



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of August 30, 2021

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TABLE OF CONTENTS

Part III Section 1104 ARM 5/5 Loan Optional 5-Year Adjustable Rate Term Renewal	
Eligibility	3
GLOSSARY	4



Section 1104

ARM 5/5 Loan Optional 5-Year Adjustable Rate Term Renewal Eligibility

Requirements

A performing ARM 5/5 Loan is eligible to renew the adjustable rate term for an additional 5-year adjustable rate term if:

- Fannie Mae offers the ARM 5/5 Loan.
- The Loan Documents require a second lockout period at the beginning of the second 5-year adjustable rate term (typically the 6th Loan Year), prohibiting any voluntary prepayment.
- You comply with the Loan Documents, including calculating an updated:
 - DSCR, using the current NCF and the Maximum Lifetime Interest Rate Limit, at least equal to the DSCR per Form 4660 based on the same Tier as the initial 5-year adjustable rate term; and
 - LTV less than or equal to the LTV per Form 4660 based on the same Tier as the initial 5-year adjustable rate term.



Glossary

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Form 4660

Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the minimum underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans.

Synonyms

- Multifamily Underwriting Standards

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Loan Documents

All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.

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