



Multifamily Selling and Servicing Guide

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Summary of Changes

HIGHLIGHTS

Effective as of July 13, 2023, you must issue the Borrower an adverse action letter when:

- Fannie Mae declines a Pre-Review transaction; and
- the Borrower does not accept your alternative quote or similar credit option.

Primary Changes

Updated Part I, Chapter 2: Mortgage Loan, Section 203: Pre-Review Mortgage Loans requiring you to issue the Borrower an adverse action letter within 30 days if

- Fannie Mae declines a Pre-Review transaction, and
- the Borrower does not accept your alternative quote or similar credit option.

Additionally, you must upload into DUS Gateway:

- a copy of the adverse action letter and evidence you issued it to the Borrower (e.g., email, certified mail receipt, courier receipt, etc.); or
- your statement that you did not issue an adverse action letter because the Borrower accepted your alternative quote or similar credit option.

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](#); 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 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. Fannie Mae will issue a notice of denial containing its rationale.



If you...	Within 30 days of Fannie Mae's notice of denial, you must...
<p><u>Either:</u></p> <ul style="list-style-type: none"> • <u>deny the Borrower credit; or</u> • <u>offer the Borrower another quote, commitment, or credit option (from a source other than Fannie Mae) that the Borrower does not expressly accept</u> 	<ul style="list-style-type: none"> • <u>issue the Borrower an adverse action letter including Fannie Mae's denial reasons; and</u> • <u>upload into the Deal Documents section of DUS Gateway your:</u> <ul style="list-style-type: none"> - <u>copy of final adverse action letter; and</u> - <u>issuance evidence (e.g., email, certified mail receipt, courier receipt, etc.).</u>
<p><u>Offer the Borrower another quote, commitment, or credit option (from a source other than Fannie Mae) that the Borrower expressly accepts</u></p>	<p><u>upload into the Deal Documents section of DUS Gateway a statement confirming:</u></p> <ul style="list-style-type: none"> • <u>the Borrower expressly accepted the credit; and</u> • <u>you sent no adverse action letter.</u>

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 Moody's long-term issuer rating of "A2" or better.

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.