



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of August 1, 2024

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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	<p>Fannie Mae will:</p> <ul style="list-style-type: none">• draft as Breakage Fees, paid to the Multifamily Trading Desk for the broken Rate Lock, an amount equal to:<ul style="list-style-type: none">- the Minimum Good Faith Deposit from your account, retaining it as liquidated damages in full satisfaction of your Rate Lock obligations; or- for a Forward Commitment, per Part III, Chapter 20: Forward Commitments, Section 2003.02B: Fees;• collect the Withdrawn Commitment Fee due to Fannie Mae per the Pricing Memo; and• return the Mortgage Loan Documents to you or to an applicable warehouse lender. <p>This remedy will occur</p> <ul style="list-style-type: none">• after the Rate Lock expiration date or the Commitment expiration date, but• no sooner than the 2nd Business Day after Fannie Mae sends you a notice of default. <p>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.</p>



For MBS or Cash Trades...	If you fail to Deliver the Mortgage Loan...
For Lender-Arranged Sales	<p>You must:</p> <ul style="list-style-type: none">• provide Fannie Mae with copies of the Third Party MBS Investor's<ul style="list-style-type: none">- trading agreement for the failed Delivery, including Breakage Fee calculation methodology, and- Rate Lock agreement for the failed Delivery;• comply with the requirements of the Third Party MBS Investor;• protect and hold Fannie Mae harmless against all actions or costs that may result from not complying with Third Party MBS Investor requirements;• pay the Third Party MBS Investor any Breakage Fees, whether or not it holds the Good Faith Deposit you collected from the Borrower; and• pay Fannie Mae:<ul style="list-style-type: none">- 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- any Withdrawn Commitment Fee due per the Pricing Memo. <p>If Fannie Mae does not purchase the Mortgage Loan, the Mortgage Loan documents will be returned to you or to an applicable warehouse lender.</p>



Glossary

B

Borrower Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

Breakage Fee Aggregated costs and damages owed to the Investor if you fail to Deliver the Mortgage Loan Delivery Package per the Guide.

Synonyms

- Breakage Fees

Business Day Any day other than a

- Saturday,
- Sunday,
- day when Fannie Mae is closed,
- day when the Federal Reserve Bank of New York is closed, or
- 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.

Synonyms

- Business Days

C

Cash Mortgage Loan Mortgage Loan purchased by Fannie Mae in exchange for cash.

Synonyms

- Cash Mortgage Loans



Commitment

Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan.

Synonyms

- Committed
- Commitments

D

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 Mae's satisfaction.

Synonyms

- Deliver
- Delivered
- Deliveries

F

Forward Commitment

Commitment to purchase a permanent Mortgage Loan for a to-be constructed or rehabilitated Property.

Synonyms

- Forward Commitment's
- Forward Commitments

G

Good Faith Deposit

Amount you collect from the Borrower when originating a Mortgage Loan per [Part IV, Chapter 2: Rate Lock and Committing, Section 203: Good Faith Deposits](#).

Synonyms

- Good Faith Deposits



L

Lender Person Fannie Mae approved to sell or service Mortgage Loans.

Synonyms

- Lenders
- Lender's

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

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

M

MBS Mortgage-Backed Security

MBS Mortgage Loan Mortgage Loan purchased by Fannie Mae in exchange for an issued MBS backed by the Mortgage Loan.

Synonyms

- MBS Mortgage Loans

Minimum Good Faith Deposit Amount you are required to collect when originating a Mortgage Loan per [Part IV, Chapter 2: Rate Lock and Committing, Section 203.02: Minimum Good Faith Deposit](#).



Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by

- the Loan Documents, or
- a mortgage debt obligation with a Fannie Mae credit enhancement.

Synonyms

- Mortgage Loans
- Mortgage Loan's

Multifamily Trading Desk

Team that quotes interest rate pricing for a Mortgage Loan and can be contacted at (888) 889-1118.

P

Pricing Memo

Applicable DUS Pricing Memo or non-DUS Pricing Memo communicating pricing for various products and features.

Synonyms

- Pricing Memos

R

Rate Lock

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

Synonyms

- Rate Locks

Rate Lock Period

Time from Rate Lock execution through the Settlement Date.

T



Third Party MBS
Investor

MBS Investor for an MBS Mortgage Loan that is not the
Multifamily Trading Desk.

Synonyms

- Third Party MBS Investor's