



## Multifamily Mortgage Business Lender Letter 16-15

**Date:** October 25, 2016

**To:** Fannie Mae Multifamily Lenders

**From:** Brad Lefkowitz, Associate General Counsel

**Subject:** SPE/Separateness and Cash Management for certain Mortgage Loans

### Highlights

Fannie Mae announces new SPE/Separateness and Cash Management requirements for certain Pre-Review Mortgage Loans of \$100 million or more and 70% LTV or greater, together with associated new Fannie Mae Multifamily Mortgage Business 6000 Series Form Loan Documents for easy implementation.

### Summary

As discussed in the Chief Underwriters Subcommittee and Originators Subcommittee meetings earlier this year, and in order to improve consistency and transparency across the DUS platform, Borrower ownership structures for conventional Mortgage Loans that are (i) \$100 million or more, and (ii) 70% LTV or greater, may be required to conform to Structured Transactions single-purpose entity (SPE) and separateness requirements. Additionally, on a case-by-case basis, a cash management agreement may be required to be in place (but typically not activated or triggered) at the Mortgage Loan Origination Date. These additional provisions, if required, will be included in the Fannie Mae Response Letter so that Borrowers and Lenders are aware early in the underwriting process.

To help facilitate efficient inclusion of these provisions into the Loan Documents for an applicable transaction, Modifications to Multifamily Loan and Security Agreement (SPE Recourse) (Form 6254) and Modifications to Multifamily Loan and Security Agreement (Cash Management) (Form 6256) have been developed, and are available on [FannieMae.com](http://FannieMae.com). Importantly, due to the prevalence of the SPE borrower ownership structure in the market and the desire of Borrowers to manage full recourse exposure, Form 6254 may be used for any transaction in which the Borrower satisfies the conditions for use included in the form, which permits loss-based recourse for most of the SPE/separateness covenants.

### Effective Date

This Lender Letter is effective immediately.

### Contact Us

If you have questions regarding this Lender Letter or the Loan Documents, please contact your Deal Team or Brad Lefkowitz at (202) 752-2021 or [bradley\\_lefkowitz@fanniemae.com](mailto:bradley_lefkowitz@fanniemae.com).