Multifamily Mortgage Business Lender Letter 14-09

August 1, 2014

To: Multifamily Lenders

From: Hilary Provinse, Senior Vice President, Head of Multifamily Customer Engagement

Subject: Lender Letter 14-09 | Submission of Lender Pipelines

HIGHLIGHTS

All Lenders are required to provide additional market competitiveness information on their existing Fannie Mae Mortgage Loan pipeline on a weekly basis starting August 18, 2014. This Lender Letter supersedes Lender Letter 13-07 (Submission of Lender Pipelines).

Introduction

Fannie Mae is issuing Lender Letter 14-09 which requires Lenders to provide market competitiveness information for transactions on their Fannie Mae pipeline report. Fannie Mae is working closely with Lenders to monitor the market dynamics impacting the multifamily housing finance market. In support of this effort, the Multifamily Lender Pipeline Monitoring Report (Form 4096) has been updated to capture meaningful data on the competitive factors impacting the Borrower’s decision whether or not to use Fannie Mae as the selected financing source.

Report Contents

Each Lender will continue to provide the volume of Mortgage Loans in its existing pipeline that are targeted for delivery to Fannie Mae on both a delegated and Pre-Review basis. Fannie Mae will also be requesting that the Lender provide competitive market information on the rationale for known losses on non-delegated transactions. The Multifamily Lender Pipeline Monitoring Report includes 2 sections.

1. Aggregated Pipeline Volumes Section
   - Unchanged from the existing Multifamily Lender Pipeline Monitoring Report (Form 4096), captures transaction counts and estimated unpaid principal balance (“UPB”) for transactions in the Fannie Mae Multifamily Mortgage Loan pipeline.
2. Transaction Details Section

- Enhanced to capture known losses of non-delegated transactions originally in the Fannie Mae pipeline. Additionally, Lenders should continue to submit the inventory of loans with an executed Fannie Mae application.

The following additional information should be provided by each Lender on the Transaction Details section of the Multifamily Lender Pipeline Monitoring Report (Form 4096):

**A. Details to be provided by Lenders for all Transactions**

- Current Data elements: Deal Name, Location, Estimated MBS issuance date, and Estimated deal size.

- New Data elements:
  - *Primary Competitor(s):* The name of alternative financing source(s) competing for the subject transaction.
  - *Sponsor Name:* The principal equity owner and/or decision maker associated with a multifamily loan (in most cases, the Key Principal).
  - *Deal Type:* Identify each transaction as either a Pre-Review Mortgage Loan (as listed in the Multifamily Underwriting Standards Form 4660) or Delegated (a non-Pre-Review) Mortgage Loan.
  - *Transaction Status:* Status of each transaction originally targeted to delivery for purchase by Fannie Mae. Lenders should differentiate between transactions with an Executed Application or which were removed from the Fannie Mae pipeline (“losses”).

**B. Details to be provided by Lenders for Transactions Lost:**

- *Date Transaction Lost:* The date in which the transaction was removed from the Fannie Mae pipeline.

- *Selected Financing Source (Winning Bid):* The name of the entity selected as the financing source for the subject transaction.

- Factors Impacting the Borrower Decision on the Selected Financing Source: Lenders should provide all known reasons why the transaction was lost from the Fannie Mae pipeline.
  - *Pricing:* Pricing differential between the Fannie Mae quote and that of the selected financing source (transactions with a Lost Status).
  - *Proceeds:* Proceeds differential, represented as a percentage of the original principal balance of the transaction, between the Fannie Mae quote and that of the selected financing source (transactions with a Lost Status).
  - *Interest Only:* Interest only term associated with the selected financing solution.
  - *Fannie Mae Process:* Aspects of the Fannie Mae execution that impacted the Borrower’s decision to select the final financing source.
• **Change in Borrower Strategy:** The reason why the Borrower’s strategy changed (i.e., chose not to refinance, sold property, or borrower lost bid).

• **Other reasons:** Narrative detailing other reasons impacting the decision to choose the final financing source.

**Delivery**

All Multifamily Lenders will be required to submit the revised Lender Pipeline Monitoring Report (Form 4096) to Fannie Mae following the existing weekly process. We will begin requiring this additional pipeline data to be collected and reported as of August 18th. The Multifamily Lender Pipeline Monitoring Report (Form 4096) should be sent to your National Account Manager and to multifamily_pipelinemgmt@fanniemae.com by 5:00 pm each Monday.

**Effective Date**

This Lender Letter is effective for the Pipeline Report due on Monday, August 18, 2014.

**Contact Us**

Please contact your Fannie Mae Deal Team or multifamily_pipelinemgmt@fanniemae.com if you have any questions.

**Associated Documents**

- Multifamily Lender Pipeline Monitoring Report ([Form 4096](#))
- [Frequently Asked Questions](#) on Multifamily Lender Pipeline Monitoring Report (Form 4096)