



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of March 8, 2022

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

Summary of Changes	3
Part I Chapter 2 Mortgage Loan	4
Section 201 Registration	4
Section 202 Delegated Mortgage Loans	4
Section 203 Pre-Review Mortgage Loans	5
Section 204 Letters of Credit	6
204.01 Generally	6
204.02 Issuers and Ratings	7
204.03 Verifying Issuer Ratings	8
204.04 Restrictions on Issuer Collateral	8
204.05 Drawing on Letter of Credit	8



Summary of Changes

HIGHLIGHTS

Effective for Mortgage Loans registered in DUS Gateway on or after March 8, 2022, the Multifamily Affordability Estimator (MAE) and related affordable data are required for all Mortgage Loans.

Primary Changes

To accurately monitor housing goals, Part I, Chapter 2: Mortgage Loan was updated requiring you to submit the MAE and related affordable data in DUS Gateway.

Questions

Please contact the Fannie Mae Deal Team with any questions.



Chapter 2

Mortgage Loan

Section 201

Registration and Multifamily Affordability Estimator

Requirements

You must register each Mortgage Loan in DUS Gateway:

- register each Mortgage Loan in DUS Gateway; and
- submit the Multifamily Affordability Estimator (MAE), and all other required affordability data, in DUS Gateway at the earlier of when you:
 - request a pricing quote, if it will incorporate the Property's affordability; and
 - place the transaction under application.

Operating Procedures

You must submit:

- the MAE;
- all required data fields, including the following based on the completed MAE:
 - “% Mission Driven” in the “Deal Overview” section;
 - percent of AMI in the “Property Detail” section:
 - “% of Units <= 80% of AMI”;
 - “% of Units <= 60% of AMI”; and
 - “% of Units <= 50% of AMI”; and
 - loan options based on the proposed transaction structure.

Section 202

Delegated Mortgage Loans

Requirements

If your Lender Contract provides you with the delegated authority, you



may underwrite, commit, and Deliver any fully-delegated Mortgage Loan (see Part I, Chapter 1: Overview, Section 102: Delegation and Underwriting).

Section 203 Pre-Review Mortgage Loans

Requirements

You must obtain Fannie Mae's Pre-Review approval before requesting a Commitment for any Pre-Review Mortgage Loan and any Mortgage Loan that is not fully delegated to you.

You must ensure that your Chief Underwriter, or a delegated employee directly supervised by your Chief Underwriter, reviews and approves all material supporting the Pre-Review approval request before submitting it.

Operating Procedures

The Pre-Review approval process must follow these steps:

Step 1: You submit a Pre-Review request to the Fannie Mae Deal Team via DUS Gateway that includes, at a minimum:

- a loan-sizing spreadsheet with the preliminary Underwritten NCF and a refinance risk analysis;
- a narrative describing the overall transaction, including risks and mitigating factors for Pre-Review reasons; and
- ~~any required data fields and loan options based on the proposed structure of the transaction;~~
- ~~a completed Multifamily Affordability Estimator (MAE) form;~~ and
- any additional information requested by Fannie Mae.

Step 2: Fannie Mae's Pre-Review response will indicate:

- Approval. You have Pre-Review approval to underwrite the Mortgage Loan and request a Commitment on the proposed terms without further Fannie Mae approval before purchase.
- Resubmission Required. You are authorized to underwrite the Mortgage Loan on the proposed terms and pricing, but you must resubmit it after full underwriting for Fannie Mae Pre-Review



approval at least 10 Business Days before requesting a Commitment.

- Decline Approval. You do not have Fannie Mae Pre-Review approval and may not request a Commitment on the proposed terms.

Section 204 Letters of Credit

204.01 Generally

Requirements

You must comply with this Section for all Letters of Credit posted as Collateral for a Mortgage Loan.

You must obtain Fannie Mae's approval for any new or renewal Letter of Credit, regardless of whether the Letter of Credit is required by you or Fannie Mae.

All Letters of Credit must:

- Name Fannie Mae as the sole beneficiary.
- Have a minimum term of 1 year.
- Be issued or confirmed by a financial institution that meets the eligibility criteria in Part I, Chapter 2: Mortgage Loan, Section 204.02: Issuers and Ratings.

All Letters of Credit must meet the requirements in the Irrevocable Letter of Credit Instructions (Form 4663), including the form of sight draft on the Issuer.

Operating Procedures

How do you request approval to use a Letter of Credit?

Step 1: Complete the Letter of Credit Authorization and Certification Form (Form 4664.B) that states

- whether the Letter of Credit is new or will renew or confirm an existing Letter of Credit, and
- that the Letter of Credit is posted as Collateral for a Mortgage Loan.



Step 2: Indicate whether the [Letter of Credit](#) is required by the [Guide](#) or is required by you as additional collateral. If you require the [Letter of Credit](#), include the [Loan Document](#) imposing the requirement.

Step 3: Send the completed [Form 4664.B](#) to [Lender Risk Management](#).

What do you do after Fannie Mae has approved a [Letter of Credit](#)?

Step 1: Send the original [Letter of Credit](#):

- to be delivered the following business day; and
- addressed to [Multifamily Certification and Custody](#), Attention: Manager, Multifamily Operations - Recourse and Collateral.

Step 2: Include [Form 4664.B](#) in the [Mortgage Loan Delivery Package](#)

Step 3: Retain a copy of [Form 4664.B](#) in your [Servicing File](#).

204.02 Issuers and Ratings

[Operating Procedures](#)

Who is eligible to issue a [Letter of Credit](#)?

A financial institution that satisfies the ratings criteria may issue or confirm a [Letter of Credit](#).

You, one of your [Affiliates](#), or an [Affiliate](#) of the [Borrower](#) may issue a [Letter of Credit](#), but only if it is confirmed by a financial institution that is not an [Affiliate](#) of you or the [Borrower](#).

Fannie Mae, in its sole discretion, may prohibit you from obtaining a [Letter of Credit](#) (or confirming a [Letter of Credit](#)) from a specific financial institution.

What ratings do Issuers need to satisfy?

A financial institution is eligible to issue or confirm a [Letter of Credit](#) if it satisfies the following ratings criteria:

- a Standard and Poor's long-term issuer rating of
 - "A+" or better, or
 - "A" and the financial institution has a "stable" or "positive outlook" rating; OR
- a Moody's long-term issuer rating of
 - "A1" or better, or



- “A2” and the financial institution has a “stable” or “positive outlook” rating.

204.03 Verifying Issuer Ratings

Requirements

You must monitor and verify the rating of any financial institution issuing or confirming a [Letter of Credit](#)

- throughout the term of the [Letter of Credit](#),
- on each anniversary of the date of issuance, and
- on the date of any renewal, replacement, or amendment.

If the ratings of the financial institution issuing or confirming the [Letter of Credit](#) fall below the ratings criteria you must

- contact [Multifamily Business Operations](#) promptly, and
- use a financial institution that satisfies the ratings criteria to replace or confirm the [Letter of Credit](#).

A change from “stable” or “positive outlook” to “negative outlook” or “on watch for downgrade” would represent a fall below the ratings criteria.

204.04 Restrictions on Issuer Collateral

Requirements

You must ensure that the [Issuer](#) does not collateralize the [Letter of Credit](#) with a lien on

- the [Property](#), or
- any personal property that secures the [Mortgage Loan](#).

204.05 Drawing on Letter of Credit

Operating Procedures

You may, with Fannie Mae’s written approval, instruct the issuing bank to honor a draw on the [Letter of Credit](#) by depositing the proceeds into



an account designated by Fannie Mae.