



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of August 29, 2025

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Summary of Changes

HIGHLIGHTS

Effective for all Mortgage Loans registered in DUS Gateway as of August 29, 2025:

- the newly created Schedule of Real Estate Owned (Form 4526) must be collected for all financial statement submissions;
- updated Part I, Chapter 3, Section 306: Schedule of Real Estate Owned (SREO) adding guidance for Form 4526
 - review, and
 - collection; and
- revised ACheckTM Timing requirements in Part I, Chapter 3, Section 309: Applicant Experience Check.

For your convenience, Form 4526 will be available for use as of July 29, 2025.

Primary Changes

Updated:

- Part I, Chapter 3, Section 306: Schedule of Real Estate Owned (SREO):
 - stating you must collect a Schedule of Real Estate Owned (Form 4526) from the
 - Sponsor,
 - Key Principal, and
 - Guarantor; and
 - adding guidance for Form 4526
 - review, and
 - collection; and
- Part I, Chapter 3, Section 309: Applicant Experience Check to revise ACheck Timing requirements.

Questions

Please contact Al Lindoerfer at (972) 861-6737, or al_lindoerfer@fanniemae.com, with any



questions.



Chapter 3

Section 301

Borrower, Guarantor, Key Principals, and Principals

Generally

Requirements

You must:

- perform a risk assessment of the [Borrower, Guarantor, Key Principals, and Principals](#) based solely on objective credit standards;
- for any [Sponsor, Key Principal, Guarantor, or Person](#) who owns a [Controlling Interest](#) in the [Borrower, Key Principal, or Guarantor](#), search the internet for
 - any negative press,
 - current or prior lawsuits, and/or
 - fair housing violations or other sanctions;
- ensure all:
 - [Potential Red Flags for Mortgage Fraud and Other Suspicious Activity](#) were evaluated; and
 - unresolved red flags were reported per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 310: Compliance](#); and
- document all due diligence findings in the Transaction Approval Memo.

Prohibited practices include:

- basing the risk assessment on any characteristic protected by any fair housing or fair lending law, including
 - race,
 - color,
 - religion,
 - sex,
 - handicap,
 - familial status, or
 - national origin of the prospective



- Borrowers,
- Guarantors,
- Key Principals,
- Principals,
- Property occupants, or
- residents of the Property's neighborhood; or

- using
 - unsupported assumptions,
 - personal opinions, or
 - unsupported perceptions.

You must:

- **Complete** a credit review by analyzing information about the Borrower's, Key Principals', and Guarantors'
 - organizational structure,
 - multifamily business experience and qualifications,
 - general credit history, and
 - current and prospective financial condition; and
- **Ensure** the financial strength, experience, qualifications, and credit history of the Borrower, Key Principals, and Guarantors support the transaction's
 - size,
 - complexity,
 - structure, and
 - risk.

Section 302 Borrower Organizational Structure

302.01 Single-Asset Entity

☒ Requirements



You must ensure:

- the **Borrower** is a domestic single-asset entity formed for the sole purpose of owning the **Property**;
- if the **Borrower** is ultimately owned by foreign persons or entities, it has at least 1 domestic tier of ownership; and
- you review
 - the **Borrower's** complete formation documents, and
 - all amendments or restatements.

➔ Guidance

As you analyze the **Borrower** and its organizational documents to confirm that it has been a single-asset entity since formation, consider the following questions:

- Can the **Borrower** acquire any additional real property, personal property, or assets?
- Can the **Borrower** participate in any business other than managing and operating the **Property**?
- Are the **Borrower's** assets or funds commingled with anyone else's? If so, can these assets or funds be separated and identified?
- Are the **Borrower's** financial statements, accounting records, and other organizational documents maintained with anyone else's?
- Has the **Borrower** assumed, guaranteed, or obligated itself to cover anyone else's liabilities?

☑ Requirements

If the **Borrower** owns more than a single asset, the **Borrower** may still qualify as a single asset entity if you:

- Obtain an operating statement for each real property owned.
- Obtain proof that the **Borrower** has no existing debt secured by a **Lien** on any of the **Borrower's** real property, other than a **Mortgage Loan** purchased by Fannie Mae.
- Obtain proof that no direct or indirect equity interest in the **Borrower** is subject to mezzanine financing.
- Ensure that the **Loan Documents** prohibit the **Borrower** from



- acquiring any additional debt (except for supplemental debt on existing Fannie Mae loans),
- increasing any existing debt, or
- acquiring any additional real property.

➔ Guidance

As you analyze the [Borrower](#) that owns more than a single asset, you should consider whether its other real estate assets are only

- multifamily properties, or
- other types of real estate that do not pose an environmental risk to the [Borrower](#).

302.02 Co-Tenant Borrowers

☑ Requirements

You must ensure that any [Co-Tenant Borrower](#) meets these eligibility requirements:

- the [Borrower](#) has no more than 10 co-tenants;
- no co-tenant is an individual; and
- each co-tenant:
 - is a single-asset entity complying with [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.01: Single-Asset Entity](#);
 - is underwritten as a stand-alone [Borrower](#);
 - complies with [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors](#); and
 - has jointly and severally executed the [Loan Documents](#).

302.02A Tenancy-in-Common Agreement

☑ Requirements

You must ensure that a validly executed Tenancy-in-Common



Agreement is in place prior to or at the **Mortgage Loan** closing.

You must review the agreement to ensure that:

- **Each** co-tenant is bound by the terms of the agreement.
- **The** **Property** has a manager of its day-to-day business and affairs, which can be
 - a single co-tenant (or the **Key Principal** of such co-tenant) known as the “co-tenant representative”, or
 - a validly-appointed property manager; and
- **Distributions** to the co-tenant representative are subordinate to
 - all payments under any **Mortgage Loan** secured by a **Lien** on the **Property**, and
 - the terms and conditions of any such **Mortgage Loan**.

➔ Guidance

As you analyze the Tenancy-in-Common Agreement, consider the following questions. The term “co-tenant” also includes any **Key Principal** who has the rights of the co-tenant.

Representation

- Have the **Co-Tenant Borrowers** given the co-tenant representative the power to deal with the **Lender** through the Tenancy-in-Common Agreement or an irrevocable power-of-attorney?
- Has each **Co-Tenant Borrower** waived its right to reside in the **Property**?

Buy outs

- Does each **Co-Tenant Borrower** have buy out rights to any other co-tenant?
- Is each **Co-Tenant Borrower** financially able to buy out any other co-tenant?

Communication

- Does each **Co-Tenant Borrower** have a name, address, telephone



number, and percentage of ownership interest listed?

- Has each **Co-Tenant Borrower** agreed to promptly notify all other **Co-Tenant Borrowers** and you if their address or telephone number changes?
- Has a single **Key Principal** of the co-tenant representative agreed to receive any communication from you on behalf of all **Co-Tenant Borrowers**?

302.02B Key Principal Execution of Guaranty

Requirements

You must ensure that:

- each **Co-Tenant Borrower** names at least 1 **Key Principal**; and
- if a **Guaranty** is required per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 311: Execution of Non-Recourse Guaranty, a **Key Principal** from each **Co-Tenant Borrower** must become a **Guarantor** and execute either a **Non-Recourse Guaranty** or **Payment Guaranty**.

302.03 Joint and Several Borrowers with Multiple Properties

Requirements

If a **Mortgage Loan** not in a **Credit Facility** is secured by multiple **Properties** and any **Property** is owned by a different **Borrower**, you must require each **Borrower** to:

- execute a single set of **Loan Documents** with joint and several liability for the **Mortgage Loan**;
- comply with the “single purpose entity” requirements per Modifications to Multifamily Loan and Security Agreement (Co-Borrowers) (**Form 6274**);
- be owned, directly or indirectly, by the same **Persons** having the same percentage ownership interests;
- be **Controlled** by the same **Sponsor** or **Key Principal**;
- execute **Form 6274**, restricting **Property Transfer/Assumption** or release during the **Mortgage Loan** term;
- execute an acceptable **Contribution Agreement** complying with **Form**



6274; and

- if separate **Security Instruments** are recorded to encumber **Properties** in different counties, execute separate Modifications to Security Instrument (Co-Borrowers) (**Form 6322**) for each **Security Instrument**.

Each **Property** securing the **Mortgage Loan** must:

- be in the same State; and
- comply with **Part II, Chapter 1: Attributes and Characteristics, Section 102.01: Single Borrower Ownership**.

Section 303

Key Principals, Principals, and Guarantors

303.01 Generally

☒ Requirements

For every **Mortgage Loan**, you must:

- **Identify** and underwrite the **Sponsor**, any **Guarantor**, and all **Key Principals** and **Principals** of the **Borrower**;
- **Require** the **Borrower** to disclose any foreign **Persons** whose direct or indirect ownership interest in the **Borrower**, in the aggregate, is 10% or greater; and
- **Ensure** the **Guarantor**
 - is not a foreign person or a foreign entity, and
 - either has an ownership interest in the **Borrower** or ensure that the **Guarantor** has adequate legal consideration to enter into the **Guaranty**.

You must:

- not deliver a **Mortgage Loan** with
 - undisclosed **Principals**, or
 - a **Blocked Person** as a
 - **Borrower**,
 - **Guarantor**,



- Key Principal, or
- Principal;

- review the complete, unredacted organizational documents, and any amendments and restatements;
- comply with Part III, Chapter 16: Mezzanine Financing and Preferred Equity, Section 1602: Preferred Equity if the organizational documents provide any investor having a direct or indirect ownership interest in the Borrower with:
 - preferred rights to receive dividends, distributions, payments, or returns relative to other equity owners; or
 - the right to, directly or indirectly, force a
 - sale of the Property,
 - transfer of the direct or indirect ownership interests in the Borrower, or
 - transfer of the Controlling Interest in the Borrower, Key Principal, or Guarantor; and
- identify:
 - as a Key Principal any Person with control takeover rights per the Preferred Equity Checklist (Form 6441); and
 - Principals based on the aggregate of all direct and indirect ownership interests in the Borrower held per the following table.

If the Borrower (or the Person owning an interest in the Borrower) is a...	Then a Principal is...
General Partnership or Joint Venture	any general partner or joint venturer.



Limited Partnership	<ul style="list-style-type: none">• all general partners;• any Person who owns, directly or indirectly, an aggregate 25% or more limited partnership interest in the Borrower through any single limited partner; and• any Person who owns, directly or indirectly, an aggregate 25% or more limited partnership interest in the Borrower through multiple limited partners.
Privately-Held Corporation	any Person who owns 25% or more of the voting stock in the Borrower .
Limited Liability Company	<ul style="list-style-type: none">• all non-member managers or member-managers;• any Person who owns, directly or indirectly, an aggregate 25% or more membership interest in the Borrower through any single member; and• any Person who owns, directly or indirectly, an aggregate 25% or more membership interest in the Borrower through multiple members.
Co-Tenant Borrower	any Person who owns, directly or indirectly, a 25% or more ownership interest in each co-tenant.
Trust (other than a Land Trust)	<ul style="list-style-type: none">• the grantor (if the trust is a revocable trust or if the grantor or settlor has retained powers);• any Person who has a 25% or more beneficial interest in the trust; and• any trustee.
Land Trust	any Person who has <ul style="list-style-type: none">• the power of direction, and• a 25% or more beneficial ownership interest in the land trust.

Guidance

For example: [Borrower ABC Apartments, LLC](#) has the following ownership structure:



Equity Owner	Role	Direct Ownership % in Borrower	Member Equity Owner and % Interest	Aggregate Indirect Ownership % in Borrower
ABC Reality, LLC	Managing Member	1%	John Doe - 100%	1%
Member A, LLC	Non-managing Member	19.80%	Bob Smith - 50%	9.9%
			Others - 50%	9.9%
Member B, LLC	Non-managing Member	19.80%	Bob Smith - 50%	9.9%
			Others - 50%	9.9%
Member C, LLC	Non-managing Member	19.80%	Bob Smith - 20%	3.96%
			XYZ Owner, LP - 80%	15.84%
Member D, LLC	Non-managing Member	19.80%	Bob Smith - 50%	9.9%
			Sally White - 50%	9.9%
Member E, LLC	Non-managing Member	19.80%	Bob Smith - 50%	9.9%
			Others - 50%	9.9%

In addition, the ownership interest of XYZ Owner, LP is:

Equity Owner	Role	Direct Ownership % in XYZ Owner, LP	Aggregate Indirect Ownership % in Borrower
987 Investor, LLC	General Partner	1%	0.16%
Sally White	Limited Partner	99%	15.68%



You must identify ~~and underwrite~~:

- Bob Smith as a **Principal** of ABC Realty based on his aggregate 43.56% indirect ownership interest in the **Borrower**; and
- Sally White as a **Principal** of ABC Realty based on her aggregate 25.58% indirect ownership interest in the **Borrower**.

It is immaterial that:

- neither Bob Smith nor Sally White has any direct ownership interest in the **Borrower** or the managing member of the **Borrower**; and
- none of the non-managing members of the **Borrower** owns greater than the 25% direct interest in the **Borrower** that would qualify for being identified as a **Principal**.

303.02 Entity Review

➔ Guidance

When you review an entity, consider the following questions:

- If it is an existing entity (e.g., a corporation, limited liability company, limited liability partnership, or other acceptable structure) that is not newly formed, does it comply with the requirements for a **Borrower** owning more than a single asset per **Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.01: Single-Asset Entity**?
- Is it a well-capitalized, stable, ongoing business that would be expected to:
 - Remain financially healthy?
 - Support the **Property**?
 - Meet all **Guarantor** requirements and obligations under the **Guaranty**?
 - Have assets and net worth that are significantly greater than what would be minimally acceptable for an individual **Key Principal**?

303.03 Fund Review

➔ Guidance



When you review a fund, consider the following questions:

- What is the experience and performance history of the fund manager with similar funds?
- Can the fund raise equity from financially substantial investors?
- What is the performance of the fund?
- What is the leverage level of the fund?
- What is the net worth and liquidity of the fund?
- What is the type and quality of
 - the [Property](#) and market,
 - other existing properties and markets, and
 - any potential additional properties and markets targeted by the fund pursuant to its agreements?

Additionally, you should review the organizational documents and private placement memorandum (if applicable) for the following information:

- the fund's expiration date;
- any extension to the fund's existence and conditions to approve that extension; and
- the process for winding up the business affairs of the fund, including whether the fund is organized in a state that requires the orderly dissolution of investment funds, such as Delaware or Illinois.

Section 304

Limited Experience Owner

Requirements

You must determine if any [Sponsor](#), [Key Principal](#), or [Guarantor](#) is a [Limited Experienced Owner](#).

To determine if a [Co-Tenant Borrower](#) is a [Limited Experienced Owner](#), you:

- must analyze the [Person](#) named as the co-tenant representative per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.02: Co-Tenant Borrowers](#); and
- may exclude from the analysis any:



- passive Tenant in Common Member, who is solely named a Key Principal to comply with Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.02: Co-Tenant Borrowers; or
- Borrower whose Controlling Interest is owned by a Key Principal or Guarantor that does not meet the definition of a Limited Experienced Owner.

For each Limited Experienced Owner:

- verify the identity of the Sponsor and each Key Principal or Guarantor, or any Person who owns a Controlling Interest in the Borrower, using a current
 - driver's license or passport,
 - personal residence, and
 - business address (not a P.O. Box);
- ensure your Credit Underwriting or Screening team meets, in person or virtually, each individual:
 - identified as, or on behalf of, the Key Principal or Guarantor; or
 - who owns, directly or indirectly, a Controlling Interest in
 - the Borrower,
 - any Key Principal, or
 - any Guarantor;
- for any individual identified as a Key Principal or Guarantor, or who owns a Controlling Interest in the Borrower, Key Principal, or Guarantor:
 - obtain a resume; and
 - verify employment history using
 - a Lexis-Nexis report, or
 - other industry standard background reporting tool;
- review, for each Key Principal or Guarantor, or Person who owns a Controlling Interest in the Borrower, their:
 - investment profile;



- business goals; and
- primary sources of income, which must be consistent with business activities;
- obtain evidence of the origin of transaction funds for
 - an [Acquisition](#), or
 - cash-in refinances requiring the [Borrower](#) to deposit additional funds at closing; and
- determine any appropriate adjustments to the reported liquidity and net worth of the [Sponsor](#) and each [Key Principal](#) or [Guarantor](#), including:
 - verifying liquidity based on 3 consecutive months of bank or brokerage statements for accounts (a bank or brokerage letter alone is insufficient to verify liquidity); and
 - using best efforts to verify the value (including ownership interest and debt outstanding) of all real estate owned, directly or indirectly, using
 - K-1 statements,
 - CoStar or similar service, or
 - mortgage loan verification from other creditors.

Guidance

You should consider if the additional underwriting requirements are appropriate for any [Borrower](#), [Sponsor](#), [Guarantor](#), or [Key Principal](#) with whom you have never originated a multifamily [Mortgage Loan](#), even if they are not a [Limited Experienced Owner](#).

Section 305

Financial Statements

Requirements

You must:

- obtain signed financial statements dated within 15 months of the [Commitment Date](#) from all parties relevant to the [Mortgage Loan](#); and
- ensure all:



- Potential Red Flags for Mortgage Fraud and Other Suspicious Activity were considered; and
- unresolved red flags were reported per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 310: Compliance.

For all financial statements, you must collect:

- a list of all other assets, including
 - notes receivable from related entities, and
 - an estimate of the market value of each asset with the basis for calculating value estimates; and
- all liabilities and contingent liabilities, including
 - debts under lines or letters of credit,
 - personal guaranties,
 - unmet obligations to partnerships or other entities, and
 - other future obligations, with their amount and timing.

For all [Mortgage Loans](#), you must determine any:

- appropriate adjustments to the reported net worth and liquidity of the [Sponsor](#) and each [Key Principal](#) or [Guarantor](#); and
- other factors that may impact the party's financial position immediately or during the term of the [Mortgage Loan](#) (including any known threat of potential lawsuits that may arise from the parties' business operations).

Section 306

Schedule of Real Estate Owned (SREO) [\(Form 4526\)](#)

☒ Requirements

You must:

- obtain an [SREO](#) by the [Sponsor](#), [Key Principal](#) and [Guarantor](#) for all real estate assets, including:
 - [lender](#);



- address;
 - whether the loan is fixed or variable rate;
 - amortizing DSCR;
 - Loan-to-Value Ratio;
 - acquisition year;
 - acquisition price;
 - current market value;
 - ownership percentage; and
 - maturity date; and
- obtain an SREO (Form 4526) from the Sponsor (if the Sponsor is not the named Key Principal and/or Guarantor), Key Principal, and Guarantor for all real estate assets;
 - fully comply with the Instructions tab in Form 4526; and
 - fully analyze:
 - the SREO, including non-multifamily properties;
 - your identification and mitigation of underperforming properties;
 - upcoming maturities; and
 - recourse debt.

➔ Guidance

You should review Form 4526 and financial statements to determine whether the named Key Principal and any Guarantor have sufficient:

- multifamily real estate expertise to manage the
 - Mortgage Loan, and
 - Property; and
- unencumbered financial wherewithal to provide necessary support for the
 - Property, and
 - Mortgage Loan.



You do not need to obtain a separate [Form 4526](#) from the [Sponsor](#) if:

- [a Mortgage Loan's Sponsor](#) is not the named [Key Principal](#) or [Guarantor](#); and
- [you determined the Key Principal and/or Guarantor have sufficient multifamily real estate experience and the financial capacity to support the](#)
 - [Property](#), and
 - [Mortgage Loan](#).

Section 307 Certifications

307.01 Multifamily Underwriting Certificate (Form 6460)

☒ Requirements

You must:

- obtain the appropriate [Multifamily Underwriting Certificate \(Form 6460\)](#) from
 - the [Borrower](#),
 - any [Guarantor](#), and
 - each [Key Principal](#); and
- retain a copy of each [Form 6460](#) in your [Servicing File](#).

You must ensure the [Form 6460](#):

- is signed and certified as
 - true,
 - correct, and
 - complete;
- has all corresponding financial documents attached;
- includes representations by the [Borrower](#), [Guarantor](#), or [Key Principal](#) that, to their knowledge, all
 - financial statements and schedules
 - are dated within 15 months of the certification date,



- were prepared by the Borrower, Guarantor, or Key Principal or their independent accounting firm,
- are true, correct, and provide a current and accurate account of the financial condition of the
 - Property,
 - Borrower,
 - Key Principals, and
 - Guarantors; and
- Property condition information provided to you or to the PCA Consultant is correct as of the date provided; and
- either:
 - is dated within 90 days before the Commitment Date; or
 - includes a certification of no material adverse changes to the financial condition shown in the financial statements delivered per the Form 6460 from each of the
 - Borrower,
 - Key Principals, and
 - Guarantor.

307.02 Brokered Transaction Certifications

☒ Requirements

For any Brokered Transaction, you must ensure the Borrower, all Key Principals, and any Guarantors directly deliver all:

- financial statements and schedules to you, including:
 - Property rent rolls;
 - Cooperative Maintenance Fee schedules;
 - Property operating statements;
 - Borrower financial statements; and
 - other related documents; and
- Property condition information to you or the PCA Consultant,



including:

- inspection records;
- maintenance records;
- pre-site visit questionnaire;
- capital improvement plans; and
- other relevant information.

For any [Brokered Transaction](#), you must certify in your Transaction Approval Memo that you directly, not through a [Broker](#) or [Correspondent](#):

- obtained and reviewed all underwriting source documents from the
 - [Sponsor/Borrower](#),
 - [Key Principals](#), and
 - [Guarantors](#);
- underwrote the [Mortgage Loan](#);
- engaged all third-party reports/consultants; and
- entered accurate and complete [Broker](#) or [Correspondent](#) information into
 - [DUS Gateway](#), and
 - acquisition systems.

Section 308

Fraudulent Conveyance

Requirements

You must not obtain a [Commitment](#) for any [Mortgage Loan](#) if you believe that the [Borrower](#), [Key Principals](#), [Principals](#), or [Guarantors](#) intend to delay, hinder, or defraud creditors.

Guidance

To show that you have made the [Mortgage Loan](#) in good faith, consider the following questions:

- Have you carefully reviewed the facts so that you have a clear



defense to potential fraudulent conveyance or fraudulent transfer claims?

- Have you obtained a [Form 6460](#) that confirms the [Borrower's](#) good faith?

Section 309 Applicant Experience Check

☒ Requirements

For all [Mortgage Loan](#) applications and any [Transfer/Assumption](#), you must:

- perform an [ACheck](#) per the timing below for
 - the [Borrower](#),
 - each [Key Principal](#),
 - each [Principal](#),
 - each [Guarantor](#), and
 - any [Person](#) who owns a [Controlling Interest](#) in an entity
 - [Key Principal](#), or
 - [Guarantor](#); and
- receive a "You can proceed" response.

ACheck Timing	
For all...	You must perform an ACheck <u>for each of the following events...</u>
Mortgage Loans <ul style="list-style-type: none">• Mortgage Loans, and <ul style="list-style-type: none">• Transfer/Assumptions	<ul style="list-style-type: none">• upon accepting a signed application; <u>when you receive the</u><ul style="list-style-type: none">- Social Security Number, or- Tax Identification Number;• within 1 Business Day before Rate Lock;• within 3 Business Days before the Mortgage Loan Origination Date; and• within 1 Business Day before Delivery;• before you obtain a Rate Lock; and• before the Mortgage Loan Origination Date.



Transfers/Assumptions	<ul style="list-style-type: none">• when the Borrower submits the request and you receive the Transferee's/Assignee's<ul style="list-style-type: none">- Social Security Number, or- Tax Identification Number; and• before any required Amendment to the Loan Agreement is executed.
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Guidance

When entering your final Mortgage Loan data per Part IV, Chapter 4: Delivery, Section 402.01: Data and Documents, the Multifamily Committing and Delivery System runs an ACheck on all listed participants. The Mortgage Loan will not reach "Submitted" status unless a "You can proceed" response is received.

For any extended Rate Lock (e.g., 180 days), you should consider performing an additional ACheck between Rate Lock and Delivery.

Operating Procedures

The ACheck application is available at <https://multifamily.fanniemae.com/applications-technology/acheck>.

ACheck Frequently Asked Questions	
Question	Answer
What information do you need to perform an ACheck?	The applicant's <ul style="list-style-type: none">• tax identification number, or• Social Security number.
How do you view ACheck results?	The ACheck application will immediately respond either <ul style="list-style-type: none">• "You can proceed", or• "Do not continue processing".



ACheck Frequently Asked Questions	
Question	Answer
What must you do if you receive a "You can proceed" response?	<p>For each applicant, you must:</p> <ul style="list-style-type: none">• receive a "You can proceed" response to proceed with the Mortgage Loan application;• complete full credit underwriting; and• not interpret this ACheck response to mean the applicant is approved.
What must you do if you receive a "Do not continue processing" response?	<p>If the ACheck response is "Do not continue processing the transaction involving this applicant" (or similar wording), you must:</p> <ul style="list-style-type: none">• comply with all ACheck instructions; and• not proceed with the application by omitting any Borrower, Key Principal, Principal, or Guarantor who received a "Do Not Process" response.
What about confidentiality?	<ul style="list-style-type: none">• Fannie Mae will not provide any information regarding a "Do not continue processing" response for a particular<ul style="list-style-type: none">- Borrower,- Key Principal,- Principal, or- Guarantor.• You must establish procedures ensuring all ACheck responses remain confidential.

Section 310

Compliance

Requirements

You must:

- unless you are subject to, and complying with, the [Bank Secrecy Act](#),



establish and maintain effective procedures and controls (including employee training), similar to those required by the [Bank Secrecy Act](#), to prevent, identify, and report potential:

- mortgage fraud; and
- other suspicious activity; and
- confirm every [Borrower](#), [Key Principal](#), [Principal](#), or [Guarantor](#) is not a [Blocked Person](#).

Operating Procedures

If you identify [Potential Red Flags for Mortgage Fraud and Other Suspicious Activity](#):

1. Do not inform the [Borrower](#), any [Borrower Affiliate](#), [Key Principal](#), [Principal](#), or [Guarantor](#).
2. Evaluate the red flags to determine if a plausible business explanation exists.
3. Immediately report any unresolved red flags indicative of mortgage fraud or other suspicious activity to:
 - <https://fims.my.salesforce-sites.com/MortgageFraudReport> or (800) 232-6643; and
 - [Lender Assessment Oversight](#).
4. Maintain all documentation relating to the potential mortgage fraud or other suspicious activity.
5. Promptly provide all related documentation to Fannie Mae upon request.
6. Do not provide any information to Fannie Mae that would indicate whether you have filed a [Suspicious Activity Report](#) (SAR) with the Financial Crimes Enforcement Network (FinCEN).

If you identify any [Borrower](#), [Key Principal](#), [Principal](#), or [Guarantor](#) as a [Blocked Person](#):

1. Report the [Blocked Person](#) to [Lender Assessment Oversight](#) within 24 hours.
2. Maintain all documentation relating to your searches.
3. Promptly provide all related documentation to Fannie Mae upon



request.

4. Do not

- Deliver the Mortgage Loan, or
- proceed with the Mortgage Loan by omitting any Person that is a Blocked Person.

Section 311 Execution of Non-Recourse Guaranty

Requirements

You must obtain a Non-Recourse Guaranty from a Key Principal (the Guarantor) for any Mortgage Loan that has:

- an Underwritten DSCR less than
 - 1.35 for fixed rate, or
 - 1.10 for variable rate; or
- an LTV greater than 65%.

You do not need to obtain a Non-Recourse Guaranty if the

- Borrower is a Cooperative Organization, or
- Key Principal (who would otherwise be the Guarantor) is a publicly traded entity.

Section 312 Conflict Mortgage Loans

312.01 Description

Requirements



Conflict Mortgage Loan Type	
Conflict Mortgage Loan	<ul style="list-style-type: none">• Any Mortgage Loan in which:<ul style="list-style-type: none">- you, or any of your Lender Affiliates or Lender Senior Executives<ul style="list-style-type: none">▪ owns (or will own) any direct or indirect equity interest in the Borrower, or▪ directly or indirectly controls the Borrower; or- any of your employees, or a group of your employees, owns (or will own) more than a 5% direct or indirect equity interest in the Borrower.• Any Mortgage Loan with DLA Mezzanine Financing. <p>Any equity interest you acquire in the Borrower relating solely to obtaining the associated LIHTCs is not considered when determining if the Mortgage Loan is a Conflict Mortgage Loan (see Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 709: LIHTC Properties – Lender Equity Interest).</p>
Prohibited Conflict Mortgage Loan	<p>Any Mortgage Loan in which:</p> <ul style="list-style-type: none">• you or any single Lender Senior Executive of yours owns more than a 5% direct or indirect equity interest in the Borrower;• any group of your Lender Senior Executives together owns more than a 10% direct or indirect equity interest in the Borrower; or• you or any of your Lender Affiliates is the Property manager.



Conflict Mortgage Loan Type	
Controlling Conflict Mortgage Loan	<p>Any Conflict Mortgage Loan where:</p> <ul style="list-style-type: none">• you<ul style="list-style-type: none">- can (other than through the exercise of a lender's rights and remedies under the Loan Documents) require changes to the management, operations, or decision-making of the Borrower, the Key Principal, any Person holding a Controlling Interest in the Borrower or Key Principal, or any Principal or Guarantor, or- own any Preferred Equity in the Borrower;• any of your Lender Affiliates or any employees or any group of employees of yours or any of your Lender Affiliates<ul style="list-style-type: none">- can require changes to the management, operations, or decision-making of the Borrower, the Key Principal, any Person holding a Controlling Interest in the Borrower or Key Principal, or any Principal or Guarantor,- individually or together own a 25% direct or indirect equity interest in the Borrower or in any Person holding a Controlling Interest in the Borrower at or after loan origination (including any interest acquired as part of a Transfer/Assumption),- own any Preferred Equity in the Borrower, or- exercises rights under DLA Mezzanine Financing that results in a Controlling Conflict Mortgage Loan under these requirements; or• any of your Lender Senior Executives owns any direct or indirect equity interest in the Borrower.

You must not



- Deliver a Prohibited Conflict Mortgage Loan, or
- cause any Portfolio Mortgage Loan to become a Prohibited Conflict Mortgage Loan.

312.02 Restrictions

312.02A Underwriting

Requirements

You must ensure that no Lender employee or other person involved in Conflict Mortgage Loan underwriting and approval owns any direct or indirect equity interest in the Borrower.

You must include the following in your Transaction Approval Memo:

- the amount of any direct or indirect equity interest in the Borrower owned by any Lender Senior Executive, other Lender employee or group of employees; and
- answers to the following questions, including an explanation if your answer to a question is yes:
 - Does any Lender Senior Executive, other Lender employee or group of employees, or any person who participated in the underwriting or approval of the Mortgage Loan, own any direct or indirect equity interest in the Borrower?
 - Can any Lender Senior Executive, other Lender employee or group of employees, or any person who participated in the underwriting or approval of the Mortgage Loan, require changes to the management, operations, or decision-making of the Borrower?

In addition, your underwriting submission must include:

- copies of the Borrower's organizational documents and financial statements;
- copies of all organizational documents and financial statements for any Lender Affiliate that holds a direct or indirect equity ownership interest in the Borrower; and
- an organizational chart or diagram showing the:
 - Borrower's complete ownership structure;



- relationship among the [Lender](#), [Borrower](#), and applicable [Lender Affiliate](#); and
- percentage ownership of each entity.

Operating Procedures

You must designate the [Mortgage Loan](#) as a Conflict Mortgage Loan in [C&D](#).

312.02B Servicing

Requirements

As [Servicer](#) of a Controlling Conflict Mortgage Loan, you must not

- participate in loss mitigation or special asset management decisions if it becomes a [Non-Performing Mortgage Loan](#), or
- be notified of, or participate in, any negotiations or communications between Fannie Mae and the [Borrower](#), [Key Principal](#), or [Principal](#) (or any [Affiliate](#) of any of them).

Fannie Mae will make reasonable efforts to provide copies of written communications between Fannie Mae and other parties.

These servicing restrictions apply as long as the [Mortgage Loan](#) is considered a Controlling Conflict Mortgage Loan.

Operating Procedures

1. Fannie Mae has sole discretion to decide what action, if any, to take regarding any Controlling Conflict Mortgage Loan, any [Property](#) securing a Controlling Conflict Mortgage Loan, or any [Borrower](#) or [Guarantor](#).
2. If Fannie Mae decides that a Controlling Conflict Mortgage Loan has a material risk of default or other characteristics of increased risk, it can
 - designate a substitute servicer or subservicer, or
 - terminate (with or without cause) your right to service the [Mortgage Loan](#).
3. Fannie Mae will comply with the [Program Rules](#) Part 3 Sections B



and C relating to Fannie Mae initiated servicing transfers. After servicing is transferred, you will retain your loss sharing obligation.

312.02C No First Right of Refusal

Requirements

You will not have any First Right of Refusal to purchase a [Property](#) that secured a Conflict Mortgage Loan, even if the Loss Sharing Addendum to the [MSSA](#) grants you this right.

312.02D Additional Disclosure

Operating Procedures

For an [MBS](#) backed by a Conflict Mortgage Loan, you must indicate in [C&D](#)

- that additional disclosure is required, and
- whether it is the [Lender](#), a [Lender Affiliate](#), a [Lender Senior Executive](#), a [Lender](#) employee, or group of employees who has a [Controlling Interest](#) or a non-[Controlling Interest](#).

312.02E Notifications

Requirements

If, after delivering a [Mortgage Loan](#), it becomes a Conflict Mortgage Loan, you must deliver all materials described in this Section to [Multifamily Asset Management](#) within 30 days after acquiring each equity interest.