



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of September 12, 2023

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Summary of Changes

HIGHLIGHTS

Effective for Mortgage Loans Committed as of September 12, 2023, clarified requirements in Part III, Chapter 17: Structured Transactions for:

- Property Ownership;
- Minimum Transaction Size; and
- Fannie Mae Due Diligence Fees.

Primary Changes

Clarified:

- Property ownership and control requirements for Credit Facilities and Bulk Deliveries; and
- for Bulk Deliveries:
 - the minimum initial transaction size is based on the combined number of Properties; and
 - Fannie Mae Due Diligence Fees apply to Properties
 - in the initial Bulk Delivery, and
 - added or substituted after the Bulk Delivery Agreement effective date.

Superseded Publication

This publication supersedes Guide Update 21-18: Bulk Delivery Substitution Fee.

Questions

Please contact Dengba Tobiga at (202) 752-0706, or dengba_tobiga@fanniemae.com, with any questions.



Chapter 17 Structured Transactions

Section 1701 Description

Requirements

Structured Transactions consist of 1 or more [Mortgage Loans](#) governed by a master agreement, regardless of individual loan size or cross-collateralization.

There are 2 types of Structured Transactions: [Credit Facilities](#) and [Bulk Deliveries](#). The terms for each Structured Transaction vary and are negotiated based on the specific [Properties](#) and [Sponsor](#) needs.

Section 1702 Credit Facilities

Requirements

A [Credit Facility](#) is a Structured Transaction that

- is governed by a [Master Credit Facility Agreement](#), and
- includes cross-collateralized and cross-defaulted [Mortgage Loans](#) and [Properties](#).

Guidance

A [Credit Facility](#) may also include:

- variable rate debt, fixed rate debt, or a combination of both;
- varied loan maturities and repayment terms;
- the ability to increase borrowing based on
 - increases in the aggregate [DSCR](#), and
 - decreases in the aggregate [LTV](#) of the [Properties](#);
- the ability to increase the amount of the [Credit Facility](#) by delivering additional [Properties](#) as collateral; or
- collateral substitutions and releases.

Requirements

Product Description



Minimum Transaction Size	\$100 million.
Property Ownership Borrowers	<p>All Borrowers must be Controlled by the same Sponsor.</p> <p>Must have:</p> <ul style="list-style-type: none"> • common Control per the Master Credit Facility Agreement; and • identical ownership, although ownership percentage may vary.
Fannie Mae Due Diligence Fee	<p>\$1,500 for each Property</p> <ul style="list-style-type: none"> • in the initial Credit Facility, and • added or substituted post-closing.

Operating Procedures

Credit Facilities require intensive Fannie Mae involvement, including the assignment of an in-house legal lead who will direct outside counsel services.

Fannie Mae will engage outside counsel at your expense to prepare all related documentation.

You may require the Borrower to

- pay these legal fees and expenses, and
- fund a deposit for their payment.

Section 1703

Bulk Deliveries

Requirements

A Bulk Delivery is a Structured Transaction that:

- consists of multiple single-asset MBS Mortgage Loans with the same Sponsor that are governed by a Bulk Delivery Agreement; and
- includes the ability to
 - add Mortgage Loans in the future, or
 - substitute a new Property for an existing Property as collateral.

Product Description



Minimum <u>Initial</u> Transaction Size	<p>EqualsAt least:</p> <ul style="list-style-type: none"> • \$100 million; <u>or</u> • \$75 million <u>combined</u> with at least 3 Properties; or • \$55 million <u>combined</u> with at least 6 Properties.
Loss Sharing	Must be the same for all Mortgage Loans, regardless of when they are added to the Bulk Delivery.
Loan Structure	<ul style="list-style-type: none"> • Each Property collateralizes 1 Mortgage Loan. • All Mortgage Loans are uncrossed.
<u>Property</u> Ownership <u>Borrower</u> <u>s</u>	All Borrowers must Must be Controlled Sponsor by <u>Affiliates per the same Sponsor Bulk Delivery Agreement</u> .
Fannie Mae Due Diligence Fee	<p>\$1,500 for each Property added or substituted after the Bulk Delivery Agreement effective date.</p> <ul style="list-style-type: none"> • <u>in the initial Bulk Delivery, and</u> • <u>added or substituted after the Bulk Delivery Agreement effective date.</u>
Additions	Properties may be added for up to 3 years after the Bulk Delivery Agreement effective date.
Substitutions	<ul style="list-style-type: none"> • Each Mortgage Loan may only have 1 Property substitution. • Properties must be: <ul style="list-style-type: none"> - simultaneously released and added; and - substituted only after the first Loan Year until 1 year before the Maturity Date.
Substitution Test	<p>A Property may be substituted if the substitute Property's:</p> <ul style="list-style-type: none"> • DSCR is at least the greater of the released Property's <ul style="list-style-type: none"> - original DSCR, or - DSCR immediately before the release; and • LTV does not exceed the lesser of the released Property's <ul style="list-style-type: none"> - original LTV, or - LTV immediately before the release.



Substitution Fee	On or before the release date, you must collect a fee <ul style="list-style-type: none">• that will be equally shared between you and Fannie Mae, and• equals the greater of<ul style="list-style-type: none">- 50 bps multiplied by the Mortgage Loan's current UPB, or- \$50,000.
Releases	Occur when the Mortgage Loan is <ul style="list-style-type: none">• fully repaid, or• assumed.
MBS Disclosure	All Mortgage Loans must have Additional Disclosure.
Supplemental Mortgage Loans	Mortgage Loans are eligible for Supplemental Mortgage Loans.
Assumptions	<ul style="list-style-type: none">• A Bulk Delivery may be assumed in its entirety.• Each Mortgage Loan may only be assumed after it is released from the Bulk Delivery.

Operating Procedures

You must use

- the Bulk Delivery Agreement, and
- Fannie Mae's Loan Documents.

Fannie Mae may engage outside counsel at your expense to prepare the Bulk Delivery Agreement or Loan Documents.

You may require the Borrower to

- pay these legal fees, and
- fund a deposit for their payment.