II, Chapter 1: Attributes and Characteristics; and
- Part II, Chapter 4: Lease Audits, Inspections, and Reserves.

Effective for all Transfers/Assumptions as of April 14, 2025, updated the Multifamily Asset Management Delegated Transaction: Transfer/Assumption (Form 4636.TA).

Primary Changes

Updated:

- Part I, Chapter 1: Overview to:
 - require documentation of all due diligence findings in the Transaction Approval Memo; and
 - confirm Loan Documents govern if any inconsistency with the Guide exists.
- Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals to:
 - revise Section 301: Generally, requiring you to document all of your due diligence findings in the Transaction Approval Memo;
 - revise Section 302: Borrower Organizational Structure, requiring your review of
 - the Borrower's formation documents, and
 - all amendments and restatements;
 - revise Section 303: Key Principals, Principals, and Guarantors, adding requirements for



reviewing Principals' direct and indirect ownership interests;

- add Section 304: Limited Experience Owner, outlining compliance and documentation information for Limited Experience Owners;
- add Section 306: Schedule of Real Estate Owned, requiring collection of a detailed SREO from any Key Principal and Guarantor; and
- revise Section 309: Applicant Experience Check, providing:
 - detailed timing for performing an ACheck™ on any Sponsor, Key Principal, or Guarantor that is a Limited Experienced Owner both
 - before accepting a signed application, and
 - within 3 days before Rate Lock; and
 - Frequently Asked Questions related to the ACheck application and process.
- Part II, Chapter 1: Attributes and Characteristics to revise:
 - Section 101: Eligible Properties, requiring Property internet searches and documentation in the Transaction Approval Memo; and
 - Section 112: Property Management, requiring additional oversight of the Property's management team.
- Part II, Chapter 4: Lease Audits, Inspections, and Reserves to:
 - modify Section 401: Lease Audit, outlining requirements for:
 - reviews;
 - notifications; and
 - validating
 - rent collections,
 - bad debt, and
 - secondary income;
 - add Section 402: Site Inspections, outlining requirements for:
 - physical inspections;
 - notifications;
 - selecting units; and
 - capital item replacements; and
 - update Section 405: Completion/Repairs.
- The Glossary, to add new definitions and align existing terms.



- Form 4636.TA, to add a Delegation Determination Question for Potential Red Flags for Mortgage Fraud and Other Suspicious Activity.

Superseded Publication

This publication supersedes Supplement 24-05R: Revised Fraud Prevention Underwriting Due Diligence.

Questions

Please contact the Fannie Mae Deal Team with any questions.