Multifamily Mortgage Business Lender Letter 14-07

May 30, 2014

To: Multifamily Lenders

From: Thomas Wilson, Vice President for Multifamily Credit Risk Management

Subject: Lender Letter 14-07 | Bank Secrecy Act and Anti-Money Laundering Compliance

HIGHLIGHTS

- Fannie Mae must establish a formal Anti-Money Laundering program, and beginning August 25, 2014 must file Suspicious Activity Reports with the Financial Crimes Enforcement Network (“FinCEN”).
- Fannie Mae will implement changes to the Multifamily Selling and Servicing Guide (the “Multifamily Guide”) to ensure compliance with these new regulatory requirements.

Introduction

Fannie Mae has issued Lender Letter 14-07, which announces that effective April 28, 2014, Fannie Mae is defined as a “financial institution” pursuant to the Bank Secrecy Act (“BSA”). As a result, Fannie Mae must implement a formal Anti-Money Laundering (“AML”) program, and begin filing Suspicious Activity Reports (“SARs”) with FinCEN, by August 25, 2014.

Fannie Mae expects to implement changes to its processes and procedures to ensure compliance with these requirements, which will include heightened scrutiny of entities that conduct business with Fannie Mae (including Multifamily Lenders) and appropriate measures to detect and report suspicious activity. As a result, Fannie Mae may require Multifamily Lenders to provide additional information to Fannie Mae regarding their owners, financing sources, and other factors, so that Fannie Mae can conduct adequate customer AML due diligence. Each Multifamily Lender may also be required to implement a formal Anti-Money Laundering program, which would require additional monitoring of Borrowers or Mortgage Loan transactions, and to escalate to Fannie Mae any potential suspicious activity related to those transactions for review and potential reporting.

Fannie Mae expects to issue updates to its Multifamily Guide in 2014, outlining specific additional requirements related to these new regulations.

Effective Date

This Lender Letter is effective immediately.

Contact Us

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