



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of June 30, 2025

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Section 1901 Description

➔ Guidance

A Bond credit enhancement may involve

- a Standby Credit Enhancement Instrument,
- a Direct Pay Credit Enhancement Instrument,
- a secondary market Credit Enhancement Instrument, or
- an MBS.

In addition to credit enhancing the Bonds, both the Standby Credit Enhancement Instrument and the Direct Pay Credit Enhancement Instrument may provide

- liquidity support, and
- if the Bonds are issued under an Open Indenture, credit enhancement of the Mortgage Loan.

☑ Requirements

You must coordinate all aspects of a Credit Enhancement Mortgage Loan transaction with your counsel and Fannie Mae's counsel.

For Bonds that are privately placed or purchased directly, you must consult with the Fannie Mae Deal Team and Fannie Mae's counsel for pricing and disclosure requirements.

For a Forward Commitment Credit Enhancement Mortgage Loan, you must also comply with [Part III, Chapter 20: Forward Commitments](#).

Terms	Credit Enhancement Instrument	MBS for Bonds
Fannie Mae Guarantees	<ul style="list-style-type: none">• Bond P&I for Closed Indenture Bonds.• Mortgage Loan P&I for Open Indenture Bonds.• Up to 25 basis points of Bond Issuer fees.	Bond P&I.



Terms	Credit Enhancement Instrument	MBS for Bonds
Basis	Either <ul style="list-style-type: none">• Standby, or• Direct Pay.	Direct Pay.
Interest Rate Type	Either <ul style="list-style-type: none">• fixed rate, or• variable rate Bonds.	Either <ul style="list-style-type: none">• fixed rate, or• variable rate Bonds with a SARM Loan.
Documents	<ul style="list-style-type: none">• Any new Bond issued must be documented on Fannie Mae Bond and Loan Document forms.• For substitute credit enhancements where the existing Bonds remain outstanding, the existing Bond and Loan Documents must be:<ul style="list-style-type: none">- amended and restated on Fannie Mae form documents; or- amended only as necessary per Fannie Mae.	
Credit Enhancement Timing	Credit Enhancement Instrument is delivered <ul style="list-style-type: none">• on the Bond issuance date for a new Bond, or• when Fannie Mae provides new or substitute credit enhancement.	Mortgage Loan is originated with Bond issuance and the MBS, when issued, is deposited with the Bond Trustee.



Glossary

B

Bond Trustee	Trustee for a Credit Enhancement Instrument. Synonyms <ul style="list-style-type: none">• Bond Trustee's
Bonds	Tax-exempt or taxable multifamily revenue bonds, or other tax-exempt or taxable bonds, issued to finance 1 or more Credit Enhancement Mortgage Loan Properties. Synonyms <ul style="list-style-type: none">• Bond

C

Closed Indenture	Indenture for a Bond transaction where all of the Bond proceeds finance only the Property securing the Mortgage Loan.
Credit Enhancement Instrument	Agreement between Fannie Mae and a Bond Trustee where Fannie Mae provides credit enhancement of a Credit Enhancement Mortgage Loan, Bonds issued to finance a Credit Enhancement Mortgage Loan, or an Interest Rate Hedge Agreement; and if applicable, a Bond liquidity facility. Synonyms <ul style="list-style-type: none">• Credit Enhancement Instruments
Credit Enhancement Mortgage Loan	Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by <ul style="list-style-type: none">• a Credit Enhancement Instrument, or• an MBS for Bonds. Synonyms <ul style="list-style-type: none">• Credit Enhancement Mortgage Loans



D

Direct Pay	Credit enhancement under which Fannie Mae makes principal and interest payments directly to the Bond Trustee (for payment to bondholders) regardless of whether the Borrower has reimbursed Fannie Mae for such payments.
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F

Fannie Mae Deal Team	Team responsible for reviewing Pre-Review Mortgage Loans, waivers, etc.
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Synonyms

- Deal Team

Forward Commitment	Commitment to purchase a permanent Mortgage Loan for a to-be constructed or rehabilitated Property.
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Synonyms

- Forward Commitment's
- Forward Commitments

I

Issuer	Entity that: <ul style="list-style-type: none">• issues Bonds for a Credit Enhancement Mortgage Loan;• packages mortgages for sale as a Security for an MBS; or <ul style="list-style-type: none">• issues a Letter of Credit.
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Synonyms

- Issuers

L



Loan Documents

All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

M

MBS

Mortgage-Backed Security

MBS for Bonds

Fannie Mae MBS:

- issued to credit enhance tax-exempt Bonds; or
- exchanged for Bonds redeemed at MBS issuance.

Synonyms

- MBS Exchange
- MTEB
- MTEM

Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by

- the Loan Documents, or
- a mortgage debt obligation with a Fannie Mae credit enhancement.

Synonyms

- Mortgage Loans
- Mortgage Loan's

O

Open Indenture

Indenture for a Bond transaction where a portion of the Bond proceeds finance projects in addition to the Property securing the Mortgage Loan.

P

P&I

Principal and interest



S

Standby

Credit enhancement under which Fannie Mae makes principal and interest payments directly to the Bond Trustee (for payment to bondholders) if the Borrower fails to make required mortgage note payments or if a bankruptcy event has occurred.