



Fannie Mae®

Multifamily Selling and Servicing Guide

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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 \(SARM Loan\)](#).



Glossary

A

Adjustable Rate
Mortgage Loan

Mortgage Loan with an interest rate that periodically adjusts based on an Index per the Note or Loan Documents.

Synonyms

- ARM Loan
- Adjustable Rate Mortgage Loans
- ARM Loans

C

Credit Enhancement
Mortgage Loan

Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by

- a Credit Enhancement Instrument, or
- an MBS for Bonds.

Synonyms

- Credit Enhancement Mortgage Loans

H

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.

Synonyms

- Hybrid ARM Loans

L



Loan Documents

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

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

M

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 Acquisitions

Team that can be contacted at mf_acquisitions@fanniemae.com.

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