



Fannie Mae®

---

# Multifamily Selling and Servicing Guide

Effective as of July 24, 2025

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



# TABLE OF CONTENTS

---

Part IV Section 702 ARM Loan and SARM Loan Conversions ..... 3

    702.01 Governing Documents ..... 3

    702.02 Minimum Conversion Debt Service Ratio ..... 3

    702.03 Conversion Criteria ..... 3

    702.04 Guaranty Fee and Servicing Fee ..... 4

    702.05 Interest-Only ..... 4

    702.06 Fixed Rate Amortization ..... 5

    702.07 Fixed Rate Debt Service Payments ..... 5

    702.08 Fixed Rate MBS Trade Premium ..... 6

    702.09 New Property Condition Assessment (PCA) ..... 6

GLOSSARY ..... 7



## 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 <ul style="list-style-type: none"><li>• 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</li><li>• the annual debt service of the converted fixed rate Supplemental Mortgage Loan.</li></ul>

### 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.



Criteria	You must...
Effective Date	Ensure the conversion is effective on a payment date (i.e., the 1st day of the month).
Conversion Timeline	<ul style="list-style-type: none"><li>• For an ARM Loan, exercise the conversion<ul style="list-style-type: none"><li>- after the 1st Loan Year, and</li><li>- up to, and including, the last day of the 5th Loan Year.</li></ul></li><li>• For a SARM Loan, exercise the conversion<ul style="list-style-type: none"><li>- after the 1st Loan Year, and</li><li>- up to, and including, the 1st day of the 3rd month before the Maturity Date.</li></ul></li></ul>
Loan Term	Convert to a fixed rate Mortgage Loan with a loan term <ul style="list-style-type: none"><li>• greater than or equal to 7 years, and</li><li>• less than or equal to 10 years.</li></ul>
Underwriting	Underwrite the conversion as follows: <ul style="list-style-type: none"><li>• Base actual DSCR on the trailing 12-month period from the most recent supportable actual operations per the Borrower's Property financial statements.</li><li>• 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.</li><li>• Comply with the Loan Documentation Requirements (<a href="#">Form 6000</a>).</li></ul>

#### 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.
<ul style="list-style-type: none"><li>• Partial interest-only or amortization,</li><li>• a fixed rate term greater than or equal to the original ARM Loan or SARM Loan term, and</li><li>• a most recent Property condition rating of 1 or 2</li></ul>	360 months.
Other characteristics	equal to <ul style="list-style-type: none"><li>• the original ARM Loan or SARM Loan amortization term (in months), minus</li><li>• the number of monthly payments (P&amp;I or interest-only) since the Mortgage Loan Origination Date.</li></ul>

## 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.



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## D

**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.

## G

**Gross Note Rate** Interest rate stated in the Loan Documents.

**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.

### Synonyms

- Guaranty Fees

## I

**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.

## L

**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.

### **Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## 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.

### **Synonyms**

- Loan Years

# M

## Maturity Date

Date all Mortgage Loan amounts become fully due and payable per the Loan Documents.

### **Synonyms**

- Maturity Dates

## MBS

Mortgage-Backed Security

## Mortgage Loan

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

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

### **Synonyms**

- Mortgage Loans
- Mortgage Loan's





## Mortgage Loan Origination Date

Date you fund a Mortgage Loan to the Borrower.

### **Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

## **P**

## P&I

Principal and interest

## 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.

### **Synonyms**

- Pre-Existing Mortgage Loans

## Pricing and Underwriting Tier

Tier 1, Tier 2, Tier 3, or Tier 4 per the Multifamily Underwriting Standards (Form 4660).

### **Synonyms**

- Tier

## Pricing Memo

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

### **Synonyms**

- Pricing Memos



## Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's

## 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

## 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.

### **Synonyms**

- Servicing Fees

### Supplemental Mortgage Loan

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

### **Synonyms**

- Supplemental Mortgage Loans

## U



UPB

Unpaid Principal Balance

**Synonyms**

- UPBs