Multifamily Selling and Servicing Guide

Effective as of April 5, 2024

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414.12 Disbursements

414.12A Prerequisites for Disbursement of Funds

Before disbursing funds, including the final disbursement, to the Borrower for each disbursement request, the Servicer must be satisfied that:

- all repair and restoration work has been completed in a good and workmanlike manner and in accordance with any applicable plans and specifications, as evidenced by submissions from the Borrower and, if applicable, by the Servicer's or a qualified professional's inspection of the completed work;

- all related invoices for items and services have been paid, unless the Borrower has satisfied any applicable pre-conditions of the Amendment to Multifamily Loan and Security Agreement (Restoration Reserve) (Form 6615) or Insurance Loss Proceeds Collateral Agreement (Form 6639) for issuance of a joint check made payable to the Borrower and the Person owed funds;

- the necessary release of Lien or Lien waivers have been submitted by all contractors, and no mechanics' Liens, materialmen's Liens, or other Liens are outstanding that have not been acceptably bonded over; and

- the Borrower is not in default under any Loan Document, including the Amendment to Multifamily Loan and Security Agreement (Restoration Reserve) (Form 6615) or Insurance Loss Proceeds Collateral Agreement (Form 6639).

414.12B Disbursing Funds

The Servicer must approve and disburse funds related to each Borrower request in accordance with the Loan Documents, including any applicable Amendment to Multifamily Loan and Security Agreement (Restoration Reserve) (Form 6615) or Insurance Loss Proceeds Collateral Agreement (Form 6639). Funds must be disbursed no more frequently than once a month, unless:

- the Servicer determines that more frequent disbursements of funds are appropriate and can be managed effectively; or

- the disbursement is equal to or greater than $10,000, or is the final disbursement of proceeds.

414.12C   Content of Disbursement Request

Each of the Borrower's disbursement requests must be in writing and must specify, at a minimum:

- the specific repair and restoration work for which reimbursement is being sought;

- the quantity and price of all materials (grouped by type or category) or specific replacement items (e.g., appliances) purchased; and

- the cost of all contracted labor or other services.

The Borrower's disbursement requests must be accompanied by:

- a Borrower certification that the repair and restoration work was completed in a good and workmanlike manner, in accordance with any plans and specifications previously approved by the Servicer, and in compliance with all applicable laws, ordinances, rules, and regulations of any governmental authority, agency, or instrumentality having jurisdiction over the Property;

- if the invoice exceeds the lesser of $25,000 or 1% of the UPB:
  - a copy of the invoice detailing the covered materials, labor, or services;
  - payment evidence; and
  - a Lien release from each contractor, subcontractor, or materialman; and

- other relevant documentation required under the Loan Documents, including any applicable Amendment to Multifamily Loan and Security Agreement (Restoration Reserve) (Form 6615) or Insurance Loss Proceeds Collateral Agreement (Form 6639).

414.12D   Disbursement Amount

The amount of each disbursement (other than the final disbursement) may not exceed the lesser of:

(i) an amount equal to:

- the actual cost of the repair and restoration work covered by the disbursement request, or, if the work was done under a contract or subcontract pursuant to which other work remains to be done, an amount

equal to 90% of the actual cost of the repair and restoration work covered by the disbursement request (i.e., a 10% holdback is required if the work under the applicable contract or subcontract has not been completed in full); plus

- 100% of the cost of any materials used, or to be used, in connection with the repair and restoration work, if at the time of the disbursement request, title to the materials has passed to the Borrower and the materials have been installed, or are being properly stored, on the Property; or

(ii) an amount equal to the difference between:

- the balance of the Collateral Agreement Custodial Account at the time of the disbursement request; and

- the estimated cost of all remaining repair and restoration work at that time of the disbursement request.

414.12E   Final Disbursement; Notice to Fannie Mae

Upon satisfactory completion of all required repair and restoration work, and satisfaction of all other applicable conditions of the Loan Documents, including any applicable Amendment to Multifamily Loan and Security Agreement (Restoration Reserve) (Form 6615) or Insurance Loss Proceeds Collateral Agreement (Form 6639), the Servicer must:

- disburse all remaining funds to the Borrower; and

- submit through the MAMP a final Report of Multifamily Hazard Insurance Loss (Form 178) to indicate that all work was satisfactorily completed.

414.12F   Documentation in Servicing File

The Servicer must ensure that all actions taken with respect to each Borrower disbursement request are appropriately documented in its Servicing File.

Glossary

B

Borrower   Person who is the obligor per the Note.

Synonyms
• Borrowers
• Borrower's

C

Collateral Agreement   Agreement granting a security interest in Mortgage Loan collateral not covered by the Security Instrument.

Synonyms
• Collateral Agreements

Custodial Account   Accounts established by the Servicer for depositing P&I payments, T&I funds, Collateral Agreement deposits, and other similar funds.

Synonyms
• Custodial Accounts

L

Lien   Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind.

Synonyms
• Liens

Loan Documents   All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

Synonyms
• Loan Document
• Mortgage Loan Document
• Mortgage Loan Documents

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M

MAMP   Multifamily Asset Management Portal used to submit
- Property inspections,
- operating statements,
- requested modifications,
- asset management reports, and
- data corrections for loan or property attributes.

Synonyms
- Multifamily Asset Management Portal
- MAMP's

P

Person   Legal person, including an
- individual,
- estate,
- trust,
- corporation,
- partnership,
- limited liability company,
- financial institution,
- joint venture,
- association, or
- other organization or entity (whether governmental or private).

Synonyms
- Persons
- Person's

Property   Multifamily residential real estate securing the Mortgage Loan, including the
- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

Synonyms
- Properties
- Property's

S

Security

MBS, PFP MBS, or REMIC.

Synonyms
• Securities

Servicer

Primary Person servicing the Mortgage Loan, including
• the originator,
• seller, or
• a third party.

Synonyms
• Servicers
• Servicer's

Servicing File

Your file for each Mortgage Loan serviced.

Synonyms
• Servicing Files

U

UPB

Unpaid Principal Balance

Synonyms
• UPBs