



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 Gembara
Multifamily Underwriting,
VP



Vijay Srinivas
Multifamily 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.

Changes

Deal Submission

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

Additional documentation at preliminary submission based on Guide



Benefits

- **Consistent documentation** for higher risk and complex loans
- 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

We will discuss the changes in greater detail throughout the training.





Deal Submission



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-Review reason for off-grid Modified Loss Sharing (MLS)
03	NEW: Modified Loss Sharing – Deal Exceeds Lender Loan Limit Threshold	

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

<i>Pre-10/01/25</i>	<i>Post 10/01/25</i>	<i>Benefits</i>	<i>What you need to do</i>
<p>No category to tag transactions with heightened fraud risk</p>	<ul style="list-style-type: none">Category to tag high risk transactions to ensure necessary reviews and due diligence of Lender documentation before Rate LockApplies to transactions with at least two high risk indicators, leading to more informed and reliable lending decisions	<ul style="list-style-type: none">Improves fraud detection by identifying high risk transactions early, reducing potential losses and enhancing portfolio securityEnsures thorough documentation review before Rate Lock, leading to more informed and reliable lending decisions	<ul style="list-style-type: none">Select this category for your transaction if it has heightened fraud riskExpect 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
NBFI³ Lender B	\$240	\$320	\$480	\$480 ²

All numbers are illustrative.

¹Based on 33% full loss sharing per Pari Passu

²Loss Sharing Decision Required

³Non-Bank Financial Institution

POST 10/01/25

Proposed Loan Limits

Removal of the 75%, 50%, and 25% loss sharing levels (absolute 25%, 16%, and 8%)

DUS Lender (\$M)	Absolute LS: 33%
Bank Lender A	\$300
Non-Bank Lender B	\$240

All deals will target full loss sharing with 25% absolute loss sharing (FKA 75% MLS) allowed on an exception basis.

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



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



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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	Must select reason for the requested MLS transaction adjustment



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.

Search engine

Add Pre-Review and/or Waiver

* All fields are required unless otherwise mentioned.

Find a Pre-review and/or Waiver ⓘ

loss sharing

- Pre-review (4660) | Fannie Mae/Lender Relationship | Modified Loss Sharing - Loss Sharing Less Than The Full Loss Sharing Amount
- Pre-review (4660) | Fannie Mae/Lender Relationship | Modified Loss Sharing - Deal Exceeds Lender Loan Limit Threshold

Add New Pre-Review and/or Waiver

* Lender Delegated?

No

Category

Pre-review (4660)

Sub-Category

Fannie Mae/Lender Relationship

OR

Descriptor drop-down menu

Add New Pre-Review and/or Waiver

* Lender Delegated?

No

Category

Pre-review (4660)

Sub-Category

Fannie Mae/Lender Relationship

Descriptor

--None--

✓ --None--

Pre-Review Lender

Secondary Risk or Top Loss

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

Modified Loss Sharing - Deal Exceeds Lender Loan Limit Threshold

Enhanced Pre-Review Mortgage Loan



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 <ul style="list-style-type: none"> summary of the overall transaction, and loan-sizing spreadsheet roll-up of all Properties.
Crowdfunding Equity	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> new move-ins, and lease renewals.
Preferred Equity	<ul style="list-style-type: none"> 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



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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.

Market and Property Attributes		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: <ul style="list-style-type: none"> 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 or if the sale of cannabis is legal in the Property's state. 	
Ground Lease	Any Mortgage Loan where <ul style="list-style-type: none"> the Borrower owns only a Leasehold estate in the Property, and the original Ground Lease began in 2010 or later. 	<ul style="list-style-type: none"> 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



✓ Deal Submission

✓ Due Diligence & Resubmission

Enhanced Pre-Review



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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			
<i>Pre-10/01/25</i>	<i>Post 10/01/25</i>	<i>Benefits</i>	<i>What you need to do</i>
No dedicated team to review loans that are categorized as Enhanced Pre-Review Mortgage Loan	New Pre-Review team dedicated to review loans that are categorized as Enhanced Pre-Review Mortgage Loan	<ul style="list-style-type: none">• Additional review cycle of dedicated team• Increased risk mitigation	<ul style="list-style-type: none">• Provide additional documents / information via DUS Gateway if requested from new Pre-Review team• Resubmit with additional documentations at least 15 business days before Rate Lock





Wrap-Up & Q&A

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.



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.





Points of Contact

DUS Gateway Support

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Kelly Ormsby; Multifamily Underwriting, VP

Vijay Srinivas; Multifamily Risk Management, VP



Final questions?



