Pre-Review Enhancements for Lenders

Overview Training Session

September 2025



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Pre-Review Enhancements for Lenders

Session Agenda

- 1. Learning Objectives
- 2. What's Changing & Why (What are the Benefits)?
 - Deal Submission
 - New Pre-Review Reasons
 - Additional Documentation for Preliminary Submission per Guide
 - Due Diligence & Resubmission
 - Additional Documentation for Final Submission per Form 4660
 - Enhanced Pre-Review
 - New Enhanced Pre-Review Team
- 3. Wrap-up & Q&A



Today's Facilitators





Paul GembaraMultifamily Underwriting,
VP



Vijay SrinivasMultifamily Risk Management,
VP

Learning Objectives

By the end of this session, you should be able to:

1

Explain the rationale for new Pre-Review reasons

Be able to explain the new Pre-Review reasons for transactions 2

Understand additional documents required for preliminary and final submissions

Identify the additional documents required for preliminary and final submissions

3

Gain clarity on additional reviews

Describe the updates to the due diligence process and impact on Rate Lock



What's Changing & Why (What are the Benefits)?

What is changing for Pre-Review and associated benefits?

We are delivering a clearer Pre-Review process that enables Lender transparency and the ability to make risk-based decisions.

Deal Submission

Three **new Pre-Review reasons** for transactions

Additional documentation at preliminary submission based on Guide



- Ability to separately request adjustments to transactions' Single Loan Limits (SLL) and/or loss sharing
- Early and consistent documentation to expedite reviews
- Clearer trending tracking to enable timely responses to Lenders

Due Diligence & Resubmission

Additional documentation for Pre-Review Mortgage Loan final submission based on Form 4660



- Additional documentation required at resubmission based on Pre-Review reason
- Ensures consistent documentation for higher risk and complex loans

Enhanced Pre-Review

New team dedicated to review transactions categorized as Enhanced Pre-Review Mortgage Loans



- Deeper reviews to safeguard Lenders' & Fannie Mae's portfolios
- Reduced resources constraints within Credit Underwriting
- Reduced potential for costly errors; potentially extending the time to reach Rate Lock







Deal Submission

Deal Submission

Due Diligence & Resubmission Enhanced Pre-Review





New Pre-Review Reasons

There are three new Pre-Review reason categories in DUS Gateway® to provide further clarity on transactions' characteristics when they fall outside of Fannie Mae's acceptable risk levels or requests for variance to underwriting standards. These reasons require Fannie Mae to conduct its underwriting review.

	Pre-Review Reasons						
Reason		Description					
01	NEW: Enhanced Pre-Review Mortgage Loan	Reflects new process to review transactions with characteristics of at least two of three heightened fraud risks					
02	NEW: Modified Loss Sharing – Loss Sharing Less Than the Full Loss Sharing Amount	Reflects new Loss Sharing Framework replacing the original single Pre-					
03	NEW: Modified Loss Sharing – Deal Exceeds Lender Loan Limit Threshold	Review reason for off-grid Modified Loss Sharing (MLS)					

Let's discuss in more detail...

Pre-Review Reason | Enhanced Pre-Review Mortgage Loan

A new Pre-Review reason, the Enhanced Pre-Review Mortgage Loan, has been created for transactions with heightened fraud risk characteristics. This may impact the timing of Rate Lock.

Enhanced Pre-Review Mortgage Loan

Pre-10/01/25

No category to tag transactions with heightened fraud risk

Post 10/01/25

- Category to tag high risk transactions to ensure necessary reviews and due diligence of Lender documentation before Rate Lock
- Applies to transactions with at least two high risk indicators, leading to more informed and reliable lending decisions

Benefits

- Improves fraud detection
 by identifying high risk
 transactions early, reducing
 potential losses and
 enhancing portfolio security
- Ensures thorough
 documentation review
 before Rate Lock, leading to
 more informed and reliable
 lending decisions

What you need to do

- Select this category for your transaction if it has heightened fraud risk
- Expect additional pre-review steps and potential longer processing to Rate Lock



High risk fraud indicators can include **new sponsors, broker-sourced business, and certain cash-out refinances**. Refer to Form 4660 for a complete description.





Loss Sharing Enhancements

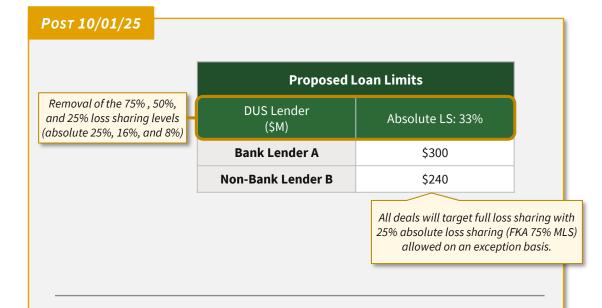
The MLS Matrix with multiple loss sharing levels will be discontinued. In its place, a Single Loan Limit (SLL) for each Lender will be used. Lenders are to take full (33% for Pari Passu or equivalent DUS Standard) loss sharing on all new commitments.

PRE-10/01/25							
Current Loan Limits							
DUS Lender (\$M)	Absolute LS 33% (100% LS ≤)	Absolute LS 25% (75% LS ≤)	Absolute LS 16% (50% LS ≤)	Absolute LS 8% (25% LS >)			
Bank Lender A	\$300	\$400	\$600	\$600 ²			
NBFI ³ Lender B	\$240	\$320	\$480	\$480 ²			

All numbers are illustrative.



33% loss sharing refers to the absolute 33% loss sharing per Pari Passu, as well as the full sharing / 100% standard.



Specialty Segments:

- An additional change to MLS is the addition of disallowed MLS segments
- Fannie Mae may choose to restrict MLS on specific loan segments to manage risk
- Segments will change overtime refer to Lender Risk Management or Customer Engagement for the latest list



¹Based on 33% full loss sharing per Pari Passu

²Loss Sharing Decision Required

³Non-Bank Financial Institution

Pre-Review Reason | MLS Pre-Review Reasons

Separating the original MLS Pre-Review reason allows for concise categorization of the Lenders' transaction request, either to request less than 33% loss sharing or exceeding the loan limit threshold. This bifurcates credit & counterparty risk decisions.

Pre-10/01/25

Post 10/01/25

Benefits

What you need to do

Modified Loss Sharing - Loss Sharing Less Than the Full Loss Sharing Amount

Single MLS Pre-Review reason to go off the MLS matrix, adjusting the loss sharing percentage and loan limits up or down

Newly separated MLS Pre-Review reason to **request less than 33% loss sharing**

- Ensures precise handling of transactions requiring less than 33% loss sharing, offering tailored risk management solutions
- Clearer trending tracking to enable timely responses to Lenders

Must select reason for the requested MLS transaction adjustment

Modified Loss Sharing - New Deal Exceed Lender Loan Limit Threshold

Single MLS Pre-Review reason to go off the MLS matrix, adjusting the loss sharing percentage and loan limits up or down

Newly separated MLS Pre-Review reason to **exceed maximum loan limit**

- Ensures precise handling of transactions that exceed the loan limit threshold, facilitating compliance and strategic lending alignment
- Clearer trending tracking to enable timely responses to Lenders

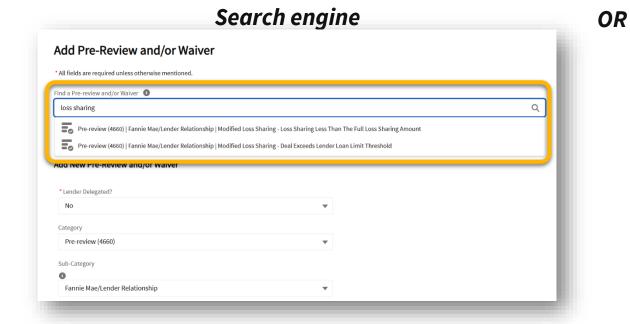
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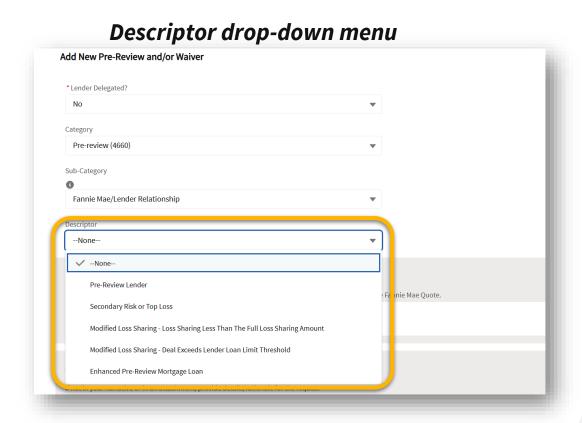




Pre-Review Reason | DUS Gateway Enhancements

Lenders can select the new Pre-Review reasons in "Add New Pre-Review and/or Waiver" in DUS Gateway by either typing key words in the search engine or selecting from the descriptor drop-down menu.







Additional Documentation at Deal Submission

Lenders are required to provide comprehensive documentation for more up-front information for decision-making and compliance with regulatory standards for certain Pre-Review reasons. This happens in conjunction with submitting other information, such as a preliminary loan-sizing spreadsheet and narrative description.

Pre-Review Category	Required Submission	
Credit Facility	Include an aggregate summary of the overall transaction, and loan-sizing spreadsheet roll-up of all Properties.	
Crowdfunding Equity	 Borrower's organizational documents. Your review per Part I, Chapter 3: Borrower, Guarantors, Key Principals, and Principals: Section 302: Borrower Organizational Structure. 	
Delaware Statutory Trust (DST)	 Borrower's organizational documents. Your review per Part I, Chapter 3: Borrower, Guarantors, Key Principals, and Principals: Section 302: Borrower Organizational Structure. 	
Forward Commitment	Your preliminary analysis of the construction and/or rehabilitation and feasibility review per Part III, Chapter 20: Forward Commitment.	

Pre-Review Category	Required Submission
Near Stabilized Property	Your analysis of the Property's monthly historical and projected lease-up schedule, including:
	 unit move-ins and move-outs since leasing inception;
	 projected move-ins and move-outs through the stabilized period and beyond;
	physical occupancy;
	bad debt; and
	 concessions, incentives, discounts, and allowances for all
	 new move-ins, and
	o lease renewals.
Preferred Equity	Preferred Equity Checklist (Form 6441).
	Borrower's organizational documents.
	 Your review per Part I, Chapter 3: Borrower, Guarantors, Key Principals and Principals.



See Multifamily Selling and Servicing Guide for the list of required documents for each transaction.

Due Diligence & Resubmission

For Non-Enhanced Pre-Review Mortgage Loans

✓ Deal Submission

Due Diligence & Resubmission

Enhanced Pre-Review





Additional Documentation at Resubmission

Lenders are required to provide comprehensive documentation for decision-making and compliance at least 10 Business Days before Rate Lock for select Pre-Review reasons.

	Pre-Review Resubmission Requirements	
Co-Living	Any non-Student Housing Mortgage Loan Property where the individual units are leased by the bedroom (whether or not leased "jointly and severally"), and the tenants of each unit share common space (e.g., kitchen, living rooms). These properties typically include expanded property management functions, such as a roommate matching platform, housekeeping services (e.g., periodic cleaning and/or supplying household sundries), and/or concierge services, and may provide some furnishings.	
Commercial Space or Income	Any Mortgage Loan where the Property's leased commercial: • space equals more than 35% of the total space; • income, after applying a 10% vacancy rate, equals more than 35% of EGI (regardless of whether all of the commercial income is included in the Underwritten NCF); or • income is derived from the sale of cannabis and cannabis-based products, excluding any hemp-based products, regardless of the amount of income earned of if the sale of cannabis is legal in the Property's state.	
Ground Lease	Any Mortgage Loan where the Borrower owns only a Leasehold estate in the Property, and the original Ground Lease began in 2010 or later.	Transaction Approval Memo Final loan-sizing spreadsheet Ground Lease Review Checklist (Form 6479)



See Form 4660 for the list of required documents for each transaction.

Enhanced Pre-Review



✓ Due Diligence & Resubmission

Enhanced Pre-Review



Additional Documentation for Enhanced Pre-Review Mortgage Loans

Lenders are required to resubmit full due diligence documentation as described in Form 4660 for Enhanced Pre-Review Mortgage Loans at least 15 Business Days before Rate Lock.

B. Enhanced Pre-Review Mortgage Loan

For any Enhanced Pre-Review Mortgage Loan, at least 15 Business Days before Rate Lock, you must resubmit the Mortgage Loan for final Fannie Mae Pre-Review approval, along with:

- your Transaction Approval Memo;
- final loan-sizing spreadsheet;
- Appraisal;
- MBA Standard Inspection Form;
- Property Condition Assessment (PCA), including the Pre-Site Visit Questionnaire, if available;
- your lease audit review with source documentation per Part II, Chapter 4, Section 401: Lease Audit;
- certified Property rent roll;
- copies of all Property commercial leases;
- current Property real estate tax bill;
- Property operating statements for
 - · trailing 12-months, and
 - · prior 3 years, when available;

- the Borrower's budget for the Property,
- monthly NRI analysis confirming trailing 12-month rental collections;
- for an Acquisition, the complete Purchase and Sale Agreement, including any related side agreements;
- your capital items replacement review with source documentation per Part II, Chapter 4, Section 402.02: Capital Items Replacement;
- for all parties relevant to the Mortgage Loan, your analysis and all source documentation per Part I,
 Chapter 3: Borrower, Guarantors, Key Principals and Principals, including:
 - ACheck verification;
 - signed and certified Multifamily Underwriting Certificate(s) (Form 6460);
 - · Borrower's organizational documents and review;
 - financial statements, including contingent liabilities;
 - Schedule of Real Estate Owned (SREO);
 - · summary of your internet search analysis and findings;
 - · credit report for a Limited Experience Owner; and
 - for any Limited Experience Owner, your analysis (with all required source documentation) per Part I, Chapter 3, Section 304: Limited Experienced Owner; and
- any additional information requested by Fannie Mae.



See Form 4660 for the list of required documents for Enhanced Pre-Review Mortgage Loans.



New Enhanced Pre-Review Team

Fannie Mae's newly dedicated team of expert Credit Underwriting staff will expedite specific underwriting submissions for transactions in order to complete the reviews in a timely manner.

Enhanced Pre-Review Team Pre-10/01/25 Post 10/01/25 Benefits What you need to do Provide additional documents / information Additional review No dedicated team to New **Pre-Review team** via DUS Gateway if review loans that are dedicated to review **cycle** of dedicated requested from new Precategorized as Enhanced **loans** that are categorized team Review team as Enhanced Pre-Review Increased risk Pre-Review Mortgage Resubmit with additional mitigation Loan Mortgage Loan documentations at least 15 business days before Rate Lock

Wrap-Up & Q&A

What is changing for Pre-Review and associated benefits?

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Resources and what's next...

Additional Resources

You can find more details about the changes in other documents, such as the Multifamily Selling and Servicing Guide and Multifamily Underwriting Standards; Form 4600.

Next steps

Review additional resources (once available) before October 1st.





Final questions?

Fannie Mae