



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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**1906.01 Terms**

Requirements

Terms	Credit Enhancement Instrument	MBS for Bonds
Interest Rate Reset	<ul style="list-style-type: none"> <li>• Used if the Bonds               <ul style="list-style-type: none"> <li>- have a fixed rate for a specified period before maturity, and</li> <li>- require remarketing on scheduled mandatory tender dates.</li> </ul> </li> <li>• Occurs after the fixed rate period per the Bond and Loan Documents.</li> </ul>	Not available.
Loan Term	Credit Enhancement Mortgage Loan must: <ul style="list-style-type: none"> <li>• for a Property with new 4% LIHTCs, have a term of at least 10 years, with a maximum of 30 years; or</li> <li>• for a Property without new 4% LIHTCs, have a term less than or equal to the Bond term, with a maximum of 30 years.</li> </ul>	
Fannie Mae Fees	Credit Enhancement Fee	Guaranty Fee
Trustee Fee and Bond Issuer Fee	Underwritten as <ul style="list-style-type: none"> <li>• an operating expense, or</li> <li>• part of the Gross Note Rate.</li> </ul>	Underwritten as an operating expense.



Terms	Credit Enhancement Instrument	MBS for Bonds
Gross Note Rate	Sum of the <ul style="list-style-type: none"><li>• Bond interest rate,</li><li>• Facility Fee (calculated per Part III, Chapter 19: Bond Transactions and Credit Enhancement Mortgage Loans, Section 1908: Facility Fee) divided by the Bond UPB, and</li><li>• trustee fee and Bond Issuer fee, if they are not underwritten as an operating expense.</li></ul>	Sum of the <ul style="list-style-type: none"><li>• Bond interest rate,</li><li>• Guaranty Fee, and</li><li>• Servicing Fee.</li></ul>



# Glossary

## B

**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.

### **Synonyms**

- Bond

## C

**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.

### **Synonyms**

- Credit Enhancement Instruments

**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

## 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

### Issuer

Entity that:

- issues Bonds for a Credit Enhancement Mortgage Loan;
- packages mortgages for sale as a Security for an MBS; or
- issues a Letter of Credit.

### **Synonyms**

- Issuers

## 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

### MBS for Bonds

Fannie Mae MBS:

- issued to credit enhance tax-exempt Bonds; or
- exchanged for Bonds redeemed at MBS issuance.

### **Synonyms**

- MBS Exchange
- MTEB
- MTEM

## P



## 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

## 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

## U

### UPB

Unpaid Principal Balance

### **Synonyms**

- UPBs