



Fannie Mae®

---

# Multifamily Selling and Servicing Guide

Effective as of February 2, 2026

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 III Section 1807.04 Cap Strike Rate ..... 3

GLOSSARY ..... 4



## 1807.04 Cap Strike Rate

### Operating Procedures

The Borrower must purchase an Interest Rate Cap with a Cap Strike Rate that is determined

- for a Credit Enhancement Instrument, by Fannie Mae, or
- for an MBS for Bonds, per [Part III, Chapter 11: Structured Adjustable Rate Mortgage \(SARM\) Loans, Section 1105.02: Determining the Cap Strike Rate](#).



# Glossary

## B

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

### Synonyms

- Borrowers
- Borrower's

## C

**Cap Strike Rate** Index interest rate specified in the Interest Rate Cap Agreement at or above which a payment obligation will be triggered by the Interest Rate Cap provider.

**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

## I

**Interest Rate Cap** Interest rate agreement between the Borrower and a provider for which the Borrower receives payments at the end of each period when the interest rate exceeds the Cap Strike Rate. The Interest Rate Cap provides a ceiling (or cap) on the Borrower's Mortgage Loan interest payments.

### Synonyms

- Interest Rate Caps
- Interest Rate Hedge
- Interest Rate Hedges
- Interest Rate Swap
- Interest Rate Cap's



# 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