Fannie Mae®

# Multifamily Selling and Servicing Guide

## Effective as of October 26, 2026

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# Part IV Committing and Delivery

# Chapter 1 Pricing, Fees, and Prepayment Premiums

## Section 101 Pricing

### Requirements

You must use the Pricing Memo to determine delegated pricing for Guaranty Fees, Servicing Fees, and other fees for the applicable product and features.

### Operating Procedures

For non-delegated pricing, submit your loan option requests in DUS Gateway.

## Section 102 Fees

### Requirements

You must charge Origination Fees, Servicing Fees, and other fees (such as Standby fees and large loan fees) per the Guide and the Pricing Memo. Fannie Mae will periodically review the reasonableness of your fees and may require you to adjust them.

## Section 103 Prepayment Premiums

### Requirements

You must not waive any Prepayment Premium unless

- the Portfolio Mortgage Loan will be refinanced as a Choice Refinance Loan, and
- you comply with Part III, Chapter 17: Choice Refinance Loans, Section 1702: Prepayment Premiums.

# Chapter 2 Rate Lock and Committing

## Section 201 Pre-Commitment

### 201.01 Borrower Commitment

#### Requirements

Before obtaining a Rate Lock or a Commitment, you must:

- receive all required approvals for Pre-Review Mortgage Loans, non-delegated pricing, and Loan Document modifications; and
- enter into a Borrower Commitment that:
  - requires a Good Faith Deposit to be collected per Part IV, Chapter 2: Rate Lock and Committing, Section 203: Good Faith Deposits;
  - includes an early enough Mortgage Loan Origination Date for you to meet the Delivery deadline;
  - describes the Prepayment Premium Option; and
  - if the Mortgage Loan is not originated, requires the Borrower to pay you for all liabilities, including an amount at least equal to your potential Breakage Fees under the Rate Lock.

### 201.02 Trading Agreements

#### Guidance

For MBS Mortgage Loans, you may

- sell the MBS to the Multifamily Trading Desk, or
- undertake a Lender-Arranged Sale.

#### Requirements

By entering into an MBS or cash trade with the Multifamily Trading Desk, you agree to comply with the Trading Practices per Part IV, Chapter 2: Rate Lock and Committing, Section 201.03: Trading Practices (your trading agreement with the Multifamily Trading Desk).

Before you trade with a Third Party MBS Investor, you must enter into a Third Party MBS Trading Agreement.

You may not act as an agent for a principal for any Rate Lock with the Multifamily Trading Desk or a Third Party MBS Investor.

## 201.03 Trading Practices

### Requirements

You agree Fannie Mae:

- may decline to provide pricing or to participate in any trade you request with the Multifamily Trading Desk;
- may close your trading account and your access to the Multifamily Trading Desk services at any time; and
- reserves the right to stop entering into Rate Locks at any time without prior notice (such as during periods of high market volatility), but will attempt to provide advance notice.

You must determine if there is a market for the MBS before seeking a quote from the Multifamily Trading Desk or Third Party MBS Investor for a non-standard Prepayment Premium or other structure.

### Operating Procedures

| Step | You must... |
|---|---|
| Before Rate Lock | |
| 1 | • Establish an asset counterparty account with the Multifamily Trading Desk and/or any Third Party MBS Investor. An asset counterparty account with the Multifamily Trading Desk must:<br>- name the people you authorize to transact business on your behalf; and<br>- include your address and wiring instructions.<br><br>• Notify the Multifamily Trading Desk of any changes to the authorized people or account information. |
| 2 | Provide the Minimum Required Trade Information (including any Additional Disclosure items) to all potential Investors by:<br><br>• completing the Multifamily Required Trade Information for Cash or MBS Mortgage Loans ( Form 4097 ) ;<br>• using the Multifamily Required Trade Information (Form 4097 Job Aid); and<br>• ensuring any information you provide to potential Investors matches what you deliverto Fannie Mae. |

| Step | You must... |
|---|---|
| 3 | Inform any Third Party MBS Investor that Fannie Mae will securitize the Mortgage Loan if the Delivered Mortgage Loan Amount is within the delivery tolerance per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance. |
| 4 | Ensure the Minimum Required Trade Information for MBS Mortgage Loans includes<br><br>• any Additional Disclosure per Part IV, Chapter 5: Purchase, Section 504.02: Additional Disclosure, and<br>• any specific disclosures per the Additional Disclosure Guidance (Form 4098). |
| 5 | Ensure, in the event of a conflict, the trade is controlled in this order of priority:<br><br>• Rate Lock;<br>• any applicable Third Party MBS Trading Agreement;<br>• all applicable provisions of PartIV; and<br>• the Lender Contract. |
| 6 | Comply with the Pricing Memo. |
| 7 | Collect the Good Faith Deposit from the Borrower. |
| 8 | Include the Minimum Required Trade Information in the Rate Lock confirmation. |
| After Rate Lock | |
| 9 | Within 1 Business Day after obtaining the Rate Lock, request a Commitment. |
| 10 | Before assigning any Rate Lock with the Multifamily Trading Desk, obtain Fannie Maes consent. |
| 11 | Include Additional Disclosure items when requesting an MBS Commitment. |
| 12 | • Before Delivery, inform the Investor of any changes in the Minimum Required Trade Information that occurred after Rate Lock.<br>• Ensure the Delivered Mortgage Loan Amount is within the delivery tolerance per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance. |

| Step | You must... |
|---|---|
| 13 | Promptly inform Multifamily Acquisitions of any MBS Investor delivery contract disputes, including any failed Deliveries. |

### Guidance

For MBS Mortgage Loans, after the Security is delivered to the Investor, contact the MBS Investor hotline at 1-800-BEST-MBS with all subsequent Investor inquiries.

## Section 202 Obtaining a Rate Lock

### 202.01 Rate Lock Period

#### Requirements

Your Rate Lock Period must be less than or equal to:

- 180 days for a fixed rate Mortgage Loan;
- 45 days for an ARM Loan or SARM Loan; or
- the period per the confirmed Forward Commitment.

#### Guidance

For a Choice Refinance Loan, you may obtain a Rate Lock up to 180 days before the Prepayment Premium Period End Date of the Portfolio Mortgage Loan.

If Fannie Mae consents to a Rate Lock Period greater than 180 days, the Multifamily Trading Desk will be the only permitted Investor.

#### Operating Procedures

After obtaining a Rate Lock, the Rate Lock expiration date can only be extended per Part IV, Chapter 2: Rate Lock and Committing, Section 204.03B: Rate Lock Extensions.

### 202.02 Rate Lock Amount

#### Requirements

The Rate Lock amount must:

- be based on a full underwriting of the Mortgage Loan per Parts I, II, and

the applicable products and features of Part III; and

- equal the final Mortgage Loan amount, subject only to the delivery tolerance per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance.

## 202.03 Locking the Rate

### Requirements

Before obtaining a Rate Lock, you must

- determine the Guaranty Fee and Servicing Fee, and
- comply with the Trading Practices per Part IV, Chapter 2: Rate Lock and Committing, Section 201.03: Trading Practices.

By engaging with the Multifamily Trading Desk for a Rate Lock, you agree

- to have all telephone conversations recorded, and
- that you are legally obligated to any Rate Lock made during these conversations.

When selling to the Multifamily Trading Desk or a Third Party MBS Investor, you must agree on the

- Pass-Through Rate,
- purchase price, and
- Delivery or purchase conditions.

### Operating Procedures

For each sale type, follow this process:

| Sale Type | Process |
|---|---|
| Lender Sale to Fannie Mae as MBS Investor | • Contact the Multifamily Trading Desk for an MBS quote.<br>• If the quote is accepted, you will receive the terms in an MBS trade confirmation from the Multifamily Trading Desk.<br>• Promptly notify the Multifamily Trading Desk if you:<br>- find any errors in the confirmation;<br>- do not receive a confirmation within 2 Business Days after Rate Lock execution; or<br>- notice a conflict between the recorded telephone conversation and the confirmation.<br><br>• For conflicts, the recorded conversation will establish the Multifamily Trading Desk MBS trade terms. |
| Lender-Arranged Sale | Confirm your Rate Lock accurately describes the MBS trade with the Third Party MBS Investor. |
| Lender Sale to Fannie Mae for cash | Contact the Multifamily Trading Desk for a cash quote. |

## 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. |
| Mortgage Loan of any amount | More than 180 days for a non-Forward Commitment | The greater of<br><br>• 3% of the Rate Lock amount, or<br>• 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.

# Section 204 Commitments

## 204.01 Submission

### Requirements

You must request the Commitment by 3:30 p.m. Eastern Time on the Business Day after the date the Rate Lock is executed.

After a Commitment is confirmed, you must not

- replace or substitute any Property securing the Mortgage Loan, or
- assign the Commitment.

### Guidance

Fannie Mae reserves the right to reject any Commitment request.

Each Commitment is issued for a single Mortgage Loan, but a Mortgage Loan may be secured by 1 or more Properties.

### Operating Procedures

To request a Commitment, perform the following, as applicable:

| For... | Process |
|---|---|
| All Mortgage Loans | 1. Enter all information into C&D per the screen instructions and C&D User Manual .<br>2. Coordinatewith Multifamily Acquisitions to resolve any submission problems or discrepancies. |
| MBS Mortgage Loans | 1. Identify any special characteristics requiring Additional Disclosure.<br>2. Comply with Part IV, Chapter 5: Purchase, Section 504.02: Additional Disclosure and Form 4098. |

After the Commitment is in a submitted status in C&D, you cannot change it.

If Fannie Mae determines any Commitment terms are incorrect or invalid, you will be directed to make necessary changes.

You must notify the Investor of the changes.

## 204.02 Confirmation

### Requirements

Upon confirmation, you must Deliver, and Fannie Mae must purchase, the Mortgage Loan according to the Commitment.

Guidance

After Fannie Mae confirms the Commitment, you may use the confirmation to secure warehouse financing.

## 204.03 Modifications

### 204.03A Change Requests

Operating Procedures

After confirmation, if you believe the Commitment is incorrect, submit a data change request in C&D.

Fannie Mae will:

- accept the revised terms, modify the Commitment, and make necessary data changes; or
- reject the revised terms and either enforce the original Commitment or terminate the Commitment.

### 204.03B Rate Lock Extensions

Requirements

| For... | Extension Requirements |
|---|---|
| MBS or cash Multifamily Trading Desk trades | • If the initial Rate Lock Period was 90 days or less, you must<br>- request Multifamily Trading Desk approval, and<br>- agree to pay any Rate Lock Extension Fee per the Pricing Memo.<br><br>• If an extension would cause the total Rate Lock Period to exceed:<br>- 90 days, you must collect the additional required Minimum Good Faith Deposit; or<br>- 180 days, you must obtain Fannie Mae Deal Team approval before seeking the extension and collect the additional required Minimum Good Faith Deposit.<br><br>• After you agree to pay the Rate Lock Extension Fee, the Rate Lock expiration date will be changed to a date that<br>- was mutually agreed to, and<br>- is not more than 30days after the original Rate Lock expiration date. |
| Lender-Arranged Sales | If you negotiate a Rate Lock expiration date extension with the Third Party MBS Investor:<br><br>• You must notify the Fannie Mae Deal Team of the new Rate Lock expiration date and any required interest rate adjustment.<br>• The extension must not<br>- exceed 30days after the original Rate Lock expiration date, or<br>- cause the total Rate Lock Period to exceed 180 days.<br><br>If an extension causes the total Rate Lock Period to exceed 90 days, you must collect the additional required Minimum Good Faith Deposit. |

| For... | Extension Requirements |
|---|---|
| Forward Commitments | Per Part III, Chapter 19: Forward Commitments, Section 1903.05C: Forward Commitment Extensions. |

### 204.03C Commitment Extensions

#### Requirements

If you extend the Rate Lock expiration date, you must also request a Commitment extension.

#### Operating Procedures

To extend the Commitment:

1. Submit a data change request in C&D on or before the Commitment expiration date.
2. For an MBS Mortgage Loan, obtain any necessary MBS Investor approval for any Book-Entry Date change.
3. Fannie Mae will change your Commitment in C&D to reflect the new Commitment expiration date and the revised Book-Entry Date, if necessary.
4. When Fannie Mae approves the extension, you will receive a new Commitment expiration date.

## Section 205 ASAP Options

#### Requirements

To participate in the ASAP Options, you must

- be approved in writing, and
- execute the applicable ASAP Contracts provided by the Capital Markets Early Funding Desk.

#### Guidance

Using the ASAP Options, you may sell Mortgage Loans to Fannie Mae on an accelerated basis after the Mortgage Loan Origination Date.

| ASAP Option | Is available for... |
|---|---|
| ASAP Sale | MBS Mortgage Loans |
| ASAP Plus | • MBS Mortgage Loans<br>• Cash Mortgage Loans |

# Chapter 3 Streamlined Rate Lock

## Section 301 Description

### 301.01 Eligibility

☑ Requirements

You must not use the Streamlined Rate Lock option for

- ARM Loans, and
- SARM Loans.

### 301.02 Timing

☑ Requirements

For all Streamlined Rate Lock Mortgage Loans:

| Timing | At a minimum, you must... |
|---|---|
| Before Rate Lock | Comply with:<br><br>• Part II, Chapter 1: Attributes and Characteristics, Section 107: Minimum Occupancy;<br>• Part IV, Chapter 2: Rate Lock and Committing, Section 203: Good Faith Deposits;<br>• Part IV, Chapter 3: Streamlined Rate Lock, Section 302: Preliminary Underwriting; and<br>• for a Green Mortgage Loan, the Job Aid: Streamlined Rate Lock and Green Mortgage Loans if you have not received<br>- the PCA with an HPB Module (or a separate HPB Report) confirming that the Property will qualify as a Green Rewards Mortgage Loan, or<br>- any required Green Building Certification. |

| Timing | At a minimum, you must... |
|---|---|
| After Rate Lock | • Complete full underwriting.<br>• Ensure that any changes to the Rate Lock or Commitment after full underwriting comply with Part IV, Chapter 2: Rate Lock and Committing, by the earlier of<br>- the Mortgage Loan Origination Date, or<br>- 90 days after the Streamlined Rate Lock. |

## Section 302 Preliminary Underwriting

### ☑ Requirements

Before obtaining a Streamlined Rate Lock, you must:

- unless using the Dual Commitment Option per Part IV, Chapter 3: Streamlined Rate Lock, Section 307: Dual Commitment Option, complete sufficient underwriting to determine a preliminary NCF that supports a Mortgage Loan amount within the delivery tolerance per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance;
- have sufficient information and documentation to obtain preliminary approval from your internal loan committee for the Streamlined Rate Lock Mortgage Loan;
- for a refinance, confirm the Portfolio Mortgage Loan is not in Payment Default;
- obtain an executed Borrower Commitment (per Part IV, Chapter 2: Rate Lock and Committing, Section 201.01: Borrower Commitment) requiring the Borrower to:
  - close the Streamlined Rate Lock Mortgage Loan; and
  - be liable for any costs, fees, or damages for failing to originate the Mortgage Loan;
- collect from the Borrower:
  - the Good Faith Deposit (per Part IV, Chapter 2: Rate Lock and Committing, Section 203: Good Faith Deposits); and
  - funds to pay for transaction costs, including third-party reports;
- identify the Sponsor, Borrower (except a Borrower that is being newly formed), any Guarantor, and all Key Principals and Principals known

when entering into the Streamlined Rate Lock, per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, and comply with:

- Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors;
- Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 309: Applicant Experience Check; and
- Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 310: Compliance;

- advise the Borrower:
  - to review the Loan Documents and request any changes; and
  - after Rate Lock, subsequent unapproved Loan Document modification requests are not a defense for failing to originate the Mortgage Loan at the Rate Lock amount according to the Commitment; and
- enter into a Streamlined Rate Lock Agreement with the Borrower and Guarantor (or Key Principals if no Guarantor has been identified or is required) requiring each party to pay any damages if the Borrower does not originate the Mortgage Loan, including damages to a Third Party MBS Investor that may exceed Fannie Maes Minimum Good Faith Deposit.

## Section 303 Rate Lock

### ☑ Requirements

Before obtaining a Streamlined Rate Lock, you must:

- complete your preliminary underwriting, including the due diligence per Part IV, Chapter 3: Streamlined Rate Lock, Section 302: Preliminary Underwriting;
- obtain applicable Fannie Mae Deal Team Pre-Review or Loan Document modification approval identified during the preliminary underwriting; and
- inform the Investor and the Multifamily Trading Desk if:
  - the Mortgage Loan will require Additional Disclosure per Form 4098; or
  - you are underwriting the transaction as a Green Mortgage Loan, but you have not completed the underwriting needed to qualify the Property as a Green Mortgage Loan.

By entering into a Streamlined Rate Lock, you agree to comply with:

- your trading agreement with the Multifamily Trading Desk per Part IV, Chapter 2: Rate Lock and Committing, Section 201.02: Trading Agreements; and
- the Trading Practices per Part IV, Chapter 2: Rate Lock and Committing, Section 201.03: Trading Practices.

## Section 304 Commitment

☑ Requirements

For all Streamlined Rate Lock Mortgage Loans:

| Parameter | Requirements |
|---|---|
| Rate Lock Period | Must equal 180 days or less. |
| Rate Lock amount for cash and MBS trades with the Multifamily Trading Desk | You must<br><br>• comply with Part IV, Chapter 2: Rate Lock and Committing, and<br>• for Dual Commitment options per Part IV, Chapter 3: Streamlined Rate Lock, Section 307: Dual Commitment Option, notify the Multifamily Trading Desk at the time of the original Rate Lock. |

## Section 305 Rate Lock and Commitment Extensions

☑ Requirements

Before extending the Rate Lock expiration date and Commitment expiration date, you must

- fully underwrite the Streamlined Rate Lock Mortgage Loan, and
- comply with Part IV, Chapter 2: Rate Lock and Committing, Section 204.03: Modifications.

## Section 306 Full Underwriting

### 306.01 Rate Lock or Commitment Amount Changes

☑ Requirements

Unless permitted in this Chapter, you must not change the

- Rate Lock amount after obtaining a Streamlined Rate Lock, or
- Commitment amount after a Commitment has been confirmed.

You must document all changes to the Mortgage Loan Delivery Package in Folder II, including the

- preliminary Net Cash Flow,
- Property value, and
- any other items you used to determine the Rate Lock amount.

## 306.02 Mortgage Loan Delivery Package

### Requirements

You must ensure that the Mortgage Loan Delivery Package is complete (per Part IV, Chapter 4: Delivery) and include all preliminary information and documentation per Part IV, Chapter 3: Streamlined Rate Lock, Section 302: Preliminary Underwriting.

### Operating Procedures

Include the following in your final Mortgage Loan Delivery Package:

- a complete Transaction Approval Memo;
- underwriting spreadsheets including
  - how you calculated the Rate Lock amount for the Streamlined Rate Lock Mortgage Loan, and
  - any required changes to the Guaranty Fee and Servicing Fee for a non-qualifying Green Rewards Mortgage Loan (per Part IV, Chapter 3: Streamlined Rate Lock, Section 306.03: Post-Underwriting Scenarios);
- the calculation of any changes to the Delivered Mortgage Loan Amount; and
- all required full underwriting documentation.

## 306.03 Post-Underwriting Scenarios

### Operating Procedures

After full underwriting, comply with one of the following scenarios:

| If... | Then... |
| --- | --- |
| You are not changing the Streamlined Rate Lock or the Commitment | No action is required. |
| You are<br><br>• increasing or decreasing the Delivered Mortgage Loan Amount,<br>• within the delivery tolerance (per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance ), and<br>• complying with the Pricing and Underwriting Tier | • Within 1 Business Day, submit a data change request in C&D (per Part IV, Chapter 2: Rate Lock and Committing, Section 204.03A: Change Requests).<br>• Update the applicable C&D fields. |

| If... | Then... |
| --- | --- |
| You are<br><br>• decreasing the Delivered Mortgage Loan Amount,<br>• in excess of the delivery tolerance (per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance ), and<br>• complying with the Pricing and Underwriting Tier | For cash and MBS trades with the Multifamily Trading Desk:<br><br>• Confirm that Fannie Mae will accept the Delivered Mortgage Loan Amount.<br>• Pay from the Good Faith Deposit<br>- the difference between 95% of the Commitment amount and the Delivered Mortgage Loan Amount, multiplied by<br>- the applicable Good Faith Deposit percentage per Part IV, Chapter 2: Rate Lock and Committing, Section 203.02: Minimum Good Faith Deposit.<br><br>• Within 1 Business Day, submit a data change request in C&D (per Part IV, Chapter 2: Rate Lock and Committing, Section 204.03A: Change Requests).<br>• Update the applicable C&D fields.<br><br>For MBS trades with a Third Party MBS Investor:<br><br>• Confirm that the Third Party MBS Investor will accept the new amount (at least 90% of the Commitment amount).<br>• Have the Third Party MBS Investor send confirmation that it will accept the new amount to Multifamily Acquisitions.<br>• Within 1 Business Day, submit a data change request in C&D (per Part IV, Chapter 2: Rate Lock and Committing, Section 204.03A: Change Requests).<br>• Update the applicable C&D fields. |

| If... | Then... |
| --- | --- |
| You have a cash or MBS trade with the Multifamily Trading Desk and are using the Dual Commitment Option in which<br><br>• the Streamlined Rate Lock Mortgage Loan qualifies for additional proceeds greater than the delivery tolerance, and<br>• you want to increase the Commitment amount | • Submit a data change request in C&D (per Part IV, Chapter 2: Rate Lock and Committing, Section 204.03A: Change Requests).<br>• Update the applicable C&D fields. |
| The Mortgage Loan will not<br><br>• qualify as a Green Rewards Mortgage Loan for annual energy or water consumption, or<br>• receive a Green Building Certification | Before Delivery:<br><br>• Notify the Fannie Mae Deal Team.<br>• Make any necessary changes to the Mortgage Loan amount and Gross Note Rate in the Loan Documents.<br>• Submit a data change request in C&D (per Part IV, Chapter 2: Rate Lock and Committing, Section 204.03A: Change Requests) before the Delivery deadline that<br>- updates the Gross Note Rate to include the alternative non-Green Guaranty Feeand Servicing Feeprovided at Rate Lock as a Green Mortgage Loan, and<br>- makes any required change in the Mortgage Loan amount. |

| If... | Then... |
|---|---|
| You want to modify the terms of the Streamlined Rate Lock and the Commitment because you cannot Deliver without them | Obtain Delivery approval from the Fannie Mae Deal Teamand either the<br><br>• Multifamily Trading Desk, or<br>• Third Party MBS Investor, as applicable.<br><br>If Fannie Mae does not approve the request and you cannot Deliver without modifying the terms of the Streamlined Rate Lock and the Commitment, then you must comply with Part IV, Chapter 4: Delivery, Section 408: Delivery Failure. |
| You cannot Deliver the Streamlined Rate Lock Mortgage Loan | • Inform Multifamily Acquisitions that the Mortgage Loan will not be delivered.<br>• Comply with Part IV, Chapter 4: Delivery, Section 408: Delivery Failure. |

## Section 307 Dual Commitment Option

### 307.01 Description

#### Guidance

You may use the Dual Commitment Option if you expect the Mortgage Loan to support a final loan amount above the delivery tolerance per Part IV, Chapter 3: Streamlined Rate Lock, Section 307: Dual Commitment Option.

#### Requirements

Before entering into the Streamlined Rate Lock, you must notify the Multifamily Trading Desk if you intend to use the Dual Commitment Option.

Under the Dual Commitment Option, you must

- enter into an initial Streamlined Rate Lock for at least 75% of the anticipated Mortgage Loan amount, and

- not use the delivery tolerance to increase the Mortgage Loan amount.

## 307.02 Additional Proceeds

### Requirements

When using the Dual Commitment Option, you must contact the Multifamily Trading Desk to request a quote indicating:

- that the quote is associated with the original Rate Lock; and
- whether the quote is for an MBS Mortgage Loan or a Cash Mortgage Loan.

You must not change the terms of the original Rate Lock, including:

- Mortgage Loan term;
- amortization term;
- prepayment terms;
- percentage of loss sharing;
- pricing method (pricing structure per the Pricing Memo);
- amortization type (e.g., principal payment method);
- interest accrual method;
- Pricing and Underwriting Tier;
- Commitment Date;
- Rate Lock Period;
- Commitment expiration date; and
- Rate Lock expiration date.

### Guidance

You do not need to increase the Good Faith Deposit under the Dual Commitment Option.

### Operating Procedures

If Fannie Mae approves the Dual Commitment Option,

- the Multifamily Trading Desk will lock the rate per Part IV, Chapter 2: Rate Lock and Committing, Section 202: Obtaining a Rate Lock, and
- you must make any changes to the Commitment in C&D within 1

Business Day after Rate Lock.

| Mortgage Loan type... | You must... |
|---|---|
| MBS | • submit a data change request in C&D per Part IV, Chapter 2: Rate Lock and Committing, Section 204.03A: Change Requests, and<br>• update the applicable C&D fields. |
| Cash | submit an Additional Rate Lock request in C&D per the C&D User Manual . |

You must revise the Commitment:

- to equal the sum of the original Commitment amount, plus the Rate Lock amount for the additional loan proceeds; and
- using an interest rate that is the weighted average of the interest rates in the
  - original Rate Lock, and
  - Rate Lock for the additional loan proceeds.

## Section 308 Streamlined Treasury Lock

### 308.01 Description

Guidance

The Quote Letter generated through DUS Gateway includes the terms for a Streamlined Treasury Lock, and its acceptance is subject to:

- this Part IV, Chapter 3: Streamlined Rate Lock, Section 308: Streamlined Treasury Lock; and
- the Streamlined Treasury Lock Agreement (Form 6430.STLA).

Until you obtain a Rate Lock using either the Streamlined Rate Lock or standard Rate Lock options, the Streamlined Treasury Lock will:

- lock the Index; and
- hold the:
  - Investor Spread; and
  - Total Credit Fees.

### ☑ Requirements

You must not use the Streamlined Treasury Lock for any:

- ARM Loan;
- SARM Loan;
- Sponsor who has not obtained a Mortgage Loan within the last 24 months;
- per Form 4660:
  - Enhanced Pre-Review Mortgage Loan; or
  - Mortgage Loan with Pre-Review Re-Submission requirements;
- Mortgage Loan with:
  - a Limited Experienced Owner;
  - authorization conditions per the Quote Letter;
  - Preferred Equity in the Borrower's ownership structure; or
  - a non-standard Prepayment Premium Option (i.e., a Prepayment Premium structure not published on Schedule 4 to the Multifamily Loan Agreement (Form 6104 series));
- Mortgage Loan secured by a Near Stabilized Property if you have requested to increase the 120-day period after the Mortgage Loan Origination Date within which the Property is required to achieve:
  - Stabilized Residential Occupancy; and
  - the applicable required Underwritten DSCR;
- Seniors Housing Mortgage Loan;
- Small Mortgage Loan; or
- Credit Facility initial advance (although a borrow-up/addition is eligible).

Before requesting a Streamlined Treasury Lock from the Multifamily Trading Desk, you must:

- complete sufficient underwriting to support your request for a Quote Letter with a Streamlined Treasury Lock, including:
  - complying with all general eligibility requirements for the Mortgage Loan;
  - unless using the Dual Commitment Option per Part IV, Chapter 3: Streamlined Rate Lock, Section 307: Dual Commitment Option, determining the preliminary NCF, NOI, and Property valuation

analysis to support a Mortgage Loan amount within the Rate Lock tolerance per Part IV, Chapter 3: Streamlined Rate Lock, Section 308.03: Rate Lock Tolerance;

- performing your
  - rent collection analysis, and
  - refinance risk analysis per Part II, Chapter 2: Valuation and Income, Section 204: Refinance Risk Analysis; and
- determining any other material assumptions regarding the Mortgage Loan;

- for a refinance, confirm the Portfolio Mortgage Loan is not in Payment Default;
- identify the Sponsor, Borrower (except a Borrower that is being newly formed), any Guarantor, and all Key Principals, and Principals known when requesting the Streamlined Treasury Lock, per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals; and
- comply with Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 309: Applicant Experience Check.

## Operating Procedures

To obtain a Streamlined Treasury Lock, you must comply with the following.

| Streamlined Treasury Lock Process | | |
|---|---|---|
| Step | You must... | Fannie Mae will... |
| 1 | • have established your asset counterparty account with the Multifamily Trading Desk per Part IV, Chapter 2: Rate Lock and Committing, Section 201.02: Trading Agreements; and<br>• comply with the Trading Practices per Part IV, Chapter 2: Rate Lock and Committing, Section 201.03: Trading Practices. | |
| 2 | • register the Mortgage Loan in DUS Gateway per Part I, Chapter 2: Mortgage Loan, Section 201: Registration and Multifamily Affordability Estimator; and<br>• complete the initial Mortgage Loan sizing. | |

| Streamlined Treasury Lock Process | | |
|---|---|---|
| Step | You must... | Fannie Mae will... |
| 3 | request, via DUS Gateway, a Quote Letter for the Mortgage Loan that includes a quote for a Streamlined Treasury Lock. | issue a Quote Letter via DUS Gateway that specifies the terms of the Streamlined Treasury Lock, including the:<br><br>• Index;<br>• Investor Spread; and<br>• Total Credit Fees. |
| 4 | submit the Multifamily Required Trade Information for Cash or MBS Mortgage Loans (Form 4097) to the Multifamily Trading Desk, including:<br><br>• the specified expiration date of the Streamlined Treasury Lock term per the Quote Letter; and<br>• all known Additional Disclosure for the Mortgage Loan required per Form 4098. | |

| Streamlined Treasury Lock Process | | |
|---|---|---|
| Step | You must... | Fannie Mae will... |
| 5 | • advise the Borrower of the quoted:<br>- Index;<br>- Investor Spread; and<br>- Total Credit Fees;<br><br>• obtain an executed Borrower Commitment per Part IV, Chapter 2: Rate Lock and Committing, Section 201.01: Borrower Commitment, requiring the Borrower to:<br>- accept the Streamlined Treasury Lock;<br>- enter into a Rate Lock;<br>- close the Mortgage Loan; and<br>- be liable for any costs, fees, or damages for failing to originate the Mortgage Loan;<br><br>• advise the Borrower:<br>- to review the Loan Documents and request any changes before entering into the Streamlined Treasury Lock Agreement (Form 6430.STLA); and<br>- that, after entering into the Streamlined Treasury Lock Agreement (Form 6430.STLA), subsequent unapproved Loan Document modification requests are not a defense for the Borrower's failure to<br>▪ enter into a Rate Lock, and<br>▪ originate the Mortgage Loan;<br><br>• execute the Streamlined Treasury Lock Agreement (Form 6430.STLA) with the Sponsor, Borrower, and Guarantor (or Key Principals if no Guarantor has been identified or is required) requiring the Borrower parties to pay the breakage fee plus any costs, expenses, and/or losses if the Borrower does not enter into a Rate Lock; and<br>• collect from the Borrower a Streamlined Treasury Lock Deposit equal to:<br>- 2.00% of the Streamlined Treasury Lock amount; or<br>- any higher amount required by the Multifamily Pricing Desk. | confirm, via email to you, the final terms of the Streamlined Treasury Lock, including the:<br><br>• Index;<br>• Investor Spread; and<br>• Total Credit Fees. |

## 308.02 Rate Lock

### Requirements

You must ensure the "Index Lock Expiration Date" in the Streamlined Treasury Lock Agreement (Form 6430.STLA) is the same as the Quote Letter expiration date per Step 3 of the Streamlined Treasury Lock Process per Part IV, Chapter 3: Streamlined Rate Lock, Section 308.01: Description.

On or before the Quote Letter expiration date, you must enter into a Rate Lock for the Mortgage Loan with Fannie Mae using the:

- Streamlined Rate Lock option; or
- standard Rate Lock option.

The held Investor Spread and Total Credit Fee components of the Streamlined Treasury Lock will be adjusted if Fannie Mae, at any time before Rate Lock, determines that:

- the interest rate quote does not accurately reflect all material transaction-specific facts relating to the Sponsor, Borrower, Key Principal, and/or Guarantor, Property, or other features or terms of the proposed Mortgage Loan;
- the Sponsor, Borrower, Key Principal, and/or Guarantor, and Property have not satisfied all assumptions, conditions, and other criteria set forth in the interest rate quote;
- your final underwriting determines a Pricing and Underwriting Tier different from the basis of the Streamlined Treasury Lock and Investor Spread in the interest rate quote;
- your final underwriting determines the Mortgage Loan requires Additional Disclosure per Form 4098; or
- any of the representations, warranties, statements, certificates, or other data and information provided by any of the Sponsor, Borrower, Key Principal, and/or Guarantor to you or to Fannie Mae, including the statements made in the Streamlined Treasury Lock Agreement (Form 6430.STLA), was materially false or misleading as of the date given.

### Guidance

Each Streamlined Treasury Lock is specific to that

- Mortgage Loan, and
- Property.

### Requirements

If the Borrower fails to Rate Lock the Mortgage Loan with Fannie Mae by the Quote Letter expiration date, the Streamlined Treasury Lock may not be used for a different

- Mortgage Loan, or
- Property.

## 308.03 Rate Lock Tolerance

### Requirements

The Rate Lock amount and Commitment Amount must not be:

- less than 90% of the Streamlined Treasury Lock amount; or
- more than 110% of the Streamlined Treasury Lock amount.

For any Mortgage Loan using a Streamlined Treasury Lock:

- no additional delivery tolerance (per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance) is permitted; and
- the Delivered Mortgage Loan Amount must equal the Commitment Amount.

### Guidance

If you notified the Multifamily Trading Desk of your intention to use the Dual Commitment Option per Part IV, Chapter 3: Streamlined Rate Lock, Section 307: Dual Commitment Option, and your final Underwriting Value supports a Mortgage Loan amount greater than 110% of the Streamlined Treasury Lock amount, you may use the Dual Commitment Option to enter into a Rate Lock for the excess loan proceeds above 110% of the Streamlined Treasury Lock amount.

## 308.04 Streamlined Treasury Lock Breakage

### Operating Procedures

Fannie Mae may take certain actions (as specified in the Streamlined Treasury Lock Agreement (Form 6430.STLA)) if, by the Quote Letter expiration date:

- you fail to:

- enter into a Streamlined Rate Lock or standard Rate Lock with Fannie Mae for the Mortgage Loan; and
- obtain a Mortgage Loan Commitment; or

- any other default by the Sponsor or any Borrower party occurs under the Streamlined Treasury Lock Agreement (Form 6430.STLA).

If you fail to enter into a Streamlined Rate Lock or standard Rate Lock for the Mortgage Loan, Fannie Mae will:

- draft, as a breakage fee paid to the Multifamily Trading Desk for the broken Streamlined Treasury Lock, an amount equal to:
  - the greater of (but not to exceed the Streamlined Treasury Lock Deposit):
    - 0.5% of the Streamlined Treasury Lock amount; or
    - all costs, expenses, and/or losses incurred by Fannie Mae in connection with entering into, maintaining, or unwinding hedge positions executed in reliance on the Streamlined Treasury Lock; plus
  - all enforcement costs incurred by Fannie Mae in connection with the Streamlined Treasury Lock; and
- retain these funds as liquidated damages in full satisfaction of your Streamlined Treasury Lock obligations.

This remedy will occur:

- after the Index Lock Expiration Date specified in the Streamlined Treasury Lock Agreement (Form 6430.STLA); but
- no sooner than the 2nd Business Day after Fannie Mae sends you a notice of default under the Streamlined Treasury Lock.

# Chapter 4 Delivery

## Section 401 Delivery Deadline

### Requirements

By 10:30 a.m. Eastern Time on the Delivery deadline, you must

- Deliver the complete Mortgage Loan Delivery Package to Multifamily Certification and Custody, and
- submit all required data.

| Delivery Deadline | |
|---|---|
| MBS Mortgage Loan | • For funding under an ASAP Option, per the ASAP Contract, or<br>• 7 Business Days before (and not including) the Book-Entry Date. |
| Cash Mortgage Loan | • For funding under an ASAP Option, per the ASAP Contract, or<br>• 3 Business Days before (and not including) the earlier of the<br>- Rate Lock expiration date, or<br>- Commitment expiration date. |

### Guidance

You should Deliver the Mortgage Loan before the Delivery deadline to allow time for you to correct any errors Fannie Mae may find.

If you do not meet the Delivery deadline and your delay requires a change in the Rate Lock expiration date, you may be charged a Rate Lock Extension Fee per Part IV, Chapter 2: Rate Lock and Committing, Section 204.03B: Rate Lock Extensions.

## Section 402 Submission

### 402.01 Data and Documents

### Requirements

| Submission Type | You must... |
| --- | --- |
| Data | • Enter all information in C&D per the screen instructions and C&D User Manual to submit<br>- Mortgage Loan data by the Delivery deadline, and<br>- rent roll data by the earlier of<br>▪ 5 Business Days after the Mortgage Loan Origination Date, or<br>▪ the Delivery deadline.<br><br>• For a Mortgage Loan funded under an ASAP Option,<br>- submit Mortgage Loan data in C&D per this Chapter or the ASAP Contract, and<br>- select the ASAP Plus or ASAP Sale indicator in C&D.<br><br>• Ensure all data is accurate and complete.<br>• Follow the C&D validation process to ensure the Mortgage Loan reaches the Submitted status.<br>• Email Multifamily Acquisitions if C&D is preventing you from delivering valid data. |

| Submission Type | You must... |
| --- | --- |
| Mortgage Loan Delivery Package | • Submit all applicable documents per the Multifamily Mortgage Loan Delivery Package Table of Contents (Form 6502.Folder.I.and.Folder.III and Form 6502.Folder.II) and any applicable ASAP Contract, including the Mortgage Loan's<br>- underwriting information, and<br>- Loan Documents.<br><br>• Ensure all documents are accurate and complete:<br>- Use only the currently published versions of Fannie Maes standard form Loan Documents, and only modify them if permitted by Fannie Mae.<br>- Check all appropriate boxes on Form 6502.Folder.I.and.Folder.III and Form 6502.Folder.II, and list any other documents delivered with the Mortgage Loan.<br>- Deliver a blackline copy of any modified document (including any Schedule or Exhibit), showing all changes to Fannie Maes form documents per the document modification memo prepared by your counsel and uploaded to DUS Gateway.<br>- Submit Loan Documents consistent with the data in C&D and the Commitment.<br>- Unless submitted per an approved C&D data change, ensure physical Loan Documents are identical to electronic copies previously sent for certification.<br>- Endorse or assign the Loan Documents to Fannie Mae.<br>- Ensure the Mortgage Loan has a title insurance policy per Part II, Chapter 3: Legal Compliance, Section 304: Title Insurance. You may submit the title policy with blanks for the recording information, but you must deliver a final title policy with this information to Multifamily Certification and Custody within 6 months of the Mortgage Loan Origination Date. |

Operating Procedures

| If the number of Mortgage Loans per MBS pool is... | Then you must... |
|---|---|
| 1 | Label the Mortgage Loan Delivery Package reflecting the number of envelopes, folders, or containers submitted with the Loan Documents, such as 1 of 2 and 2 of 2. |
| More than 1 | • Ensure the Mortgage Loan Delivery Package is in the same numerical order as the C&D data submission.<br>• Group the Mortgage Loans as 1 package<br>- including all Mortgage Loans within the MBS Pool, and<br>- labeled reflecting the number of envelopes, folders, or containers submitted with the Loan Documents, such as 1 of 4, MBS Pool #_____, and 2 of 4, MBS Pool #_____. |

### 402.02 Participation Interests

#### Requirements

For Participation Interests, you must deliver the following additional documents.

| If the Participation Interest is... | Then you must deliver... |
|---|---|
| In Certificate Form | • the original participation certificate, and<br>• if the certificate was not issued in Fannie Maes name, an instrument assigning it to Fannie Mae. |
| Not in Certificate Form | the original documentation showing its issuance or conveyance to Fannie Mae. |

## Section 403 Warehouse Lender

#### Guidance

You may originate a Mortgage Loan with proceeds from a warehouse bank.

#### Operating Procedures

If the warehouse bank requires a bailee letter to finance your origination of the Mortgage Loan and the Delivery of the Note to Fannie Mae, you must use:

- for an ASAP+ Delivery or a Cash Mortgage Loan, Bailee Letter (Warehouse Bank) (ASAP Plus MBS or Cash Mortgage Loan Purchase) (Form 4214);
- for an MBS Mortgage Loan, Bailee Letter (Warehouse Bank) (MBS Mortgage Loan Purchase) (Form 4215); or
- another bailee letter acceptable to Fannie Mae.

# Section 404 Wiring

## 404.01 Wiring Instructions

### Requirements

You must accurately complete all wiring instructions in C&D.

### Operating Procedures

Fannie Mae will wire the funds or MBS per the C&D instructions. If there is a conflict between the C&D instructions and any bailee letter from your warehouse lender, then you must submit a change request in C&D.

## 404.02 Wiring Payee Codes

### Requirements

If you request, Fannie Mae will assign wire transfer payee codes for your Cash Mortgage Loan proceeds. You must

- request a separate payee code for each account to which Fannie Mae will send funds, and
- enter the applicable payee code in C&D.

### Operating Procedures

Each payee code will be associated with a specific account and financial institution. You may not transfer codes between your accounts or with other Lenders.

See Sellers Designation of Wire Transfers Instructions (Form 482) for payee code information.

## 405.01 Acceptability and Delivery Tolerance

### Requirements

For the Mortgage Loan to be acceptable for purchase, you must ensure:

- It complies with:
  - Form 4660;
  - Part I;
  - Part II;
  - the applicable chapters of Part III based on the specific products and features of the Mortgage Loan; and
  - the Pricing and Underwriting Tier per the Commitment.
- For an MBS Mortgage Loan:
  - Fannie Mae has not informed you that the Mortgage Loan fails to meet all eligibility requirements for Fannie Mae to make a REMIC election when issuing the associated MBS (see Form 4098 for REMIC eligibility information); and
  - either the Same Month Pooling delivery option applies, or:
    - the Book-Entry Date is before the Mortgage Loans first scheduled monthly payment date; and
    - the first monthly payment to the MBS Investor is the first monthly payment due under the Mortgage Loan.
- The Delivered Mortgage Loan Amount is within the delivery tolerance.

### Operating Procedures

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| Delivery Tolerance | |
|---|---|
| Calculation | Examples |
| Commitment Amount plus or minus<br><br>• 5% of the Commitment Amount, or<br>• a lesser percentage per a Third Party MBS Investor delivery requirement. | • Delivered Mortgage Loan Amount must be at least 95% and not more than 105% of the Commitment Amount.<br>• If a Third Party MBS Investor allows a 3% delivery tolerance, then the Delivered Mortgage Loan Amount must be at least 97% and not more than 103% of the Commitment Amount. |
| No Delivery Tolerance is permitted for a Mortgage Loan using the:<br><br>• Part IV, Chapter 3: Streamlined Rate Lock, Section 307: Dual Commitment Option; or<br>• Part IV, Chapter 3: Streamlined Rate Lock, Section 308: Streamlined Treasury Lock. | Delivered Mortgage Loan Amount must equal the Commitment Amount. |

### 405.02 Data Changes

☑ Requirements

To make data changes after you submit the Mortgage Loan in C&D, you must submit a C&D data change request per the C&D User Manual.

If the MBS Mortgage Loan has a special characteristic or an Additional Disclosure item that was not identified when the Commitment was confirmed, you must

- notify Multifamily Acquisitions as soon as possible, but no later than the date of Delivery, and
- make the Additional Disclosure per Part IV, Chapter 5: Purchase, Section 504.02: Additional Disclosure.

## Section 406 MBS Delivery Options

☑ Requirements

The Book-Entry Date you choose determines the delivery option.

| Delivery Options | |
|---|---|
| Standard Delivery | • Book-Entry Date is in the month before the Mortgage Loans first payment date, and<br>• Mortgage Loan Origination Date is no later than the month before the month the MBS will be issued. |
| Same Month Pooling | • Book-Entry Date is in the same month as the Mortgage Loan Origination date, and<br>• Mortgage Loan Origination Date is early enough in the month to allow Fannie Mae to issue the MBS within the same month. |
| ASAP | Per the ASAP Contract. |

### Operating Procedures

See Part IV, Chapter 5: Purchase, Section 503: Third Party MBS Investor Delivery Scenarios for MBS delivery and settlement information.

The MBS Delivery Parameters table describes the delivery options.

| MBS Delivery Parameters | | | | | |
|---|---|---|---|---|---|
| MBS Delivery Options | If Mortgage Loan Origination Date is... | and first loan payment date is... | then Book-Entry Date is... | and MBS Issue Date is... | Additional Requirements |
| MBS Standard Delivery | No later than the month before the month the MBS will be issued (generally may occur on any Business Day) | The 1st day of the 2nd month after Mortgage Loan Origination Date | In the month before the 1st loan payment date | Always the 1st of the month in which the Book-Entry Date occurs | N/A |
| Example | 1/15 | 3/1 | 2/20 | 2/1 | N/A |

| MBS Delivery Parameters | | | | | |
|---|---|---|---|---|---|
| MBS Delivery Options | If Mortgage Loan Origination Date is... | and first loan payment date is... | then Book-Entry Date is... | and MBS Issue Date is... | Additional Requirements |
| MBS Same Month Pooling Delivery: Scenario 1 | The 1st of the month | The 1st day of the month after Mortgage Loan Origination Date | In the same month as Mortgage Loan Origination Date | Always the 1st of the month in which the Book-Entry Date occurs | N/A |
| Example | 1/1 | 2/1 | 1/25 | 1/1 | N/A |
| MBS Same Month Pooling Delivery: Scenario 2 | A day other than the 1st of the month | The 1st day of the 2nd month after Mortgage Loan Origination Date | In the same month as Mortgage Loan Origination Date | Always the 1st of the month in which the Book-Entry Date occurs | Interest-only payment is due to the MBS Investor in the month before the 1st loan payment date |
| Example | 1/5 | 3/1 | 1/25 | 1/1 | Interest payment paid to MBS Investor 2/25 |

## Section 407 Delivery Problems and Changes

### 407.01 Delivery Problems

☑ Requirements

If you anticipate a delivery problem (such as a late Delivery or a Delivered Mortgage Loan Amount outside the delivery tolerance), you must contact:

- the Multifamily Trading Desk or the Third Party MBS Investor, as applicable;

- Multifamily Acquisitions;
- the Fannie Mae Deal Team; and
- for an ASAP transaction, the Capital Markets Early Funding Desk.

### Operating Procedures

| If... | Then... |
|---|---|
| You are subject to a Bankruptcy Event or are unable to perform your obligations relating to the<br><br>• Rate Lock,<br>• Commitment,<br>• applicable Third Party MBS Trading Agreement, or<br>• Multifamily Trading Desk trading account | Fannie Mae will<br><br>• consider the Rate Lock expiration date and Commitment expiration date to have occurred, and<br>• have the right to draft the Minimum Good Faith Deposit. |

## 407.02 Changing the Book-Entry Date

### Requirements

If you or Fannie Mae determine that the Delivery deadline cannot be met, the Book-Entry Date must be changed.

### Operating Procedures

To change the Book-Entry Date:

**Step 1:** Fannie Mae will advise you of the earliest available new Book-Entry Date.

**Step 2:** You must contact the Third Party MBS Investor and establish a

- new Book-Entry Date, and
- new Rate Lock expiration date and Commitment expiration date (if needed).

**Step 3:** For Commitment changes, you must submit a change request per Part IV, Chapter 3: Streamlined Rate Lock, Section 305: Rate Lock and Commitment Extensions.

**Step 4:** You must pay any fees and adjustments to the Pass-Through Rate for the new Book-Entry Date.

## Section 408 Delivery Failure

### Requirements

Neither you nor the Borrower may profit from a failed Delivery.

### Operating Procedure

Fannie Mae may take certain actions if the Mortgage Loan Delivery

- does not occur by the Delivery deadline, and
- this failure results in Fannie Mae being unable to
  - settle the MBS by the Rate Lock expiration date for an MBS Mortgage Loan, or
  - purchase the Mortgage Loan by the earlier of the Rate Lock expiration date or the Commitment expiration date for a Cash Mortgage Loan.

| For MBS or Cash Trades... | If you fail to Deliver the Mortgage Loan... |
|---|---|
| With the Multifamily Trading Desk | Fannie Mae will:<br><br>• draft as Breakage Fees, paid to the Multifamily Trading Desk for the broken Rate Lock, an amount equal to:<br>- the Minimum Good Faith Deposit from your account, retaining it as liquidated damages in full satisfaction of your Rate Lock obligations; or<br>- for a Forward Commitment, per Part III, Chapter 19: Forward Commitments, Section 1903.02B: Fees;<br><br>• collect the Withdrawn Commitment Fee due to Fannie Mae per the Pricing Memo; and<br>• return the Mortgage Loan Documents to you or to an applicable warehouse lender.<br><br>This remedy will occur<br><br>• after the Rate Lock expiration date or the Commitment expiration date, but<br>• no sooner than the 2nd Business Day after Fannie Mae sends you a notice of default.<br><br>If the Rate Lock Period is more than 180 days, the Fannie Mae Multifamily Trading Desk will determine any additional remedies at the time of Rate Lock. |

| For MBS or Cash Trades... | If you fail to Deliver the Mortgage Loan... |
|---|---|
| For Lender-Arranged Sales | You must:<br><br>• provide Fannie Mae with copies of the Third Party MBS Investor's<br>- trading agreement for the failed Delivery, including Breakage Fee calculation methodology, and<br>- Rate Lock agreement for the failed Delivery;<br><br>• comply with the requirements of the Third Party MBS Investor;<br>• protect and hold Fannie Mae harmless against all actions or costs that may result from not complying with Third Party MBS Investor requirements;<br>• pay the Third Party MBS Investor any Breakage Fees, whether or not it holds the Good Faith Deposit you collected from the Borrower; and<br>• pay Fannie Mae:<br>- the difference as a Breakage Fee for the broken Commitment if the breakage fees paid to the Third Party MBS Investor are less than the Minimum Good Faith Deposit; and<br>- any Withdrawn Commitment Fee due per the Pricing Memo.<br><br>If Fannie Mae does not purchase the Mortgage Loan, the Mortgage Loan documents will be returned to you or to an applicable warehouse lender. |

# Chapter 5 Purchase

## Section 501 Generally

### 501.01 Cash and MBS

#### Requirements

Before Fannie Mae purchases an MBS Mortgage Loan or a Cash Mortgage Loan per the Commitment, you must ensure

- the Mortgage Loan complies with Part IV, and
- an MBS Mortgage Loan complies with all disclosure requirements.

### 501.02 Delivery and Purchase

#### Requirements

You must deliver the Mortgage Loan by the Delivery deadline to ensure sufficient time for Fannie Mae to review the Mortgage Loan data and Mortgage Loan Delivery Package for purchase.

#### Operating Procedures

| Loan Type | Fannie Mae will... |
|---|---|
| MBS Mortgage Loan | Purchase the Mortgage Loan on the Book-Entry Date by wiring the MBS via the Federal Reserve book-entry system per the wiring instructions you submitted in C&D. |

| Loan Type | Fannie Mae will... |
|---|---|
| Cash Mortgage Loan | • Purchase the Mortgage Loan 48 hours after certifying it.<br>• Wire the purchase amount per the wiring instructions you submitted in C&D.<br>• Disburse funds per this Chapter and the payee codes you submitted in C&D (see Part IV, Chapter 4: Delivery, Section 404.02: Wiring Payee Codes).<br>• Issue a detailed electronic purchase advice for each Mortgage Loan listing components of the net disbursement, including<br>- purchased principal,<br>- any accrued interest,<br>- prepaid interest, or<br>- returned fees.<br><br>• Assume no responsibility or liability for disbursing any other funds. |

### Guidance

For a Cash Mortgage Loan, you may request that Fannie Mae purchase the Mortgage Loan before the Commitment expiration date by

- selecting the Targeted Funding Date option in C&D, and
- ensuring Fannie Mae receives the complete Delivery 3 Business Days before (and not including) the requested purchase date.

## 501.03 C&D Purchase Notification

### Operating Procedures

After Fannie Mae acquires the Mortgage Loan, you will see the status in C&D of

- Funded for a Cash Mortgage Loan, or
- Active/Issued for an MBS Mortgage Loan.

## 501.04 Fannie Mae Loan Number

### Requirements

You must reference the Loan Number in all communications with Fannie Mae about the Mortgage Loan.

### Operating Procedures

You will receive the Loan Number through C&D after

- Fannie Mae closes the MBS Pool for an MBS Mortgage Loan, or
- you submit the Mortgage Loan data for a Cash Mortgage Loan.

## Section 502 Purchase Amount

### Operating Procedures

For a Cash Mortgage Loan, the purchase amount will be based on

- the price (expressed as a percentage) per the Commitment,
- multiplied by the Mortgage Loan UPB at purchase, and
- adding any accrued interest or deducting any prepaid interest, calculated based on the purchase date, to reflect your and Fannie Maes respective shares.

For an MBS Mortgage Loan,

- Fannie Mae will wire the MBS Security in its face amount, and
- you will coordinate with your MBS Investor to determine any interest-related adjustments to the settlement proceeds due on the Book-Entry Date.

## Section 503 Third Party MBS Investor Delivery Scenarios

### Operating Procedures

| Delivery to... | Under this scenario... |
|---|---|
| You or Your Designee | • Fannie Mae will deliver the MBS directly to your account or to your designee through the Federal Reserve book-entry system.<br>• You or your designee will deliver the MBS to the Third Party MBS Investor through the Federal Reserve book-entry system. The Federal Reserve simultaneously will<br>- credit the Third Party MBS Investors account with the MBS,<br>- debit the Third Party MBS Investors account for the purchase amount, and<br>- credit your account for the purchase amount. |
| Third Party MBS Investor | • Fannie Mae will deliver the MBS directly to the Third Party MBS Investors account per your delivery instructions.<br>• When the Third Party MBS Investor receives the MBS, it will wire payment to you per the agreed-upon terms. |

# Section 504 MBS Mortgage Loan Disclosure

## 504.01 Multifamily MBS Prospectus

### Guidance

For all MBS, Fannie Mae issues a Multifamily MBS Prospectus containing information for MBS Investors, including:

- a general description of Fannie Maes multifamily mortgage business;
- disclosure of general MBS risk factors;
- property types securing multifamily mortgage loans; and
- specific Security, Mortgage Loan, and Property disclosure data.

Since different characteristics may affect the performance assumptions and risk factors associated with an MBS, Fannie Mae uses Additional Disclosure to inform all MBS Investors if any MBS Mortgage Loans have characteristics or terms that differ from those described in the standard Multifamily MBS Prospectus.

You may access Multifamily MBS Prospectus documents at https://multifamily.fanniemae.com.

For MBS issued prior to December 2017, Fannie Mae prepared a Prospectus Supplement containing specific Mortgage Loan information in addition to the Multifamily MBS Prospectus. This Prospectus Supplement had 2 parts:

- The Prospectus Supplement Narrative (standard) was a transaction-specific disclosure describing the terms and structure of the Mortgage Loan.
- The Schedule of Pool and Loan Information, including:
  - Pool Statistics, providing Security-level disclosure data; and
  - Multifamily Schedule of Loan Information, including specific Mortgage Loan and Property disclosure data.

## 504.02 Additional Disclosure

### Requirements

Before obtaining a Rate Lock, you must disclose whether the Mortgage Loan requires Additional Disclosure (per Form 4098) to Fannie Mae and to any MBS Investor using the Multifamily Required Trade Information for Cash or MBS Mortgage Loans (Form 4097).

### Operating Procedures

If you identify Additional Disclosure features on Form 4097, you must also

- mark the Mortgage Loan for Additional Disclosure in C&D,
- provide detailed information about the Additional Disclosure, and
- consult with the Fannie Mae Deal Team.

### Guidance

For all Mortgage Loans marked for Additional Disclosure in C&D, Fannie Mae will review the Loan Documents and data submitted and determine

- if Additional Disclosure is required, and
- the final disclosure language.

| If Fannie Mae determines Additional Disclosure is... | Fannie Mae will issue... |
|---|---|
| Not required | The standard Multifamily MBS Prospectus . |
| Required | Additional Disclosure, and may use information you provided in<br><br>• an Addendum to the Multifamily MBS Prospectus , or<br>• a footnote on the Annex A. |

Fannie Mae will post the Multifamily MBS Prospectus on DUS Disclose at least 2 Business Days before the MBS Book-Entry Date.

## 504.03 Disclosure Obligations

### Requirements

You must ensure that all information in the Multifamily MBS Prospectus, including any Additional Disclosure Addendum or footnote to Annex A, is complete and accurate.

### Operating Procedures

You must:

- Review the Multifamily MBS Prospectus, including any applicable Additional Disclosure in any Addendum to the Prospectus and/or footnote to the Annex A.
- Notify Fannie Mae of any inaccuracies before the Book-Entry Date.
- Certify to the completeness of the Multifamily MBS Prospectus Fannie Mae issues.
- Comply with all
  - applicable federal and state securities laws, and
  - rules and guidelines of the Securities Industry and Financial Markets Association.

# Section 505 ASAP

### ☑ Requirements

If the Mortgage Loan is funded under an ASAP Option, you must comply with the ASAP Contract.

# Chapter 6 Structured Transactions

## Section 601 Registration

### Requirements

Using your Negotiated Seller Number, you must register each Structured Transaction in DUS Gateway.

For Delivery of a Structured Transaction, you must use

- DUS Deliver per the DUS Deliver Credit Facility Job Aid, and
- MSFMS per the MSFMS Job Aid for a Bulk Delivery.

## Section 602 Approval

### 602.01 Approval Documents

#### Operating Procedures

Fannie Mae will issue a Structured Transaction Approval outlining the terms and conditions governing the Structured Transaction including pricing and certain fees.

### 602.02 Expiration Dates

#### Operating Procedures

You must contact the Fannie Mae Deal Team to modify any expiration date in the Structured Transaction Approval.

### 602.03 Fees

#### Operating Procedures

The Structured Transaction Approval outlines all fees and payment due dates.

By each payment due date you must

- wire the fee to Fannie Mae, or
- have it drafted, if instructed by Fannie Mae.

### 602.04 Loan Documents

### Operating Procedures

The Fannie Mae Deal Team will give you the name and contact information for your assigned internal and outside counsel.

Fannie Maes outside counsel will prepare all Structured Transaction Loan Documents.

## Section 603 Rate Lock and Commitment

### 603.01 Generally

#### Requirements

You must certify that all data submitted is accurate and fairly represents the terms of

- the Mortgage Loans for the requested Commitments, and
- any associated MBS.

#### Operating Procedures

You must:

- comply with Part IV, Chapter 2: Rate Lock and Committing, Section 201: Pre-Commitment; and
- obtain a Rate Lock for each Mortgage Loan in the Structured Transaction per
  - Part IV, Chapter 2: Rate Lock and Committing, Section 202: Obtaining a Rate Lock, and
  - the Structured Transaction Approval.

### 603.02 MBS Mortgage Loans

#### Requirements

You must ensure the DUS Gateway Authorization to Close status is Authorized before originating any MBS Mortgage Loan:

- constituting a Credit Facility's
  - initial advance,
  - addition, or

- borrow up;

- refinancing a Portfolio Mortgage Loan in the Credit Facility;
- converting all or any part of a variable rate Mortgage Loan in the Credit Facility to a fixed rate Mortgage Loan; or
- substitution advance.

## Operating Procedures

For MBS Mortgage Loans in a Credit Facility, you must:

- comply with the
  - Job Aid for DUS Gateway Credit Facility Initial Advance Commitments, and
  - DUS Deliver Credit Facility Job Aid; and
- follow the DUS Gateway process to
  - obtain a Commitment, and
  - receive an Authorization to Close.

| DUS Gateway Process | | |
|---|---|---|
| Steps | You must... | Multifamily Structured Acquisitions will... |
| 1 | • Select the "Credit Facility Module".<br>• Navigate to the "Rate Lock/Commitment" page. | |

| DUS Gateway Process | | |
|---|---|---|
| Steps | You must... | Multifamily Structured Acquisitions will... |
| 2 | Within 1 Business Day after obtaining the Rate Lock:<br><br>• enter and save all Rate Lock data for each MBS Mortgage Loan constituting<br>- an initial advance,<br>- an addition,<br>- a borrow up,<br>- a refinance of a Portfolio Mortgage Loan in the Credit Facility,<br>- a conversion of a Mortgage Loan in the Credit Facility from variable rate to fixed rate, or<br>- a substitution advance;<br><br>• identify the applicable "Loan Option"; and<br>• select " Log Rate Lock/Commitment" . | Set the "Rate Lock/Commitment" status for each Mortgage Loan to "Draft". |
| 3 | • Confirm all Rate Lock data was correctly entered for each MBS Mortgage Loan constituting<br>- an initial advance,<br>- an addition,<br>- a borrow up,<br>- a refinance of a Portfolio Mortgage Loan in the Credit Facility,<br>- a conversion of a Mortgage Loan in the Credit Facility from variable rate to fixed rate, or<br>- a substitution advance.<br><br>• Select "Finish Rate Lock/Commitment". | • Change the "Rate Lock/Commitment" status for each Mortgage Loan to:<br>- "Accepted", if all validations pass; or<br>- "Submitted for Review", if a review is required.<br><br>• For all Mortgage Loans "Submitted for Review":<br>- change the "Rate Lock/Commitment" status to:<br>▪ "Accepted", if no further action is required; or<br>▪ "Draft", if corrections are required; and<br><br>- notify you via email to revise and resubmit any "Rate Lock/Commitment" with a "Draft" status. |

| DUS Gateway Process | | |
|---|---|---|
| Steps | You must... | Multifamily Structured Acquisitions will... |
| 4 | • Identify each "Rate Lock/Commitment" status as<br>- "Accepted", or<br>- "Draft".<br><br>• Revise and resubmit any Mortgage Loan "Rate Lock/Commitment" with a "Draft" status. | Change the "Rate Lock/Commitment" status to "Accepted" after all validations pass. |
| 5 | On the "Final Underwriting" page, for each Property, either:<br><br>• upload data for<br>- underwriting,<br>- underwritten value, and<br>- income and expenses; or<br><br>• manually enter the underwriting data. | |

| DUS Gateway Process | | |
|---|---|---|
| Steps | You must... | Multifamily Structured Acquisitions will... |
| 6 | On the "Credit Facility Checks" page for each MBS Mortgage Loan:<br><br>• of an initial advance:<br>- enter the final "Mortgage Loan Amount";<br>- by entering the final "Mortgage Loan Amount", you acknowledge it:<br>▪ includes any delivery tolerance per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance; and<br>▪ equals the Delivered Mortgage Loan Amount;<br><br>- if the rate is variable, enter the:<br>▪ "Final Fixed Rate Equivalent Interest Rate";<br>▪ "Final Cap Cost Factor"; and<br>▪ "Final Structured ARM Principal Payment"; and<br><br>- run and submit the Credit Facility Checks to:<br>▪ validate the submission; and<br>▪ populate the Credit Facility Underwriting and Disclosure calculations. | |

| DUS Gateway Process | | |
|---|---|---|
| Steps | You must... | Multifamily Structured Acquisitions will... |
| 6 (continued) | • of any addition or borrow up:<br>- enter the final " Mortgage Loan Amount";<br>- by entering the final Mortgage Loan Amount, you acknowledge it:<br>▪ includes any delivery tolerance per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance; and<br>▪ equals the Delivered Mortgage Loan Amount;<br><br>- if the rate is variable, enter the:<br>▪ "Final Fixed Rate Equivalent Interest Rate";<br>▪ "Final Cap Cost Factor"; and<br>▪ "Final Structured ARM Principal Payment";<br><br>- for a partial conversion of a variable rate Mortgage Loan to a fixed rate Mortgage Loan, enter the:<br>▪ "Final Cap Cost Factor";<br>▪ "SARM T-12 Interest and Hedge Payment Amount"; and<br>▪ "Actual Conversion Date";<br><br>- if the only Portfolio Mortgage Loans in the Credit Facility are fixed rate, run and submit the Credit Facility Checks to:<br>▪ validate the submission; and<br>▪ populate the Credit Facility Underwriting and Disclosure calculations; and<br><br>- for any outstanding SARM Loans in the Credit Facility:<br>▪ enterthe SARM T-12 Interest and Hedge Payment Amount, and upload the Excel file;<br>▪ enter the Final Cap Cost Factor;<br>▪ re-run and submit the Credit Facility Checks; and<br>▪ receive Fannie Maes approval to Generate the Authorization to Close. | |

| DUS Gateway Process | | |
|---|---|---|
| Steps | You must... | Multifamily Structured Acquisitions will... |
| 7 | On the "Authorization to Close" page, for each MBS Mortgage Loan:<br><br>• select your Fannie Mae Seller Number from the dropdown menu;<br>• select "Prepare Authorization to Close";<br>• review the data;<br>• check the "Lender Certification" box; and<br>• select "Confirm Authorization to Close". | Change the "Authorization to Close" status to "Authorized". |

### Guidance

Once the Commitment status is "Accepted", you may print a Commitment Confirmation.

Throughout the process, to resolve any data discrepancies or issues, you may use the Case Management function to request assistance from the

- Fannie Mae Deal Team, or
- Multifamily Structured Acquisitions team.

MBS Mortgage Loans in a Bulk Delivery are managed in MSFMS; no Commitment is required.

## 603.03 Cash Mortgage Loans

### Requirements

For Cash Mortgage Loans in a Credit Facility or Bulk Delivery, you must obtain a Commitment through C&D per Part IV, Chapter 2: Rate Lock and Committing, except for the following entries:

| C&D Page | Entry |
|---|---|
| Commitment | • Select Structured as the Delivery Channel Type .<br>• Enter the MSFMS Deal ID in the Structured Facility Management Deal ID field. |
| Participants | • Enter at least 1 Borrower record.<br>• Enter complete data for all deal participants separately in MSFMS. |
| Collateral | None;this information is entered in MSFMS. |

# Section 604 Delivery

## 604.01 Delivery Process

### Requirements

You must:

- complete all steps in the Structured Transaction Delivery Process; and
- submit all required data and documents by 5:00 p.m. Eastern Time, no later than 10 Business Days before (and not including) the
  - purchase date for a Cash Mortgage Loan, or
  - Book-Entry Date for an MBS Mortgage Loan.

### Operating Procedures

| Structured Transaction Delivery Process | |
|---|---|
| For a... | To Deliver the Mortgage Loan, you must |
| Credit Facility MBS Mortgage Loan | • comply with the DUS Deliver Credit Facility Job Aid; and<br>• complete all of the following applicable steps in this order:<br><br>**Step 1:** Submit the Rate Lock/Commitment and obtain Authorization to Close per Part IV, Chapter 6: Structured Transactions, Section 603.02: MBS Mortgage Loans.<br><br>**Step 2:** Submit the Fees for approval.<br><br>**Step 3:** Enter the Deal Participant, Collateral, Loan, Pool and/or Hedge Data.<br><br>**Step 4:** Submit the Pool for securitization.<br><br>**Step 5:** Deliver the Property and Underwriting Documents. |

| Structured Transaction Delivery Process | |
|---|---|
| For a... | To Deliver the Mortgage Loan, you must |
| Credit Facility Cash Mortgage Loan | • unless this Chapter specifies otherwise, comply with<br>- Part IV, Chapter 4: Delivery, and<br>- Part IV, Chapter 5: Purchase;<br><br>• submit the required data in C&D; and<br>• use MSFMS to complete the:<br>- Collateral page, entering all data for the<br>▪ Property,<br>▪ underwriting, and<br>▪ rent roll; and<br><br>• Hedge page, entering all Interest Rate Cap data. |
| Bulk Delivery MBS Mortgage Loan | • comply with the MSFMS Job Aid; and<br>• complete all of the following applicable steps in this order:<br><br>**Step 1:** Submit the Deal Participant and Collateral Data.<br><br>**Step 2:** Deliver the Property and Underwriting Documents.<br><br>**Step 3:** Submit the SARM Loan Interest Rate Cap Data.<br><br>**Step 4:** Submit the Pool and Mortgage Loan Data.<br><br>**Step 5:** Deliver the executed Structured Transaction Loan Documents. |

| Structured Transaction Delivery Process | |
|---|---|
| For a... | To Deliver the Mortgage Loan, you must |
| Bulk Delivery Cash Mortgage Loan | • unless this Chapter specifies otherwise, comply with<br>- Part IV, Chapter 4: Delivery, and<br>- Part IV, Chapter 5: Purchase;<br><br>• submit the required data in C&D;<br>• use MSFMS to complete the<br>- Collateral page, entering all data for the<br>▪ Property ,<br>▪ underwriting, and<br>▪ rent roll; and<br><br>• Hedge page, entering all Interest Rate Cap data. |

### Guidance

On the Book-Entry Date, Fannie Mae will electronically issue and deliver the MBS through the Federal Reserve book-entry system using

- 1 of the delivery scenarios per Part IV, Chapter 5: Purchase, Section 503: Third Party MBS Investor Delivery Scenarios, and
- your wiring instructions.

## 604.02 MSFMS Data Errors

### Operating Procedures

To address MSFMS errors:

| Timing | Action |
|---|---|
| Before Submission | If you believe<br><br>• the data is correct, or<br>• a message is related to information Fannie Mae approved,<br>- select the submit for review system status, and<br>- explain the issue.<br><br>Multifamily Structured Acquisitions will review the submission and will<br><br>• override the error, or<br>• return it to you to revise and resubmit with a submitted status. |
| After Submission | Email Multifamily Structured Acquisitions with the subject line Deal Name MSFMS Data Change Request, if you<br><br>• made an error, or<br>• believe the data is incorrect after the MSFMS status is submitted. |

## Section 605 MBS Disclosure

Operating Procedures

DUS Deliver and MSFMS automatically flag all MBS backed by a Mortgage Loan in a Structured Transaction for Additional Disclosure. You must provide detailed information about all required Additional Disclosure information per Part IV, Chapter 5: Purchase, Section 504: MBS Mortgage Loan Disclosure.

## Section 606 Features and Activities

### 606.01 Process

Requirements

You must:

- follow the MSFMS Job Aid for all collateral events; and

- comply with Part V, Chapter 4: Asset Management: Loan Document Administration, Section 416: Credit Facilities and Bulk Deliveries.

## Operating Procedures

When processing a collateral event:

- do not create a new transaction in MSFMS (the activity will occur under the original MSFMS Deal ID); and
- comply with the Structured Transaction Approval timing requirements.

| Features and Activities | | |
|---|---|---|
| Activity | You must... | Process |
| **Collateral Addition:** adding new collateral to an existing Structured Transaction | Submit a request in DUS Gateway. | **Step 1:** Fannie Mae Deal Team will<br><br>• determine if the Property addition complies with the Structured Transaction Loan Documents, and<br>• send you a response.<br><br>**Step 2:** If you receive a Structured Transaction Approval, you must<br><br>• comply with Part IV, Chapter 6: Structured Transactions, Section 604: Delivery, and<br>• pay any applicable fees per the Structured Transaction Loan Documents or the Structured Transaction Approval. |

| Features and Activities | | |
|---|---|---|
| Activity | You must... | Process |
| **Collateral Release:** releasing collateral from an existing Structured Transaction | Submit a request in MAMP. | **Step 1:** The Fannie Mae Deal Team will<br><br>• determine if the Property release complies with the Structured Transaction Loan Documents, and<br>• send you a response.<br><br>**Step 2:** If you receive a Structured Transaction Approval, you must:<br><br>• pay any applicable fees per the Structured Transaction Loan Documents or the Structured Transaction Approval within 1Business Day after closing and releasing the collateral; and<br>• notify the Fannie Mae Deal Teamand Multifamily Structured Acquisitions if you need to change the release date. |

| Features and Activities | | |
|---|---|---|
| Activity | You must... | Process |
| **Collateral Substitution:** adding and releasing collateral in an existing Structured Transaction | Submit a request in:<br><br>• DUS Gateway for a substitution advance; or<br>• MAMP for collateral only substitutions. | **Step 1:** Fannie Mae Deal Team will<br><br>• determine if the Property substitution complies with the Structured Transaction Loan Documents, and<br>• send you a response.<br><br>**Step 2:** If you receive a Structured Transaction Approval, you must comply with both the Collateral Addition and Collateral Release processes in this table.<br><br>**Step 3:** If Fannie Mae permits a staggeredsubstitution per the Structured Transaction Loan Documents, you must:<br><br>• Provide acceptable substitute collateral (such as cash, a Letter of Credit, or other permitted replacement collateral per the Structured Transaction Loan Documents).<br>• Add the substitute collateral within 90 days or other approved timeframe per the Structured Transaction Approval or the Structured Transaction Loan Documents. |
| **Conversion to Fixed Rate:**converting an ARM Mortgage Loan to a fixed rate Mortgage Loan | Submit a request in DUS Gateway. | If Fannie Mae approves the conversion, you must comply with Part IV, Chapter 7: Variable Rate Conversions and Renewals, Section 703.01: Rate Lock and Commitment. |

| Features and Activities | | |
|---|---|---|
| Activity | You must... | Process |
| **Borrow-Up:** funding additional loan proceeds without adding collateral | Submit a request in DUS Gateway. | If Fannie Mae approves the borrow-up, you must<br><br>• comply with Part IV, Chapter 6: Structured Transactions, Section 604: Delivery, and<br>• pay any applicable fees. |

## 606.02 Asset Management Activities

### Operating Procedures

Per Part V, Chapter 4: Asset Management: Loan Document Administration, Section 416: Credit Facilities and Bulk Deliveries, for certain asset management activities you may need to deliver documents or data to Fannie Mae. To complete these activities:

| Asset Management Activities | |
|---|---|
| Activity | You must... |
| Delivering new or modified Structured Transaction Loan Documents | Comply with Part IV, Chapter 6: Structured Transactions, Section 604: Delivery. |
| Processing any Transfer/Assumption | Submit new deal participant data per Part IV, Chapter 6: Structured Transactions, Section 604.01: Delivery Process. |
| Renewing, replacing, or modifying an Interest Rate Cap | • Enter the new data in MSFMS per Part IV, Chapter 6: Structured Transactions, Section 604.01: Delivery Process.<br>• Comply with the terms and conditions per the Structured Transaction Approval. |
| Performing any other activities for a Structured Transaction | • Contact Multifamily Structured Acquisitions.<br>• Comply with the terms and conditions per the Structured Transaction Approval. |

# Chapter 7 Variable Rate Conversions and Renewals

## Section 701 Conversion Process

### Requirements

For a Mortgage Loan originated using Fannie Mae form Loan Documents that automatically converts to a variable rate or a fixed rate per the Loan Documents, you must comply with the Loan Documents.

For a Mortgage Loan originated using non-Fannie Mae form Loan Documents with a conversion option or other interest rate change (automatic or otherwise), you must

- comply with the Loan Documents, and
- contact Multifamily Acquisitions.

You must use the following table to determine the conversion process.

| For conversion of... | You must... |
|---|---|
| An ARM Loan or a SARM Loan to fixed rate | Comply with this Chapter. |
| A variable rate Mortgage Loan in a Structured Transaction to fixed rate | Comply with Part IV, Chapter 2: Rate Lock and Committing. |
| A Hybrid ARM Loan to the adjustable rate term | Comply with Part III, Chapter 12: Hybrid Adjustable Rate Mortgage (Hybrid ARM) Loans. |
| A variable rate Credit Enhancement Mortgage Loan to fixed rate | Comply with Part III, Chapter 18: Bond Transactions and Credit Enhancement Mortgage Loans. |

### Guidance

For information about the ARM Loan and SARM Loan conversion process, refer to Frequently Asked Questions (FAQs) Exercising the Fixed Rate Conversion Option for an Adjustable Rate Mortgage Loan (ARM Loan) or a Structured ARM Loan (SARM Loan).

## Section 702 ARM Loan and SARM Loan Conversions

### 702.01 Governing Documents

### Requirements

For interest rate conversions, you must comply with the following documents and order of priority:

- Interest Rate Conversion Agreement;
- Loan Documents; and
- this Chapter.

## 702.02 Minimum Conversion Debt Service Ratio

### ☑ Requirements

| To convert... | You must... |
|---|---|
| A Mortgage Loan to a fixed rate | Confirm the Minimum Conversion Debt Service Ratio (per the Interest Rate Conversion Agreement) is met. |
| A Supplemental Mortgage Loan to a fixed rate | Confirm the Minimum Conversion Debt Service Ratio is met using the sum of<br><br>• the current annual combined debt service of all Pre-Existing Mortgage Loans (using the maximum interest rate for any variable rate Pre-Existing Mortgage Loan), plus<br>• the annual debt service of the converted fixed rate Supplemental Mortgage Loan. |

## 702.03 Conversion Criteria

### ☑ Requirements

You must comply with the following table.

| Criteria | You must... |
|---|---|
| DUS Gateway | Enter delegated and non-delegated conversions in DUS Gateway. |
| Effective Date | Ensure the conversion is effective on a payment date (i.e., the 1st day of the month). |

| Criteria | You must... |
|---|---|
| Conversion Timeline | • For an ARM Loan, exercise the conversion<br>- after the 1st Loan Year, and<br>- up to, and including, the last day of the 5th Loan Year.<br><br>• For a SARM Loan, exercise the conversion<br>- after the 1st Loan Year, and<br>- up to, and including, the 1st day of the 3rd month before the Maturity Date. |
| Loan Term | Convert to a fixed rate Mortgage Loan with a loan term<br><br>• greater than or equal to 7 years, and<br>• less than or equal to 10 years. |
| Underwriting | Underwrite the conversion as follows:<br><br>• Base actual DSCR on the trailing 12-month period from the most recent supportable actual operations per the Borrowers Property financial statements.<br>• Ensure actual DSCR meets the minimum required DSCR for a fixed rate Mortgage Loan at the same Pricing and Underwriting Tier as the original ARM Loan or SARM Loan.<br>• Comply with the Loan Documentation Requirements (Form 6000). |

## 702.04 Guaranty Fee and Servicing Fee

### ☑ Requirements

You must calculate the Gross Note Rate using the current Guaranty Fee and Servicing Fee for a fixed rate Mortgage Loan in effect at Rate Lock.

## 702.05 Interest Only

### ☑ Requirements

If an interest-only ARM Loan or SARM Loan converts during the interest-only period and the new loan term is less than the original term, you must ensure

- the interest-only period does not carry over, and
- fixed rate amortization begins immediately.

### Guidance

If an interest-only ARM Loan or SARM Loan converts during the interest-only period and the new loan term is greater than or equal to the original term, you may allow the remaining interest-only period to carry over to the fixed rate Mortgage Loan.

## 702.06 Fixed Rate Amortization

### Requirements

You must comply with the following table.

| For ARM Loans and SARM Loans with... | The fixed rate amortization term will be... |
|---|---|
| Full-term interest-only | 360 months. |
| • Partial interest-only or amortization,<br>• a fixed rate term greater than or equal to the original ARM Loan or SARM Loan term, and<br>• a most recent Property Condition Rating of 1 or 2 | 360 months. |
| Other characteristics | equal to<br><br>• the original ARM Loan or SARM Loan amortization term (in months), minus<br>• the number of monthly payments (P&I or interest-only) since the Mortgage Loan Origination Date. |

## 702.07 Fixed Rate Debt Service Payments

### Operating Procedures

To calculate the fixed rate monthly P&I payments, you must:

1. Determine the amount required to repay the Mortgage Loan UPB.

2. Divide the amount into equal monthly installments.
3. Include interest accrued at the fixed rate over the amortization term per Part IV, Chapter 7: Variable Rate Conversions and Renewals, Section 702.06: Fixed Rate Amortization.
4. Use a 30/360 interest accrual method, regardless of whether the Mortgage Loan uses a 30/360 or an actual/360 interest accrual method.

### 702.08 Fixed Rate MBS Trade Premium

#### ☑ Requirements

For premiums on fixed rate MBS trades, you must comply with the Pricing Memo.

### 702.09 New Property Condition Assessment (PCA)

#### ☑ Requirements

For any non-MAH Property, you must obtain a new full PCA per Form 4099 if the conversion extends the term of the fixed rate Mortgage Loan beyond the original term of the ARM Loan or SARM Loan.

You must obtain a full PCA every 5 years for an MAH Property per Part V, Chapter 4: Asset Management: Loan Document Administration, Section 408.04E: New Property Condition Assessments.

You must obtain the PCA by the earlier of

- the final Loan Year of the ARM Loan or SARM Loan if it had not been converted, or
- Loan Year 10.

## Section 703 Commitment and Delivery

### 703.01 Rate Lock and Commitment

#### Operating Procedures

When you receive the Borrowers conversion notice for an ARM Loan or a SARM Loan:

- Perform your standard due diligence before obtaining a Rate Lock.
- Ensure the quoted fixed rate is less than or equal to the maximum fixed rate used to determine Net Cash Flow.

- Rate Lock with the Borrower for the quoted fixed rate by the 10th day of the month before the Conversion Date.
- Submit your Commitment request in:
  - DUS Gateway for a Credit Facility; or
  - C&D for any other transaction.
- Obtain a confirmed Commitment for the fixed rate Mortgage Loan.

## 703.02 Conversion Delivery

### 703.02A Deliver Loan Document Amendments

#### Operating Procedures

**Step 1:** Execute and deliver the Rate Conversion Amendment.

- Obtain the Borrower's signature on the Rate Conversion Amendment.
- If you have a Limited Power of Attorney with Fannie Mae (per Part V, Chapter 4: Asset Management: Loan Document Administration, Section 403: Execution of Documents by Servicer – Limited Power of Attorney), you must
  - execute the Rate Conversion Amendment as Fannie Maes attorney-in-fact, and
  - include the executed document in the Mortgage Loan Delivery Package.
- If you do not have a Limited Power of Attorney, you must:
  - deliver the Rate Conversion Amendment to Multifamily Acquisitions who will execute and retain the original with the Mortgage Loan Delivery Package; and
  - retain the returned, executed copy in your Servicing File.

**Step 2:** Determine if state law requires a Security Instrument amendment for a change in the Mortgage Loan Maturity Date.

If an amendment is needed, you must:

- obtain the Borrower's signature;
- either:
  - execute the amendment if you have a Limited Power of Attorney with Fannie Mae (per Part V, Chapter 4: Asset Management: Loan Document Administration, Section 403: Execution of Documents

by Servicer – Limited Power of Attorney); or

- deliver the amendment to Multifamily Acquisitions who will execute and return to you; and

- ensure the executed amendment is recorded in the appropriate land records.

## 703.02B Deliver Mortgage Loan Delivery Package

### Operating Procedures

**Step 1:** Prepare the Mortgage Loan Delivery Package, including all documents listed in Form 6000 as Required upon Conversion for an ARM Loan or a SARM Loan.

**Step 2:** Deliver the Mortgage Loan Delivery Package to Multifamily Certification and Custody

- within 10 days after receiving the confirmed Commitment, and
- by the Delivery deadline.

**Step 3:** Deliver the data and documents for:

- Credit Facilities per Part IV, Chapter 6: Structured Transactions, Section 604: Delivery; and
- C&D Mortgage Loans per Part IV, Chapter 4: Delivery.

**Step 4:** Upload Form 4662 and relevant underwriting due diligence to DUS DocWay.

## 703.03 Conversion Activities

### Operating Procedures

You must coordinate with Fannie Mae to ensure the following conversion activities occur.

| You must... | Fannie Mae will... |
|---|---|
| • Issue a new fixed rate MBS Pool after completing the conversion process.<br>• Deliver the converted fixed rate Mortgage Loan to Fannie Mae under the new confirmed Commitment.<br>• Ensure the MBS trade has a Book-Entry Date no later than:<br>- the 17th day of the month of the Conversion Effective Date for an MBS ARM Loan or SARM Loan; or<br>- the 10th day of the month of the Conversion Effective Date for a Cash ARM Loan or SARM Loan.<br><br>• Deposit the funds from the MBS trade into your applicable P&I Custodial Account. | • Issue the new fixed rate MBS.<br>• For a variable rate Cash Mortgage Loan, place it into the MBS trade assignment account.<br>• Transfer the MBS to the MBS Investor per your instruction on either the 10th or the 17th day of the month (as applicable) of the Conversion Effective Date. |

## 703.04 Pay Off

### Requirements

You must confirm, report, and remit funds to pay off the MBS ARM Loan or SARM Loan.

### Operating Procedures

1. Request MBS payoff amount verification by submitting your calculation in the Fannie Mae Payoff Calculator per Part V, Chapter 2: Reporting and Remitting, Section 210: Full Prepayments.
2. Send the payoff amount to Fannie Mae per the standard monthly remittance process in Part V, Chapter 2: Reporting and Remitting.
3. For an MBS ARM Loan or SARM Loan,
   - report a $0 balance for the MBS on the 1st or 2nd day of the month in which the Conversion Effective Date occurs, and
   - Fannie Mae will draft the funds due to the MBS Investor.

# Section 704 ARM 5/5 Optional 5-Year Adjustable Rate Term Renewal

## 704.01 Eligibility

### Operating Procedures

To renew an ARM 5/5 Loan for a second 5-year adjustable rate term:

| Timing before the initial Maturity Date | You must... |
|---|---|
| At least 180 days | • Notify Multifamily Asset Management that the ARM 5/5 Loan will be renewed for the second 5-year adjustable rate term.<br>• Confirm the ARM 5/5 Loan complies with Part III, Chapter 10: Adjustable Rate Mortgage (ARM) Loans, Section 1004: ARM 5/5 Loan Optional 5-Year Adjustable Rate Term Renewal Eligibility.<br>• Include preliminary DSCR and LTV calculations.<br>• Estimate the starting interest rate for the second 5-year adjustable rate term, including the new Investor spread. |
| At least 30 days | Provide Multifamily Asset Management with:<br><br>• an updated ARM 5/5 Loan eligibility confirmation;<br>• current DSCR and LTV calculations; and<br>• an estimate of the starting interest rate for the second 5-year adjustable rate term, including the new Investor spread. |

## 704.02 Underwriting

### Requirements

If an ARM 5/5 Loan is renewed for an additional 5 years, you must:

- Use the same Guaranty Fee and Servicing Fee as the first 5-year adjustable rate term.
- Adjust the Investor spread for the second 5-year adjustable rate term based on current market conditions.
- Adjust the monthly Replacement Reserve deposit to include required capital improvements during Loan Years 6 through 10, plus 2 additional years, per the original PCA Report.

- Not charge a Prepayment Premium.

## 704.03 Prepayment Terms

### ☑ Requirements

If an ARM 5/5 Loan is renewed for an additional 5 years:

- no voluntary prepayment will be permitted during the 6th Loan Year (i.e., the 1st Loan Year of the second 5-year adjustable rate term); and
- the ARM Loan may be prepaid after the 6th Loan Year with a 1% Prepayment Premium, but no Prepayment Premium is due
  - during the last 3 months of the loan term, or
  - if the ARM Loan converts to a fixed rate Mortgage Loan.

The following table describes various situations and the applicable prepayment provisions for the second 5-year adjustable rate term for an ARM 5/5 Loan; see Part V, Chapter 2: Reporting and Remitting, Section 213: Prepayment Premium Sharing for Prepayment Premium calculations and sharing between you and Fannie Mae.

| Situation | Prepayment Provisions |
|---|---|
| ARM 5/5 Loan is renewed for a second 5-year adjustable rate term. | Borrower does not owe a Prepayment Premium. |
| Borrower attempts to make a voluntary prepayment during the 6th Loan Year. | Borrower may not make a voluntary prepayment during the 6th Loan Year (i.e., a voluntary prepayment is locked out). |
| ARM 5/5 Loan converts to a fixed rate Mortgage Loan after the 6th Loan Year. | Borrower does not owe a Prepayment Premium. |
| Borrower makes a voluntary prepayment after the 6th Loan Year and before the 3 months prior to the extended Maturity Date for any reason other than a casualty or condemnation. | Borrower owes a Prepayment Premium. |

# Chapter 8 Bond Transactions and Credit Enhancement Mortgage Loans

## Section 801 Credit Enhancement Mortgage Loan Committing and Delivery

### 801.01 Pre-Commitment

#### Requirements

Before you request a Credit Enhancement Mortgage Loan Commitment, you must ensure:

- the criteria for mailing the POS were met;
- the Good Faith Deposit was collected;
- the Bonds were priced; and
- any Credit Enhancement Commitment Letter was executed and delivered to Fannie Mae.

### 801.02 Preliminary Official Statement

#### Operating Procedures

For publicly offered transactions, to prepare the POS you must ensure the Bond underwriter receives:

- the Credit Enhancement Mortgage Loan information; and
- for an MBS for Bonds, the MBS Prospectus Supplement narrative, including
  - any applicable Taxable Tail Subordinate Loan information, and
  - an electronic link to the Multifamily MBS Prospectus template.

Before the POS is mailed:

| Steps | You must ensure... |
|---|---|
| 1 | The following documents are in substantially final form, with no open business issues:<br><br>• Bond documents;<br>• Loan Documents;<br>• any Credit Enhancement Instrument;<br>• any Reimbursement Agreement;<br>• any credit enhancement documents;<br>• Interest Rate Cap documents for variable rate Bonds;<br>• any other transaction documents; and<br>• all legal opinions. |
| 2 | You received all required Fannie Mae and third-party approvals. |
| 3 | You and your counsel reviewed and approved the following, ensuring they comply with the Guide and any Credit Enhancement Commitment Letter:<br><br>• title commitment or pro forma title policy for the Property;<br>• survey;<br>• any Affordable Regulatory Agreement;<br>• any Subordinate Loan documentation; and<br>• any Subordination Agreement. |
| 4 | You are unaware, after reasonable due diligence, of any matters preventing Delivery of the Credit Enhancement Mortgage Loan and applicable Credit Enhancement Instrument or MBS. |
| 5 | The Bond Issuer approved the Bond issuance through its final Bond resolution. |
| 6 | The rating agency confirmed it has no significant concerns with the<br><br>• Bond documents,<br>• Loan Documents,<br>• any Credit Enhancement Instrument,<br>• related documents, or<br>• applicable MBS. |

| Steps | You must ensure... |
|---|---|
| 7 | The Borrower met the conditions for mailing the POS in the Borrower Commitment and any applicable Credit Enhancement Commitment Letter. |
| 8 | Either:<br><br>• for a Credit Enhancement Instrument, you accept the Credit Enhancement Commitment Letter as being in substantially final form, with no open business issues; or<br>• for an MBS for Bonds, the Fannie Mae Deal Team provides written authorization. |
| 9 | Fannie Mae's counsel is satisfied with all final changes to the POS, including the typeset cover. |
| 10 | If Fannie Mae is a LIHTC investor:<br><br>• you provided Fannie Mae with all required information and documentation per Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 710.02: Fannie Mae Credit-Enhanced Tax-Exempt Bond Issuance;<br>• Bond counsel confirmed you resolved any tax issues concerning Fannie Maes investment in the Borrower's equity; and<br>• any LIHTC Agreement is in substantially final form, with no open business issues. |

## 801.03 Good Faith Deposit

### ☑ Requirements

Before obtaining a Credit Enhancement Mortgage Loan Commitment, you must collect the Minimum Good Faith Deposit from the Borrower per Part IV, Chapter 2: Rate Lock and Committing, Section 203.02: Minimum Good Faith Deposit.

You must hold and refund the Good Faith Deposit per Part IV, Chapter 2: Rate Lock and Committing, Section 203.03: Good Faith Deposit and Breakage Fees.

If you fail to Deliver a Credit Enhancement Mortgage Loan that complies with this Chapter, you will be

- in default under the Commitment, and

- subject to Part IV, Chapter 4: Delivery, Section 408: Delivery Failure.

## 801.04 Rate Lock

### Guidance

For Credit Enhancement Mortgage Loans, the interest rate is determined at Bond pricing.

At Bond pricing, the Bond Issuer and Bond underwriter or direct purchaser execute a Bond Purchase Agreement, setting the terms for the Bond underwriter or direct purchaser to purchase the Bonds on the issue date.

### Operating Procedures

| Timing | Activity |
|---|---|
| At Bond pricing | Bond underwriter provides you the Bond interest rate, equaling:<br><br>• the Gross Note Rate on the<br>- Multifamily Bond Note, for a Credit Enhancement Instrument, or<br>- Note, for an MBS for Bonds;<br><br>• minus the sum of:<br>- the applicable Credit Enhancement Fee or Guaranty Fee;<br>- Servicing Fee;<br>- any applicable PRF fee; and<br>- for a Credit Enhancement Instrument, the Bond Issuer fee. |

| Timing | Activity |
|---|---|
| Before Bond Purchase Agreement is executed | You must:<br><br>• review the Bond underwriters pricing information;<br>• confirm, for any 12-month period, the actual maximum annual debt service on the Bond debt service schedule is less than or equal to the underwritten maximum annual debt service;<br>• create a monthly payment schedule to be attached to the Note that, for each 12-month period, aggregates the exact amount of the Bond payments (plus any fees); and<br>• for an MBS for Bonds:<br>- confirm the Bond terms match the Credit Enhancement Mortgage Loan pass-through payments; and<br>- if the actual maximum annual debt service is greater than the underwritten maximum annual debt service, then<br>▪ reduce the actual Credit Enhancement Mortgage Loan amount (and corresponding Bond principal amount), and<br>▪ the Borrower must identify a new financing source, acceptable to all parties, for the amount of the reduction in the Credit Enhancement Mortgage Loan amount. |
| After Bond Purchase Agreement is executed | For a Credit Enhancement Instrument, you must receive the Credit Enhancement Commitment Letter executed by Fannie Mae and submit a fully executed copy via DUS Gateway. |

## 801.05 Commitment

### Operating Procedures

| Steps | You must... |
|---|---|
| 1 | Submit a Commitment request for the Credit Enhancement Mortgage Loan through C&D within 24 hours after the Bond Purchase Agreement is executed. |

| Steps | You must... |
|---|---|
| 2 | Ensure the Commitment reflects the<br><br>• Bond interest rate (for an MBS for Bonds, the Bond interest rate equals the MBS Pass-Through Rate),<br>• term sheet attached to the Official Statement, and<br>• Credit Enhancement Commitment Letter terms, for a Credit Enhancement Instrument. |
| 3 | Enter all information into C&D per the screen instructions and C&D User Manual. |
| 4 | Coordinate with Multifamily Acquisitions to resolve any submission problems or discrepancies. |

Fannie Mae will evaluate your submission and, if appropriate, confirm the Commitment.

## Section 802 Data and Document Delivery

### 802.01 Credit Enhancement Mortgage Loans

☑ Requirements

For all Credit Enhancement Mortgage Loans, you must:

| Credit Enhancement Form | Data Submission and Document Delivery |
|---|---|
| Credit Enhancement Instrument | Submit the<br><br>• delivery data in C&D per Part IV, Chapter 4: Delivery, and<br>• applicable data on the Bond, Loan, Borrower, and Property pages in C&D within 3 Business Days after the Bond closing.<br><br>Deliver the Mortgage Loan Delivery Package<br><br>• in electronic form within 3 Business Days after the Mortgage Loan closing (not including the closing date), and<br>• in physical form by the earlier of<br>- 10 Business Days after the Mortgage Loan closing (not including the closing date), or<br>- the last day of the month of the Bond closing. |
| MBS for Bonds | • Submit all data, including the MBS Pool Information, in C&D per Part IV, Chapter 4: Delivery.<br>• Enter Special Feature Code 832.<br>• Deliver the Mortgage Loan Delivery Package per Part IV, Chapter 4: Delivery. |

## 802.02 Interest Rate Cap

### Requirements

You must deliver Interest Rate Cap information when you Deliver the Mortgage Loan in C&D.

### Operating Procedures

When delivering Interest Rate Cap information:

- Enter data in the Hedges tab in C&D.

- Upload the Hedge Delivery Information (Form 4643) into CESIR.

# Glossary

## A

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| ACheck | Lender due diligence performed for the Borrower, Key Principal, and Principal using the ACheck™ application.<br><br>**Synonyms**<br>• Applicant Experience Check |
| Acquisition | Any Purchase of either the:<br>• Propertys fee simple or leasehold interest via a deed transfer; or<br>• Controlling Interest in the Borrower.<br><br>**Synonyms**<br>• Acquisitions |
| Additional Disclosure | Information you provide that is published as an addendum to the disclosure documents when an MBS is issued and describes special Security, Mortgage Loan, or Property characteristics or terms that differ from those described in the standard Multifamily MBS Prospectus.<br><br>**Synonyms**<br>• Additional Disclosures<br>• Special Disclosure |
| Adjustable Rate Mortgage Loan | Mortgage Loan with an interest rate that periodically adjusts based on an Index per the Note or Loan Documents.<br><br>**Synonyms**<br>• ARM Loan<br>• Adjustable Rate Mortgage Loans<br>• ARM Loans |

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| Affordable Regulatory Agreement | Recorded or unrecorded regulatory, land use, extended use, restrictive covenant, or similar agreement or restriction that is imposed by a Public Entity, placing rent, income, or other affordability restrictions on the use or occupancy of the Property, but which does not include a HAP Contract.<br><br>**Synonyms**<br>• Affordable Regulatory Agreements |
| ASAP | Various As Soon As Pooled purchase options expediting the sale of Mortgage Loans per the applicable ASAP Contracts.<br><br>**Synonyms**<br>• As Soon As Pooled |
| ASAP Contract | ASAP Sale Contract, ASAP Plus Contract, and ASAP Plus POC Contract.<br><br>**Synonyms**<br>• ASAP Contracts |
| ASAP Options | ASAP Sale and ASAP Plus (including ASAP Plus POC) purchase options per Part IV, Chapter 2: Rate Lock and Committing, Section 205: ASAP Options.<br><br>**Synonyms**<br>• ASAP Option |
| ASAP Plus | Purchase option expediting Mortgage Loan Delivery using a 2-stage process before redelivering for purchase per the applicable ASAP Contract. |
| ASAP Sale | Purchase option where you Deliver a Mortgage Loan in exchange for cash while trading the Delivered Mortgage Loan MBS with an MBS Investor. |

# B

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|---|---|
| Bankruptcy Event | When a Person:<br>• is subject to bankruptcy, insolvency, or similar federal or state proceedings;<br>• provides written acknowledgement (except for a Mortgage Loan workout) of inability to pay maturing debts;<br>• makes a general assignment for the benefit of creditors;<br>• repudiates its obligations; or<br>• is supervised by a receiver, liquidator, or similar officer. |
| Bonds | Tax-exempt or taxable multifamily revenue bonds, or other tax-exempt or taxable bonds, issued to finance 1 or more Credit Enhancement Mortgage Loan Properties.<br><br>**Synonyms**<br>• Bond |
| Book-Entry Date | Date a Security is delivered by Fannie Mae via the Federal Reserve book-entry system to the applicable Investors designated book-entry account at a depository institution.<br><br>**Synonyms**<br>• Book-Entry Delivery Date<br>• Settlement Date |
| Borrower | Person who is the obligor per the Note.<br><br>**Synonyms**<br>• Borrowers<br>• Borrower's |

| | |
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| Borrower Commitment | Your written commitment with the Borrower to originate a Mortgage Loan, and any separate written or oral rate lock agreements between you and the Borrower to rate lock the Mortgage Loan.<br><br>**Synonyms**<br>• Borrower Commitments |
| Breakage Fee | Aggregated costs and damages owed to the Investor if you fail to Deliver the Mortgage Loan Delivery Package per the Guide.<br><br>**Synonyms**<br>• Breakage Fees |
| Bulk Delivery | Structured Transaction governed by a Bulk Delivery Agreement that allows future:<br>• Mortgage Loan additions; and/or<br>• Property substitutions.<br><br>**Synonyms**<br>• Bulk Deliveries |
| Business Day | Any day other than a<br>• Saturday,<br>• Sunday,<br>• day when Fannie Mae is closed,<br>• day when the Federal Reserve Bank of New York is closed, or<br>• for any MBS and required remittance withdrawal, day when the Federal Reserve Bank is closed in the district where any of the MBS funds are held.<br><br>**Synonyms**<br>• Business Days |

# C

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|---|---|
| Capital Markets Early Funding Desk | Team that can be contacted for ASAP funding at (866) 944-3863 or early_funding@fanniemae.com. |

| | |
|---|---|
| Cash Mortgage Loan | Mortgage Loan purchased by Fannie Mae in exchange for cash.<br><br>**Synonyms**<br>• Cash Mortgage Loans |
| CESIR | Credit Enhancement Servicing and Investor Reporting System |
| Choice Refinance Loan | Mortgage Loan refinancing a Portfolio Mortgage Loan using streamlined underwriting per Part III, Chapter 17: Choice Refinance Loans.<br><br>**Synonyms**<br>• Choice Refinance Loans |
| Collateral | Property, Personal Property, or other property securing a Mortgage Loan. |
| 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.<br><br>**Synonyms**<br>• Committed<br>• Commitments |
| Commitment Amount | Anticipated Mortgage Loan amount per the Commitment. |
| Commitment Date | Date a Commitment is confirmed by Fannie Mae per Part IV, Chapter 2: Rate Lock and Committing, Section 204: Commitments. |

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| 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).<br><br>**Synonyms**<br>• Controlling<br>• Controlled<br>• Controls |
| Credit Enhancement Fee | Fee due to Fannie Mae for a Credit Enhancement Instrument. |
| Credit Enhancement Instrument | Agreement between Fannie Mae and a Bond Trustee where Fannie Mae provides credit enhancement of a Credit Enhancement Mortgage Loan, Bonds issued to finance a Credit Enhancement Mortgage Loan, or an Interest Rate Hedge Agreement; and if applicable, a Bond liquidity facility.<br><br>**Synonyms**<br>• Credit Enhancement Instruments |
| Credit Enhancement Mortgage Loan | Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by<br>• a Credit Enhancement Instrument, or<br>• an MBS for Bonds.<br><br>**Synonyms**<br>• Credit Enhancement Mortgage Loans |

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| Credit Facility | Structured Transaction governed by a Master Credit Facility Agreement requiring Mortgage Loans and Properties to be<br>• cross-defaulted, and<br>• cross-collateralized.<br><br>**Synonyms**<br>• Credit Facilities<br>• Credit Facility's |
| Custodial Account | Account established by the Servicer for depositing P&I payments, T&I payments, and escrow, reserve, or other funds received from the Borrower per any Loan Document, including the:<br>• Collateral Agreement;<br>• Multifamily Loan Agreement; or<br>• Security Instrument.<br><br>**Synonyms**<br>• Custodial Accounts |

# D

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|---|---|
| Debt Service Coverage Ratio | On an annual basis or any specified period, the ratio of Net Cash Flow to the total of: principal, interest, and required Mezzanine Financing or Hard Pay Preferred Equity payments.<br><br>**Synonyms**<br>• DSCR |
| Delivered Mortgage Loan Amount | UPB of a Mortgage Loan when it is purchased by Fannie Mae. |



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|---|---|
| Delivery | Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Maes satisfaction.<br><br>**Synonyms**<br>• Deliver<br>• Delivered<br>• Deliveries |
| DocWay | Business-to-business electronic documentation delivery application, or any successor system. |
| Dual Commitment Option | For a Streamlined Rate Lock Mortgage Loan trade with the Multifamily Trading Desk, your ability to increase the Mortgage Loan Rate Lock amount. |
| DUS | Delegated Underwriting and Servicing |
| DUS Deliver | Multifamily acquisition system used, for Mortgage Loans in a Credit Facility, to submit Mortgage Loan and Property data for:<br>• Delivery and securitization; and<br>• after the Mortgage Loan Origination Date, any<br>- collateral release or substitution,<br>- future advance or conversion, or<br>- other asset management action permitted by the Master Credit Facility Agreement. |
| DUS Disclose | Multifamily system providing disclosure to Investors on a multifamily Security, or any successor systems. |
| DUS Gateway | Multifamily pre-acquisition system, or any successor systems, recording deal registration, Pre-Review and/or waiver tracking, Mortgage Loan Commitments, and decision records. |

# F

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|---|---|
| Fannie Mae Deal Team | Team responsible for reviewing Pre-Review Mortgage Loans, waivers, etc.<br><br>**Synonyms**<br>• Deal Team |
| Form 4660 | Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans.<br><br>**Synonyms**<br>• Multifamily Underwriting Standards |
| Forward Commitment | Commitment to purchase a permanent Mortgage Loan for a to-be constructed or rehabilitated Property.<br><br>**Synonyms**<br>• Forward Commitment's<br>• Forward Commitments |

# G

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|---|---|
| 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.<br><br>**Synonyms**<br>• Good Faith Deposits |
| Green Building Certification | Designation awarded by a third-party organization that is recognized by Fannie Mae and listed in the Green Building Certifications (Form 4250) for multifamily properties constructed or maintained to meet specified energy and water efficiency standards or other sustainability criteria. |

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|---|---|
| Green Mortgage Loan | Mortgage Loan secured by a Property that incorporates features expected to have a positive environmental outcome including, but not limited to, reducing energy and water consumption at a Property, generating energy, or meeting criteria set by a third-party green building certification organization.<br><br>**Synonyms**<br>• Green Mortgage Loans |
| Green Rewards Mortgage Loan | Mortgage Loan secured by a Property where the Borrower agrees to undertake 1 or more Energy- and Water-Efficiency Measures that comply with Part III, Chapter 4: Green Mortgage Loans, Section 403: Green Rewards Mortgage Loans.<br><br>**Synonyms**<br>• Green Rewards Mortgage Loans<br>• Green Rewards |
| Gross Note Rate | Mortgage Loan interest rate stated in the Loan Documents. |
| Guarantor | Key Principal or other Person executing a<br>• Payment Guaranty,<br>• Non-Recourse Guaranty, or<br>• any other Mortgage Loan guaranty.<br><br>**Synonyms**<br>• Guarantors |
| Guaranty | Payment Guaranty, Non-Recourse Guaranty, or other guaranty by a Guarantor for the Mortgage Loan. |

| | |
|---|---|
| Guaranty Fee | Fee retained by Fannie Mae for credit enhancing a Mortgage Loan or assuming credit risk on a Mortgage Loan, and which may be expressed as a percentage.<br><br>**Synonyms**<br>• Guaranty Fees |
| Guide | Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise.<br><br>**Synonyms**<br>• DUS Guide |

# H

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|---|---|
| High Performance Building Module | PCA High Performance Building Module assessing cost effective opportunities to increase a Propertys energy and water efficiency and reduce costs.<br><br>**Synonyms**<br>• HPB Module |
| HPB | High Performance Building |
| Hybrid ARM Loan | Mortgage Loan with a total term of 30 years, comprised of an initial term when interest accrues at a fixed rate, and which automatically converts to a term where interest accrues at an adjustable rate.<br><br>**Synonyms**<br>• Hybrid ARM Loans |

# I

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|---|---|
| Improvements | Buildings, structures, improvements, and alterations, including the multifamily housing dwellings, now or hereafter constructed or placed on the Property, including all fixtures (as defined in the UCC).<br><br>**Synonyms**<br>• Improvements' |
| Index | Basis for determining an ARM Loan Gross Note Rate or entering a Streamlined Treasury Lock on a fixed rate Mortgage Loan, including any required alternative index deemed necessary by Fannie Mae because the prior Index:<br>• is no longer widely accepted; or<br>• was replaced as the index for similar financial instruments. |
| Interest Rate Cap | Interest rate agreement between the Borrower and a provider for which the Borrower receives payments at the end of each period when the interest rate exceeds the Cap Strike Rate. The Interest Rate Cap provides a ceiling (or cap) on the Borrower's Mortgage Loan interest payments.<br><br>**Synonyms**<br>• Interest Rate Caps<br>• Interest Rate Hedge<br>• Interest Rate Hedges<br>• Interest Rate Swap<br>• Interest Rate Cap's |
| Interest Rate Conversion Agreement | Document describing the terms and conditions when a Mortgage Loan interest rate may convert from an adjustable rate to a fixed rate. |

| | |
|---|---|
| Investor | MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan.<br><br>**Synonyms**<br>• Investors<br>• Investor's |
| Investor Spread | Required spread above the Index (excluding the Guaranty Fee and Servicing Fee) charged by the Investor purchasing the:<br>• Mortgage Loan; or<br>• MBS Mortgage Loan. |
| Issue Date | First day of the month a Security is issued. |
| Issuer | Entity that:<br>• issues Bonds for a Credit Enhancement Mortgage Loan;<br>• packages mortgages for sale as a Security for an MBS; or<br>• issues a Letter of Credit.<br><br>**Synonyms**<br>• Issuers |

# K

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|---|---|
| Key Principal | Person who<br>• controls and/or manages the Borrower or the Property,<br>• is critical to the successful operation and management of the Borrower and the Property, and/or<br>• may be required to provide a Guaranty.<br><br>**Synonyms**<br>• Key Principals<br>• Key Principal's |

# L

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|---|---|
| Lender | Person Fannie Mae approved to sell or service Mortgage Loans.<br><br>**Synonyms**<br>• Lenders<br>• Lender's |
| Lender Contract | Program Documents per the Multifamily Selling and Servicing Agreement.<br><br>**Synonyms**<br>• Lender’s Contract<br>• Lender Contracts<br>• Contract<br>• Multifamily Selling and Servicing Agreement<br>• MSSA |
| Lender-Arranged Sale | MBS sold to the Lender and held on its balance sheet or delivered to a Third Party MBS Investor.<br><br>**Synonyms**<br>• 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.<br><br>**Synonyms**<br>• Letters of Credit<br>• Letter of Credit's<br>• LOC<br>• LOCs |

| | |
|---|---|
| Limited Experienced Owner | Any Person who has not been a Sponsor, Cooperative Property Sponsor, Key Principal, or Guarantor for a Fannie Mae multifamily Mortgage Loan in the last 10 years before the Commitment Date.<br>Regardless, a Sponsor, Cooperative Property Sponsor, Key Principal, or Guarantor is not a Limited Experienced Owner if they:<br>• are a fund Sponsor whose other current or historical funds under its Control satisfy these requirements; or<br>• currently have a Controlling Interest in Persons directly or indirectly owning more than 1,000 multifamily units.<br><br>**Synonyms**<br>• Limited Experienced Owners |
| Limited Power of Attorney | Legal document authorizing a Servicer to execute certain Loan Documents related to the asset management of a Mortgage Loan as attorney-in-fact on behalf of Fannie Mae. |
| Loan Documentation Requirements | Loan Documents listed in Form 6000 applicable to the particular Mortgage Loan execution and/or product and features. |
| Loan Documents | All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.<br><br>**Synonyms**<br>• Loan Document<br>• Mortgage Loan Document<br>• Mortgage Loan Documents |
| Loan Number | 10-digit number assigned by Fannie Mae to each Mortgage Loan. |

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| Loan Year | Period beginning on the date of the Note and ending on the last day of the month that is 12 full months after the date of the Note, and each successive 12-month period thereafter.<br><br>**Synonyms**<br>• Loan Years |
| Loan-to-Value Ratio | Ratio of the actual aggregate UPB of the Mortgage Loan, plus any Pre-Existing Mortgage Loans, plus any Hard Pay Preferred Equity, plus any Mezzanine Financing, to the value of the Property, expressed as a percentage.<br><br>**Synonyms**<br>• LTV<br>• LTV Ratio |
| Low-Income Housing Tax Credit | Federal program offering tax credits to owners of eligible properties that contain low-income occupants and rent restrictions.<br><br>**Synonyms**<br>• Low-Income Housing Tax Credits<br>• Low Income Housing Tax Credits<br>• LIHTC<br>• LIHTCs |

# M

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| MAMP | Multifamily Asset Management Portal used to submit<br>• Property inspections,<br>• operating statements,<br>• requested modifications,<br>• asset management reports, and<br>• data corrections for loan or property attributes.<br><br>**Synonyms**<br>• Multifamily Asset Management Portal<br>• MAMP's |

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| Maturity Date | Date all Mortgage Loan amounts become fully due and payable per the Loan Documents.<br><br>**Synonyms**<br>• Maturity Dates |
| MBS | Mortgage-Backed Security |
| MBS for Bonds | Fannie Mae MBS:<br>• issued to credit enhance tax-exempt Bonds; or<br>• exchanged for Bonds redeemed at MBS issuance.<br><br>**Synonyms**<br>• MBS Exchange<br>• MTEB<br>• MTEM |
| MBS Investor | For MBS Mortgage Loans, either a Third Party MBS Investor for Lender-Arranged Sales, or the Multifamily Trading Desk. |
| MBS Mortgage Loan | Mortgage Loan purchased by Fannie Mae in exchange for an issued MBS backed by the Mortgage Loan.<br><br>**Synonyms**<br>• MBS Mortgage Loans |
| MBS Pool | MBS Security backed by MBS Mortgage Loans.<br><br>**Synonyms**<br>• MBS Pools<br>• MBS Pool's |
| 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. |

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| Minimum Required Trade Information | Mortgage Loan, Security, and Property information that must be disclosed to any potential Investor before obtaining a Rate Lock for a Mortgage Loan, using Form 4097 - Multifamily Required Trade Information for Cash or MBS Mortgage Loans. |
| Mortgage Loan | Mortgage debt obligation evidenced, or when made will be evidenced, by<br>• the Loan Documents, or<br>• a mortgage debt obligation with a Fannie Mae credit enhancement.<br><br>**Synonyms**<br>• Mortgage Loans<br>• Mortgage Loan's |
| Mortgage Loan Delivery Package | Loan Documents and underwriting material required in connection with the Delivery of a Mortgage Loan. |
| Mortgage Loan Origination Date | Date you fund a Mortgage Loan to the Borrower.<br><br>**Synonyms**<br>• Mortgage Loan's Origination Date<br>• Origination Date |
| MSFMS | Multifamily Structured Facilities Management System used, for Mortgage Loans in a Bulk Delivery, to submit Mortgage Loan and Property data for:<br>• Delivery and securitization; and<br>• any Property substitution occurring after the Mortgage Loan Origination Date. |
| Multifamily Acquisitions | Team that can be contacted at mf_acquisitions@fanniemae.com. |

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| Multifamily Affordable Housing Property | Property that:<br>• complies with Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702: MAH Property Eligibility; and<br>• is underwritten per Part III, Chapter 7: Multifamily Affordable Housing Properties.<br><br>**Synonyms**<br>• MAH<br>• Multifamily Affordable Housing<br>• MAH Property |
| Multifamily Asset Management | Team that can be contacted at drawer_am@fanniemae.com. |
| Multifamily Certification and Custody | Team responsible for taking custody of and certifying Mortgage Loans that can be contacted at<br>• multifamcert_team@fanniemae.com,<br>• (800) 940-4646, or<br>• for submissions:<br>Fannie Mae (Multifamily)<br>Certification and Custody<br>21240 Ridgetop Circle<br>Suite 125-130<br>Sterling, VA 20166.<br><br>**Synonyms**<br>• DDF<br>• Document Delivery Facility<br>• Document Delivery System |
| Multifamily Committing and Delivery System | Electronic committing and delivery system used for issuing and confirming Commitments for acquiring Mortgage Loans, or any such successor system.<br><br>**Synonyms**<br>• C&D<br>• Multifamily Committing and Delivery Systems |

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| Multifamily Loan Agreement | Agreement evidencing Mortgage Loan terms using<br>• Form 6001 series Loan Documents, or<br>• another Fannie Mae-approved form.<br><br>**Synonyms**<br>• Multifamily Loan Agreements |
| Multifamily Mortgage Loan Delivery Package Table of Contents | Form 6502.Folder.I.and.Folder.III, Form 6502.Folder.II, or another Fannie Mae-approved Table of Contents for a Mortgage Loan Delivery Package. |
| Multifamily Pricing Desk | Team that:<br>• quotes interest rate pricing and other terms for a Mortgage Loan; and<br>• can be contacted at mf_pricing_desk@fanniemae.com. |
| Multifamily Structured Acquisitions | Team that can be contacted at multifamily_spot@fanniemae.com. |
| Multifamily Trading Desk | Team that:<br>• purchases and trades Cash Mortgage Loans and MBS Mortgage Loans for Fannie Mae's own account; and<br>• can be contacted at (888) 889-1118. |

## N

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| Near Stabilized Property | Newly constructed or recently rehabilitated Property, with all construction or rehabilitation complete, which is expected to achieve Stabilized Residential Occupancy and the applicable required Underwritten Debt Service Coverage Ratio within 120 days after the Mortgage Loan Origination Date. |
| Negotiated Seller Number | Number assigned by Fannie Mae identifying the Person currently servicing a Structured Transaction. |

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| Net Cash Flow | At underwriting or for any specified period, the amount calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III.<br><br>**Synonyms**<br>• NCF |
| Net Operating Income | At underwriting or for any specified period, the Property's total Effective Gross Income minus operating expenses.<br><br>**Synonyms**<br>• NOI |
| Note | Instrument evidencing a Mortgage Loan obligation, including<br>• Form 6010 series,<br>• any other Fannie Mae-approved note, and<br>• all applicable<br>  - addenda,<br>  - schedules, and<br>  - exhibits.<br><br>**Synonyms**<br>• Notes |

# O

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| Origination Fee | Fee you charge the Borrower for underwriting and originating the Mortgage Loan.<br><br>**Synonyms**<br>• Origination Fees |

# P

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| P&I | Principal and interest |

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| P&I Custodial Account | Custodial Account for principal and interest deposits.<br><br>**Synonyms**<br>• P&I Custodial Accounts |
| Participation Interest | Undivided interest in a Mortgage Loan per the participation certificate for a specified percentage of principal (and proportionate rights and benefits of the Participation Interest seller in any Mortgage Loan collateral or guaranty), and a specified yield.<br><br>**Synonyms**<br>• Participation Interests |
| Pass-Through Rate | Mortgage Loan Gross Note Rate minus:<br>• for MBS Mortgage Loans, the Guaranty Fee, minus the Servicing Fee; and<br>• for Cash Mortgage Loans, the Servicing Fee. |
| Payment Default | Borrower's failure to fully pay any required Mortgage Loan payment when due, including,<br>• principal,<br>• interest,<br>• late charges,<br>• default interest,<br>• fees,<br>• pricing incentive recapture,<br>• prepayment premium,<br>• escrows, or<br>• other collateral accounts for<br>  - taxes,<br>  - insurance,<br>  - assessments,<br>  - Completion/Repair Escrow, and<br>  - Replacement Reserve.<br><br>**Synonyms**<br>• Payment Defaults |

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| PCA Report | Property Condition Assessment Report documenting the findings of a PCA. |
| Portfolio Mortgage Loan | Mortgage Loan purchased by Fannie Mae and held as of a certain date regardless of whether it is a Cash Mortgage Loan or an MBS Mortgage Loan.<br><br>**Synonyms**<br>• Portfolio Mortgage Loans<br>• Portfolio Mortgage Loan's |
| Pre-Existing Mortgage Loan | Multifamily residential real estate loan secured by Liens against the Property having higher priority than the Lien securing the Subordinate Loan purchased by Fannie Mae.<br><br>**Synonyms**<br>• Pre-Existing Mortgage Loans |
| Pre-Review | Requirement that you obtain Fannie Maes approval before you Rate Lock a Mortgage Loan. |
| Pre-Review Mortgage Loan | Mortgage Loan that is not delegated to you and requires Fannie Maes approval before Rate Lock. |

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| Preferred Equity | A direct or indirect investment in the Borrower, for which the organizational documents provide that equity investor with:<br>• an asset management fee or other fee before dividends, distributions, payments, or returns are paid to the investors; or<br>• preferred or unequal rights to receive dividends, distributions, payments, or returns relative to other equity owners, but excluding:<br>- an equity investment made solely for the allocation of LIHTCs; or<br>- preferred dividends, distributions, payments, or returns paid to:<br>▪ a REIT Equity Investor from Excess Net Cash Flow; or<br>▪ an equity investor in the form of<br>• payments or a promote return after pari passu payments are made to all equity investors based on a specified minimum internal rate of return or return threshold; or<br>• repayment of a protective advance to pay debt service or other amounts due under the Loan Documents, or any other amounts reasonably required for the operation and maintenance of the Property. |
| Preliminary Official Statement | Initial disclosure document for prospective Bond purchasers containing terms, conditions, and information regarding the Bonds, the project, the Issuer, the Borrower and the credit enhancer.<br><br>**Synonyms**<br>• POS |
| Prepayment Premium | For a Mortgage Loan prepayment, amount the Borrower must pay in addition to the prepaid principal and accrued interest per the Loan Documents.<br><br>**Synonyms**<br>• Prepayment Premiums |

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| Prepayment Premium Option | Applicable Form 6104 series schedule to the Loan Agreement. |
| Prepayment Premium Period End Date | Last date when a Borrower owes a Prepayment Premium for a voluntary Mortgage Loan prepayment. |
| PRF | Account you hold accumulating principal amortization payments for variable rate Bond credit enhancements.<br><br>**Synonyms**<br>• Principal Reserve Fund |
| Pricing and Underwriting Tier | Tier 1, Tier 2, Tier 3, or Tier 4 per the Multifamily Underwriting Standards (Form 4660).<br><br>**Synonyms**<br>• Tier |
| Pricing Memo | Applicable DUS Pricing Memo or non-DUS Pricing Memo communicating pricing for various products and features.<br><br>**Synonyms**<br>• Pricing Memos |
| Principal | Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors.<br><br>**Synonyms**<br>• Principals |

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| Property | Multifamily residential real estate securing the Mortgage Loan, including the<br>• fee simple or Leasehold interest,<br>• Improvements, and<br>• personal property (per the Uniform Commercial Code).<br><br>**Synonyms**<br>• Properties<br>• Property's |
| Property Condition Assessment | Assessment of the Property's physical condition and historical operation.<br><br>**Synonyms**<br>• PCA<br>• PNA<br>• Physical Needs Assessment<br>• PCAs |
| Property Condition Rating | An assessment of the Propertys overall condition per the MBA Standard Inspection Form, expressed on a scale from 1 (the best Property Condition Rating) to 5 (lowest Property Condition Rating).<br><br>**Synonyms**<br>• Property Condition Ratings |

# Q

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| Quote Letter | Fannie Mae response via DUS Gateway to your request for an interest rate quote on a Mortgage Loan, specifying:<br>• the breakdown of Total Credit Fees into the applicable<br>  - Guaranty Fee, and<br>  - Servicing Fee; and<br>• any other required terms and conditions. |

# R

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| 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.<br><br>**Synonyms**<br>• Rate Locks |
| Rate Lock Period | Time from Rate Lock execution through the Settlement Date. |
| REMIC | Real Estate Mortgage Investment Conduit |
| Replacement Reserve | Custodial Account the Borrower funds during the Mortgage Loan term for Replacements.<br><br>**Synonyms**<br>• Replacement Reserves |
| Replacements | Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required.<br><br>**Synonyms**<br>• Replacement |

# S

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| Same Month Pooling | Delivery option permitting Mortgage Loans to be pooled and secure an MBS issued in the same month as the Mortgage Loan Origination Date. |
| Security | MBS, PFP MBS, or REMIC.<br><br>**Synonyms**<br>• Securities |

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| Security Instrument | Instrument creating a lien or encumbrance on 1 or more Properties and securing the Loan Document obligations.<br><br>**Synonyms**<br>• Security Instruments<br>• Security Instrument's |
| Seniors Housing Property | Multifamily residential rental property with any combination of Independent Living, Assisted Living, Alzheimers/Dementia Care, or Skilled Nursing units.<br><br>**Synonyms**<br>• Seniors Housing<br>• Seniors Housing Properties |
| Servicer | Primary Person servicing the Mortgage Loan, including<br>• the originator,<br>• seller, or<br>• a third party.<br><br>**Synonyms**<br>• Servicers<br>• Servicer's |
| Servicing Fee | Fee a Servicer receives for collecting payments, managing operational procedures, and assuming your portion of credit risk for a Mortgage Loan, and which may be expressed as a percentage.<br><br>**Synonyms**<br>• Servicing Fees |
| Servicing File | Your file for each Mortgage Loan serviced.<br><br>**Synonyms**<br>• Servicing Files |

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| Small Mortgage Loan | Mortgage Loan with an original loan amount less than or equal to $9 million.<br><br>**Synonyms**<br>• Small Mortgage Loans |
| Sponsor | Principal equity owner and/or primary decision maker of the Borrower (often the Key Principal or the Person Controlling the Key Principal).<br><br>**Synonyms**<br>• Sponsors<br>• Sponsor's |
| Stabilized Residential Occupancy | Percentage of Property units physically occupied by Qualified Occupants, per Part II, Chapter 1: Attributes and Characteristics, Section 107.02: Qualified Occupants as adjusted for the applicable Part III products and features. |
| Standby | Credit enhancement under which Fannie Mae makes principal and interest payments directly to the Bond Trustee (for payment to bondholders) if the Borrower fails to make required mortgage note payments or if a bankruptcy event has occurred. |
| Streamlined Rate Lock | Optional process permitting a Rate Lock before completing full Mortgage Loan underwriting, per Part IV, Chapter 3: Streamlined Rate Lock.<br><br>**Synonyms**<br>• SRL |
| Streamlined Treasury Lock | Optional process permitting you to lock the Index and hold the Investor Spread and Total Credit Fees before entering into either a:<br>• Streamlined Rate Lock; or<br>• standard Rate Lock per Part IV, Chapter 2: Rate Lock and Committing, Section 202: Obtaining a Rate Lock. |

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| Structured Transaction Approval | Fannie Mae approval of a Structured Transaction outlining the terms, conditions, pricing, and fees. |
| Structured Transaction Loan Documents | Documents executed for a Structured Transaction, including a Master Credit Facility or Bulk Delivery Agreement, an Interest Rate Hedge Agreement, and all other required Loan Documents. |
| Subordinate Loan | Multifamily residential real estate loan secured by a Lien against the Property having a lesser priority than the Lien securing another multifamily residential real estate loan on the same Property.<br><br>**Synonyms**<br>• Subordinate Loans |
| 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.<br><br>**Synonyms**<br>• Supplemental Mortgage Loans |

## T

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| Taxable Tail | Taxable debt secured by the Property securing the Credit Enhancement Mortgage Loan. |
| Third Party MBS Investor | MBS Investor for an MBS Mortgage Loan that is not the Multifamily Trading Desk.<br><br>**Synonyms**<br>• 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. |

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| Total Credit Fees | For any Mortgage Loan or Credit Enhancement Mortgage Loan, the sum of the Guaranty Fee and the Servicing Fee, specified in the:<br>• Indicative Pricing Table in DUS Gateway; or<br>• Quote Letter. |
| Transfer/Assumption | Transaction changing the ownership of the Borrower or Property.<br><br>**Synonyms**<br>• Transfers/Assumptions |

## U

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| Underwriting Value | Value of the Property determined by the Lender to size the Mortgage Loan per Part II, Chapter 2: Valuation and Income, Section 202: Appraisal and Valuation. |
| Underwritten Debt Service Coverage Ratio | Ratio of Underwritten Net Cash Flow to the annual debt service for a Mortgage Loan amount based on a level debt service payment with the applicable amortization, and calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis, as adjusted for the applicable products and features in Part III.<br><br>**Synonyms**<br>• Underwritten DSCR |
| UPB | Unpaid Principal Balance<br><br>**Synonyms**<br>• UPBs |