



Multifamily Mortgage Business Guide Update 18-04

May 18, 2018

To: Multifamily Lenders

From: Robert Walton, Vice President for Multifamily Debt and Equity Asset Management

Subject: Guide Update 18-04 | Asset Management

HIGHLIGHTS

Effective May 21, 2018, Fannie Mae is updating the asset management requirements of the Multifamily Selling and Servicing Guide (Guide) to reorganize sections, and redesign the Multifamily Asset Management Delegated Transaction Form (Form 4636) into multiple versions covering separate Borrower asset management requests. The following documents are affected:

- Part I – Glossary;
- Part V, Chapter 1 – General Servicing Requirements, Loan Document Servicing, and Servicing for Specialty Products;
- Part V, Chapter 3 – Custodial Account Requirements;
- Part V, Chapter 4 – Asset Management – Loan Document Administration;
- Part V, Chapter 5 – Asset Management – Surveillance;
- Multifamily Asset Management Delegated Transaction Forms (Form 4636 series);
- Amendment to Multifamily Loan and Security Agreement (Restoration Reserve) (Form 6615), which is replacing the prior Form 6615 – Insurance Loss Proceeds Collateral Agreement; and
- Insurance Loss Proceeds Collateral Agreement (Form 6639), which is being republished as a 6000 Series Loan Document and replacing the prior Form 4541 – Insurance Loss Proceeds Collateral Agreement.

Changes

Reorganization of Part V

To present the Guide in a more logical and user-friendly format, the Servicing and Asset Management chapters of Part V have been reorganized as follows:

- Chapter 1 has been retitled “General Servicing Requirements, Loan Document Servicing, and Servicing for Specialty Products” and now specifies the servicing standards for Servicers, and covers servicing for Loan Documents, UCC filings, Letters of Credit, and Credit Enhancement Mortgage Loans;
- Chapter 3 has been retitled “Custodial Account Requirements”, and the material covering Custodial Accounts previously in Chapter 1 has been moved to the beginning of Chapter 3 so that all of the Custodial Account guidance is in a single chapter. The servicing requirements for specialty products have been moved to Chapter 1;



- Chapter 4 has been retitled “Asset Management: Loan Document Administration”, with all asset management requirements relating to Loan Document Administration, Borrower-requests, consents, and compliance, previously located throughout Chapters 3 and 4, now combined in Chapter 4; and
- a new Chapter 5, titled “Asset Management: Surveillance”, has been created that consolidates existing asset management requirements related to Property surveillance activities, including inspections, and Property and guarantor financial reporting.

Part V, Chapter 4

Based on feedback provided through our collaboration with the DUS Asset Management Advisory Subcommittee, Fannie Mae has also revised the Loan Document Administration chapter to increase servicer delegation. Primary changes include:

- creating a new Delegated Transactions form (Form 4636 series) that consolidates information previously located in the Guide and various job aids, and identifies whether a Borrower asset management request is delegated. Included are Delegated Transactions Forms covering:
 - Assumptions or Transfers of Ownership Interests (Form 4636.TA);
 - Commercial Leases (Form 4636.CL);
 - Condemnations (Form 4636.C);
 - Condo/Co-op Conversions (Form 4636.CC);
 - Easements (Form 4636.E);
 - Oil or Gas Leases (Form 4636.OGL);
 - Partial Releases of Collateral(Form 4636.PR);
 - Property Management Changes (Form 4636.PM); and
 - Use Conversions (Form 4636.UC);
- expanding Lender delegation to include routine Borrower requests for Seniors Housing Mortgage Loans and Structured Transactions as described in the new Delegated Transaction Forms (Form 4636 series); and
- eliminating Fannie Mae processing fees that previously were required by the Guide, but were not in the Loan Documents, and were therefore viewed as “nuisance fees”. Servicers are also now permitted to waive their own processing fees.

Part V, Chapter 5

In addition to moving content previously located in Chapter 4 to the new Chapter 5, the following Asset Management Surveillance requirements were changed:

- the Property inspection overall rating must be set to 4 (or 5 depending on severity or other existing issues), if:
 - a casualty loss causes damage in an amount equal to the lesser of 25% of the current Unpaid Principal Balance, or \$1,000,000; or
 - 10% or more of the units are down due to any reason;
- the Servicer is delegated the authority to extend the Property inspection due dates up to 60 days, when certain conditions are met; and
- for all Mortgage Loans using the revised Multifamily Loan Agreement (published December 25, 2017, with Lender Letter 17-25), guarantor financials are only required at the Lender’s request. For existing Mortgage Loans, although the Loan Documents still require the Borrower to submit annual financial information for each guarantor, the Servicer is only required to use its best efforts to obtain the financial



reports for any guarantor not included on the Required Guarantor List, which will be sent annually by Fannie Mae to the Servicer.

Part I - Glossary

The Glossary incorporates new and revised terms related to Part V, and other recent Guide updates, including Hybrid ARM Mortgage Loans, Green Mortgage Loans, and Multiple Asset transactions.

Please refer to the Guide chapters for complete details and additional clarifying edits.

Superseded Lender Memos

This Guide Update supersedes Lender Memo 16-01.

Effective Date

This Guide Update is effective May 21, 2018.

Questions

Please contact Michael Dick at (202) 752-6634 (or michael_w_dick@fanniemae.com), or Amr Fawzi at (202) 752-6046 (or amr_s_fawzi@fanniemae.com) with any questions.

Associated Documents

On the Effective Date, the updated Guide chapters will be published on AllRegs, the new 4636 Forms will be published on the [Current Guide Forms](#) page on fanniemae.com, and the revised Form Loan Documents will be available on the [Loan Documents](#) page on fanniemae.com.

- Part I – Glossary ([clean](#) and [blackline](#))
- Part V, Chapter 1: General Servicing Requirements, Loan Document Servicing, and Servicing for Specialty Products ([clean](#) and [blackline](#))
- Part V, Chapter 3: Custodial Account Requirements ([clean](#) and [blackline](#))
- Part V, Chapter 4: Asset Management – Loan Document Administration ([clean only](#))
- Part V, Chapter 5: Asset Management – Surveillance ([clean only](#))
- New Form 4636 Series – Multifamily Asset Management Delegated Transaction Forms
 - Assumptions or Transfers of Ownership Interests ([Form 4636.TA](#))
 - Commercial Leases ([Form 4636.CL](#))
 - Condemnations([Form 4636.C](#))
 - Condo/Co-op Conversions ([Form 4636.CC](#))
 - Easements ([Form 4636.E](#))
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