



Multifamily Mortgage Business Lender Letter 19-07

July 1, 2019

To: Fannie Mae Multifamily Lenders

From: Te-Mika Warner, Associate General Counsel

Subject: Loan Document Updates

Highlights

Fannie Mae is announcing updates to the loan documents and a new set of Seniors Housing loan documents which may be used immediately and must be used in connection with all loans committed on and after August 19, 2019.

New Seniors Housing Loan Documents

After a year of piloted use on an official unpublished basis, we are publishing a new set of Seniors Housing form loan documents to replace the existing Seniors Housing documents. The new Seniors Housing documents create a framework for execution that is determined by the status of the property operator as either affiliated or unaffiliated with the borrower. In connection with this new framework, the Subordination, Assignment, and Security Agreement for the Seniors Housing documents is being retired for new Mortgage Loans, however it will remain available for use for Assumptions on documents preceding this new framework. Finally, we are also publishing skilled nursing forms for use with the new Seniors Housing documents for loans that have been approved by Fannie Mae for skilled nursing. See [Exhibit A](#) for details.

Revised Loan Documents

We have enhanced and updated our existing forms to streamline process and to address issues raised since the last publication. Below is a summary of some of the key changes to the loan documents. See [Exhibit B](#) for details.

- **Restoration** – Restoration provisions have been added to the Loan Agreement, which eliminate the need to amend the Loan Agreement at the time of a casualty loss with the Amendment to Multifamily Loan and Security Agreement (Restoration Reserve) (6615).
- **Ownership Interests** – A new Schedule 8 requires a schedule of ownership interests as of the closing date to be attached to the Loan Agreement.
- **Streamlined Rate Lock Agreement** – This form has been streamlined to remove alternative calculations from the text to drafting notes so that borrowers receive only the terms that are relevant to their transaction.
- **Division** – The Loan Agreement prohibits unauthorized transfers and has been clarified to expressly prohibit the Division of a borrower entity in light of state law updates, while including conditions for consent to the Division of a guarantor or key principal.
- **Manufactured Housing Opinion** – Based on your feedback, we have revised the Manufactured Housing opinion letter to delete the requirement that borrower's counsel provide opinions as to the property's zoning and the governing law for ad valorem taxes.



Suspended Loan Documents

Due to infrequent use, we have elected to remove the loan documents set forth on [Exhibit C](#) from Fanniemae.com. Contact your Deal Team if you need to utilize these loan documents.

Effective Date

The loan documents announced in this Lender Letter may be used immediately and must be used in connection with all loans committed on and after August 19, 2019.

Contact Us

If you have questions regarding this Lender Letter or the loan documents, please contact your Deal Team or Te-Mika Warner at (202) 752-7367 or te-mika_warner@fanniemae.com.



EXHIBIT A: NEW FRAMEWORK FOR SENIORS HOUSING 6000 SERIES FORM LOAN DOCUMENTS

In connection with the retirement of the Subordination, Assignment, and Security Agreement (Borrower and Property Operator) (Seniors Housing) (6446.SRS) ("SASA") for new Mortgage Loans, the following documents have been created or revised to incorporate certain elements from the SASA and a joinder for affiliated property operators. They have also been modified to reflect revised definitions. The following documents also include previously unpublished skilled nursing forms for use with the new Seniors Housing documents for loans that have been approved for skilled nursing. The blacklines of the skilled nursing forms are against the standard Seniors Housing version of the form. These Fannie Mae Multifamily Mortgage Business 6000 series form loan documents are now available on [the Multifamily Loan Documents](#) page on FannieMae.com.

NEW Documents:

6483.SRS	Subordination, Non-Disturbance and Attornment Agreement and Assignment of Leases and Rents (Operating Lease) (Seniors Housing)
6484.SRS	Assignment of Management Agreement (Seniors Housing)
6485.SRS	Collateral Assignment of Contracts (Seniors Housing)
6486.SRS	Collateral Assignment of Licenses (Seniors Housing)
6487.SRS	Seniors Checklist (Seniors Housing)
6102.15.SRS	Modifications to Multifamily Loan and Security Agreement -- Schedule 2 Addenda -- Summary of Loan Terms (Seniors Housing – Entrance Fees)
6102.16.SRS.SN	Modifications to Multifamily Loan and Security Agreement -- Schedule 2 Addenda -- Summary of Loan Terms (Seniors Housing – Skilled Nursing)
6102.21.SRS.SN	Modifications to Multifamily Loan and Security Agreement -- Schedule 2 Addenda -- Summary of Loan Terms (Government Receivables Transition Reserve)
6224.SRS	Modifications to Multifamily Loan and Security Agreement (Seniors Housing – Entrance Fees)
6230.SRS.SN	Modifications to Multifamily Loan and Security Agreement (Seniors Housing – Skilled Nursing)

REVISED Documents:

Loan Agreement and Schedules: The Loan Agreement for Seniors has been revised to incorporate certain elements of the SASA and a joinder for affiliated operators.

6001.NR.SRS	Multifamily Loan and Security Agreement (Non-Recourse) (Seniors Housing)	Blackline
6101.FR.SRS	Schedule 1 to Multifamily Loan and Security Agreement – Definitions Schedule (Interest Rate Type – Fixed Rate) (Seniors Housing)	Blackline
6101.ARM.SRS	Schedule 1 to Multifamily Loan and Security Agreement – Definitions Schedule (Interest Rate Type – ARM) (Seniors Housing)	Blackline
6101.SARM.SRS	Schedule 1 to Multifamily Loan and Security Agreement – Definitions Schedule (Interest Rate Type – SARM) (Seniors Housing)	Blackline
6102.FR.SRS	Schedule 2 to Multifamily Loan and Security Agreement – Summary of Loan Terms (Interest Rate Type – Fixed Rate) (Seniors Housing)	Blackline
6102.ARM.SRS	Schedule 2 to Multifamily Loan and Security Agreement – Summary of Loan Terms (Interest Rate Type – ARM) (Seniors Housing)	Blackline
6102.SARM.SRS	Schedule 2 to Multifamily Loan and Security Agreement – Summary of Loan Terms (Interest Rate Type – SARM) (Seniors Housing)	Blackline



Loan Agreement Modifications:

6237.SRS	Modifications to Multifamily Loan and Security Agreement (Seniors Housing - Medicaid Transition Reserve)	Blackline
6237.SRS.SN	Modifications to Multifamily Loan and Security Agreement (Seniors Housing - Government Receivables Transition Reserve)	Blackline
6239.SRS	Modifications to Multifamily Loan and Security Agreement (Post-Closing License Transfer)	Blackline

Security Instrument Modifications: The .AFF versions of this modification have been created for affiliated operators and include a joinder for execution by an affiliated operator.

6310.SRS	Modifications to Multifamily Security Instrument (Seniors Housing)	Blackline
6310.SRS.AFF	Modifications to Multifamily Security Instrument (Seniors Housing)	Blackline
6310.SRS.SN	Modifications to Multifamily Security Instrument (Seniors Housing - Skilled Nursing)	Blackline
6310.SRS.SN.AFF	Modifications to Multifamily Security Instrument (Seniors Housing - Skilled Nursing)	Blackline

Miscellaneous Documents:

6447.SRS	Government Receivables Depository Agreement (Seniors Housing)	Blackline
6447.SRS.SN	Government Receivables Depository Agreement (Seniors Housing - Skilled Nursing)	Blackline
6449.SRS. Property Operator	Schedule A to UCC Financing Statement (Property Operator) (Seniors Housing)	Blackline
6450.SRS	Opinion of Borrower's Counsel on Origination of Mortgage Loan (Seniors Housing)	Blackline
6470.SRS	Operating Lease Estoppel Certificate (Seniors Housing)	Blackline
6471.SRS	Government Receivables Collection Account Agreement (Seniors Housing)	Blackline
6471.SRS.SN	Government Receivables Collection Account Agreement (Seniors Housing - Skilled Nursing)	Blackline

Asset Management Documents:

6630.SRS	Amendment to the Multifamily Loan and Security Agreement (Medicaid Transition Reserve)	Blackline
6630.SRS.SN	Amendment to the Multifamily Loan and Security Agreement (Government Receivables Transition Reserve)	Blackline
6631.SRS	Amendment to the Multifamily Loan and Security Agreement (Post-Closing License Transfer)	Blackline



EXHIBIT B: REVISED MULTIFAMILY MORTGAGE BUSINESS 6000 SERIES FORM LOAN DOCUMENTS

The following loan documents have been revised to reflect our review of issues raised since the last publication, including enhancements, state law developments, and Guide updates. Initial lines were also removed from each schedule and exhibit and replaced with a single initial line on the list of schedules and exhibits attached to the Loan Agreement. The revised loan documents are intended to enhance transactional efficiency and reduce the need for Fannie Mae's review. Additional revisions to the loan documents are largely ministerial (e.g., Fannie Mae address changes), conforming, or corrective. Please refer to the blacklined versions for complete details. The revised loan documents are available on the [Multifamily Loan Documents](#) page on FannieMae.com.

Notable loan document changes include the following revisions.

- Loan Agreements (6001 series)
 - Article 13 was revised to incorporate the concept of Restoration following an event of loss at the property in a manner consistent with Repairs and Replacements. Lenders will be required to set forth the deal terms for Restoration in the Definitions Schedules as described below.
 - Section 4.01 was revised to require a representation and warranty from the borrower that borrower's organizational documents prohibit a Division of the borrower entity (and affiliated master lessee in master lease forms), and that borrower has not and has no plans to divide during the loan term. Section 4.02(d) also has a new corresponding covenant to this effect. New section 11.02(b)(6) was added, which provides conditions for the lender to consent to a Division by a guarantor or key principal entity, along with a \$25,000 review fee for such requests.
 - Section 4.01(a) was revised to require borrowers to represent and warrant that an accurate schedule of ownership interests is attached to the Loan Agreement (as new Schedule 8), and that true and correct organizational documents of borrower, guarantor, and key principal have been provided to lender at or prior to closing.
 - Section 3.02(a) was revised to provide for personal liability for an involuntary bankruptcy event with consent or participation of borrower affiliates, and also to provide full personal liability to borrower for an unpermitted Division.
 - Section 7.02(a) was revised to clarify that Short-Term Rentals as defined in the Definitions Schedule are not permitted without lender's written approval.
 - Section 9.03(b) was revised to increase the casualty loss estimate threshold from \$50,000 to \$75,000 as revised in the Guide.
 - Section 14.01(a) was revised to delete Key Principals from the list of those whose provision of false or inaccurate representations, warrants or statements in the loan documents is an automatic event of default; fraud and material misrepresentations by Key Principals continue to be an automatic event of default.
 - The Table of Schedules and Exhibits was moved from behind the Table of Contents to immediately preceding the schedules and exhibits and a single signature block for the borrower was added.
- Definitions Schedules (6101 series)
 - The definition of Material Commercial Lease was revised to (a) align with the Guide to delete leases of mineral rights or cell towers and (b) include multiple leases with the same tenant entity that in aggregate comprise 5% of gross income.
 - A definition of Division was added, and Division was expressly added to the definition of Transfer.
 - The definitions of Bankruptcy Event and Guarantor Bankruptcy Event were revised for consistency with the revisions to Section 3.02(a) of the Loan Agreements (6001 series) described above relating to personal liability for an involuntary bankruptcy event with consent or participation of borrower affiliates.
 - Definitions for reserve account and disbursements for Restoration were added in conjunction with the revisions to Article 13 of the Loan Agreements (6001 series) described above.
 - Definitions for Short-Term Rental and Short-Term Rental Platform Provider were added to align with Lender Letter 17-24.



- Condo Modification to the Loan Agreement (6202)
 - A provision was added that the borrower in a fractured condo can terminate condo regime if the borrower acquires all of the condo units, provided specified conditions are met.
- Cross Default Modification to the Loan Agreement (6203)
 - Drafting notes were clarified that future release language should only be included if a future release is contemplated in Fannie Mae's deal approval.
 - Release conditions were revised to include amortizing DSCR and LTV tests as determined by Fannie Mae at the time of the loan.
- HAP Modification to the Loan Agreement (6216)
 - A covenant was added that borrower will exercise any of its rights to renew or extend the term of an expiring HAP contract, which was previously a requirement of the Guide.
- California Security Instrument (6025.CA)
 - A new cover page was added in compliance with state law regarding fees under the Building Homes and Jobs Act.
- Master Lease Review Checklist (6480)
 - The Master Lease Review Checklist was revised to delete items related exclusively to Senior Housing Loans; a new Senior Housing Checklist is being published as Form 6487.SRS.
- Condominium Subordination (6304)
 - Drafting note was added to delete modification to security instrument regarding subordination of the condominium documents in a commercial condo where the borrower does not control the condominium association.
- Streamlined Rate Lock Agreement (6430)
 - Language relating to alternative calculations was removed from the text to drafting notes so that borrowers receive only the terms that are relevant to their transaction. No substantive changes were made.
- Opinion of Borrower's Counsel (6401)
 - A statement that the borrower's organizational documents prohibit a plan of Division was added to the legal opinion.
- Opinion of Borrower's Counsel - Manufactured Housing (6435)
 - The zoning opinion and the opinion that the laws of the jurisdiction govern the ad valorem taxation of the Mortgaged Property were deleted.



EXHIBIT B: REVISED MULTIFAMILY MORTGAGE BUSINESS 6000 SERIES FORM LOAN DOCUMENTS

(continued)

Loan Documentation Requirements:

6000	Loan Documentation Requirements	Blackline
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Core Loan Documents:

6001.NR	Multifamily Loan and Security Agreement (Non-Recourse)	Blackline
6001.NR.ML	Multifamily Loan and Security Agreement (Non-Recourse) (Master Lease)	Blackline
6001.R	Multifamily Loan and Security Agreement (Recourse)	Blackline
6015	Guaranty of Non-Recourse Obligations	Blackline
6015.PE	Guaranty of Non-Recourse Obligations (Preferred Equity Transaction)	Blackline
6015.PEG	Guaranty of Non-Recourse Obligations (Preferred Equity Guarantor)	Blackline
6018	Completion Guaranty	Blackline
6020	Guaranty (Payment)	Blackline

Loan Agreement Schedules:

6101.ARM	Schedule 1 to Multifamily Loan and Security Agreement -- Definitions Schedule (Interest Rate Type -- ARM)	Blackline
6101.ARM.ML	Schedule 1 to Multifamily Loan and Security Agreement -- Definitions Schedule (Interest Rate Type -- ARM) (Master Lease)	Blackline
6101.FR	Schedule 1 to Multifamily Loan and Security Agreement -- Definitions Schedule (Interest Rate Type -- Fixed Rate)	Blackline
6101.FR.ML	Schedule 1 to Multifamily Loan and Security Agreement -- Definitions Schedule (Interest Rate Type -- Fixed Rate) (Master Lease)	Blackline
6101.HYARM	Schedule 1 to Multifamily Loan and Security Agreement -- Definitions Schedule (Interest Rate Type -- HYARM)	Blackline
6101.SARM	Schedule 1 to Multifamily Loan and Security Agreement -- Definitions Schedule (Interest Rate Type -- SARM)	Blackline
6101.SARM.ML	Schedule 1 to Multifamily Loan and Security Agreement -- Definitions Schedule (Interest Rate Type -- SARM) (Master Lease)	Blackline



Loan Agreement Modifications:

6202	Modifications to Multifamily Loan and Security Agreement (Condominium Provisions)	Blackline
6203	Modifications to Multifamily Loan and Security Agreement (Cross-Default and Cross-Collateralization: Multi-Note)	Blackline
6204	Modifications to Multifamily Loan and Security Agreement (Cross-Collateralization: Single Note)	Blackline
6208	Modifications to Multifamily Loan and Security Agreement (Manufactured Housing Community)	Blackline
6211	Modifications to Multifamily Loan and Security Agreement (Supplemental Lien -- Senior Loan Terms)	Blackline
6212	Modifications to Multifamily Loan and Security Agreement (First Lien -- Permitted Subordinate Debt with Cross Default)	Blackline
6216	Modifications to Multifamily Loan and Security Agreement (Section 8 HAP Contract)	Blackline
6217	Modifications to Multifamily Loan and Security Agreement (Single Asset Entity Waiver -- Additional Assets Permitted)	Blackline
6218	Modifications to Multifamily Loan and Security Agreement (Single Asset Entity Waiver)	Blackline
6221	Modifications to Multifamily Loan and Security Agreement (Replacement Reserve -- Alternative Funding)	Blackline
6236	Modifications to Loan and Security Agreement (Preferred Equity Transaction)	Blackline
6254	Modifications to Multifamily Loan and Security Agreement (SPE Recourse)	Blackline

**Security Instruments:**

6025.AZ	Multifamily Security Instrument (Arizona Deed of Trust)	Blackline
6025.CA	Multifamily Security Instrument (California Deed of Trust)	Blackline
6025.IA	Multifamily Security Instrument (Iowa Mortgage)	Blackline
6025.MD	Multifamily Security Instrument (Maryland Deed of Trust)	Blackline
6025.SC	Multifamily Security Instrument (South Carolina Mortgage)	Blackline
6025.TX	Multifamily Security Instrument (Texas Deed of Trust)	Blackline

Security Instrument Modifications:

6304	Modifications to Multifamily Security Instrument (Condominium Subordination)	Blackline
6307	Modifications to Multifamily Security Instrument (Manufactured Housing Community)	Blackline

Miscellaneous Documents:

6401	Opinion of Borrower's Counsel on Origination of Mortgage Loan [with Enforceability Opinion]	Blackline
6414	Subordination Agreement (Conventional)	Blackline
6430	Streamlined Rate Lock Agreement	Blackline
6435	Opinion of Borrower's Counsel on Origination of Manufactured Housing Community Mortgage Loan [with Enforceability Opinion]	Blackline
6444	Form of Opinion of Counsel to Issuer of Rate Cap Agreement	Blackline
6456	Subordination Agreement (Affordable)	Blackline
6476	Agreement to Submit to United States Jurisdiction	Blackline
6480	Master Lease Review Checklist	Blackline

Delivery Documents:

6502	Multifamily Mortgage Loan Delivery Package Table of Contents	Blackline
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Asset Management Documents:

6618	Opinion of Borrower's Counsel on Defeasance of Mortgage Loan [with Enforceability Opinion]	Blackline
6627	Assumption and Release Agreement (Full Property and Loan Assumption) (4000 Series Loan Documents)	Blackline
6628	Assumption and Release Agreement (Key Principal Transfer) (4000 Series Loan Documents)	Blackline



EXHIBIT C: SUSPENDED MULTIFAMILY MORTGAGE BUSINESS 6000 SERIES FORM LOAN DOCUMENTS

	Form
6001.NR.IDOT	Multifamily Loan and Security Agreement (Non-Recourse) (Maryland IDOT)
6010.IDOT	Multifamily Note (Maryland IDOT)
6015.IDOT	Guaranty of Non-Recourse Obligations (Maryland IDOT)
6020.IDOT	IDOT Guaranty (Maryland IDOT)
6025.MD.IDOT	Multifamily Security Instrument (Maryland Indemnity Deed of Trust)
6085.IDOT	Environmental Indemnity Agreement (Maryland IDOT)
6101.FR.IDOT	Schedule 1 to Multifamily Loan and Security Agreement -- Definitions Schedule (Interest Rate Type -- Fixed Rate) (Maryland IDOT)
6101.ARM.IDOT	Schedule 1 to Multifamily Loan and Security Agreement -- Definitions Schedule (Interest Rate Type -- ARM) (Maryland IDOT)
6101.SARM.IDOT	Schedule 1 to Multifamily Loan and Security Agreement -- Definitions Schedule (Interest Rate Type -- SARM) (Maryland IDOT)
6102.FR.IDOT	Schedule 2 to Multifamily Loan and Security Agreement -- Summary of Loan Terms (Interest Rate Type -- Fixed Rate) (Maryland IDOT)
6102.ARM.IDOT	Schedule 2 to Multifamily Loan and Security Agreement -- Summary of Loan Terms (Interest Rate Type -- ARM) (Maryland IDOT)
6102.SARM.IDOT	Schedule 2 to Multifamily Loan and Security Agreement -- Summary of Loan Terms (Interest Rate Type -- SARM) (Maryland IDOT)
6220.IDOT	Modifications to Multifamily Loan and Security Agreement (Replacement Reserve -- Partially or Fully Waived) (Maryland IDOT)
6221.IDOT	Modifications to Multifamily Loan and Security Agreement (Replacement Reserve -- Alternate Funding) (Maryland IDOT)
6402.IDOT	Assignment of Collateral Agreements and Other Loan Documents (Maryland IDOT)
6405.IDOT	Assignment of Management Agreement (Maryland IDOT)
6451.IDOT	Opinion of Borrower's Counsel on Origination of Maryland Indemnity Deed of Trust Loan [with Enforceability Opinion] (Maryland IDOT)
6452.IDOT	Schedule A to UCC Financing Statement (Maryland IDOT)
6460.IDOT.Borrower	Multifamily Underwriting Certificate (IDOT Borrower) (Maryland IDOT)
6460.IDOT.Guarantor	Multifamily Underwriting Certificate (IDOT Guarantor) (Maryland IDOT)
6620.IDOT	Annual Loan Agreement Certification (Borrower and IDOT Guarantor) (Maryland IDOT)