Fannie Mae®

Multifamily Selling and Servicing Guide

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Section 203 Good Faith Deposits

203.01 Borrower Deposit

☑ Requirements

Before entering into a Rate Lock, you must collect a Good Faith Deposit from the Borrower in the form of either cash or a letter of credit.

The Good Faith Deposit equals:

- the Minimum Good Faith Deposit per Part IV, Chapter 2: Rate Lock and Committing, Section 203.02: Minimum Good Faith Deposit; plus
- any additional deposit required by a Third Party MBS Investor; plus
- any other deposit you require.

203.02 Minimum Good Faith Deposit

☑ Requirements

Unless directed by Fannie Mae, you must determine the Minimum Good Faith Deposit as follows:

For a...	With a Rate Lock Period...	The Minimum Good Faith Deposit is...
Mortgage Loan with a Rate Lock amount of $9million or less	Less than or equal to 90 days	1% of the Rate Lock amount.
Mortgage Loan with a Rate Lock amount of more than $9million	Less than or equal to 90 days	2% of the Rate Lock amount.
Supplemental Mortgage Loan of any amount	Less than or equal to 90 days	2% of the Rate Lock amount.
Mortgage Loan or Supplemental Mortgage Loan of any amount	More than 90 days and less than or equal to 180 days	3% of the Rate Lock amount.

For a...	With a Rate Lock Period...	The Minimum Good Faith Deposit is...
Mortgage Loan of any amount	More than 180 days for a non-Forward Commitment	The greater of • 3% of the Rate Lock amount, or • the amount approved by the Fannie Mae Deal Team.
Credit Enhancement Mortgage Loan of any amount	Per the Credit Enhancement Commitment Letter	1% of the Rate Lock amount.
For a Forward Commitment	Per the confirmed Forward Commitment	Equal to the Minimum Good Faith Deposit charged for the permanent Mortgage Loan.

Guidance

If you accept a letter of credit for any portion of the Good Faith Deposit, you remain liable and responsible for all Breakage Fees.

You should:

- Ensure the letter of credit expiration date is at least 15 days after the
  - Rate Lock expiration date, or
  - Commitment expiration date.
- Extend the letter of credit expiration date after an extension of the
  - Rate Lock expiration date, or
  - Commitment expiration date.

203.03 Good Faith Deposit and Breakage Fees

Requirements

You must indemnify the Investor for all Breakage Fees.

Sale Type	Good Faith Deposit Control	The Breakage Fee equals...
Multifamily Trading Desk trades (MBS or cash)	You must hold the Minimum Good Faith Deposit.	The Minimum Good Faith Deposit per Part IV, Chapter 2: Rate Lock and Committing, Section 203.02: Minimum Good Faith Deposit.
Lender-Arranged Sales	You must comply with the Third Party MBS Trading Agreement.	The amount per the Rate Lock and Third Party MBS Trading Agreement.

Unless applied to Breakage Fees, you must refund the Good Faith Deposit to the Borrower

- no earlier than the Mortgage Loan Origination Date, and
- within a commercially reasonable time period after Fannie Mae purchases the Mortgage Loan, per Part IV, Chapter 5: Purchase.

Glossary

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's
Breakage Fee	Aggregated costs and damages owed to the Investor if you fail to Deliver the Mortgage Loan Delivery Package per the Guide. **Synonyms** • Breakage Fees

C

Commitment	Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan. **Synonyms** • Committed • Commitments
Control	Possessing, directly or indirectly, the power to direct or cause the management and operations of an entity (e.g., through the ownership of voting securities or other ownership interests, or by contract). **Synonyms** • Controlling • Controlled • Controls

Credit Enhancement Mortgage Loan	Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by • a Credit Enhancement Instrument, or • an MBS for Bonds. **Synonyms** • Credit Enhancement Mortgage Loans

F

Fannie Mae Deal Team	Team responsible for reviewing Pre-Review Mortgage Loans, waivers, etc. **Synonyms** • Deal Team
Forward Commitment	Commitment to purchase a permanent Mortgage Loan for a to-be constructed or rehabilitated Property. **Synonyms** • Forward Commitment's • Forward Commitments

G

Good Faith Deposit	Amount you collect from the Borrower when originating a Mortgage Loan per Part IV, Chapter 2: Rate Lock and Committing, Section 203: Good Faith Deposits. **Synonyms** • Good Faith Deposits
Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

I

Investor	MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan. **Synonyms** • Investors • Investor's

L

Lender	Person Fannie Mae approved to sell or service Mortgage Loans. **Synonyms** • Lenders • Lender's
Lender-Arranged Sale	MBS sold to the Lender and held on its balance sheet or delivered to a Third Party MBS Investor. **Synonyms** • Lender-Arranged Sales
Letter of Credit	Letter of Credit approved by Fannie Mae per Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit. **Synonyms** • Letters of Credit • Letter of Credit's • LOC • LOCs

M

MBS	Mortgage-Backed Security
MBS Investor	For MBS Mortgage Loans, either a Third Party MBS Investor for Lender-Arranged Sales, or the Multifamily Trading Desk.

Minimum Good Faith Deposit	Amount you are required to collect when originating a Mortgage Loan per Part IV, Chapter 2: Rate Lock and Committing, Section 203.02: Minimum Good Faith Deposit.
Mortgage Loan	Mortgage debt obligation evidenced, or when made will be evidenced, by • the Loan Documents, or • a mortgage debt obligation with a Fannie Mae credit enhancement. **Synonyms** • Mortgage Loans • Mortgage Loan's
Mortgage Loan Origination Date	Date you fund a Mortgage Loan to the Borrower. **Synonyms** • Mortgage Loan's Origination Date • Origination Date
Multifamily Trading Desk	Team that: • purchases and trades Cash Mortgage Loans and MBS Mortgage Loans for Fannie Mae's own account; and • can be contacted at (888) 889-1118.

R

Rate Lock	Agreement between you and the Investor containing the terms of the Lender-Arranged Sale or Multifamily Trading Desk trade of the Mortgage Loan and the MBS terms and conditions relating to the underlying MBS, if applicable, which may be documented via a recorded telephone conversation. **Synonyms** • Rate Locks

Rate Lock Period	Time from Rate Lock execution through the Settlement Date.

S

Supplemental Mortgage Loan	Mortgage Loan purchased by Fannie Mae that is subordinated to, and has a Mortgage Loan Origination Date after, the Senior Mortgage Loan that is also owned by Fannie Mae. **Synonyms** • Supplemental Mortgage Loans

T

Third Party MBS Investor	MBS Investor for an MBS Mortgage Loan that is not the Multifamily Trading Desk. **Synonyms** • Third Party MBS Investor's
Third Party MBS Trading Agreement	Arrangement between you and a Third Party MBS Investor to trade MBS per Part IV, Chapter 2: Rate Lock and Committing, Section 201.02: Trading Agreements.