



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## TABLE OF CONTENTS

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Part IV Section 704.02 Underwriting .....	3
GLOSSARY .....	4



## 704.02 Underwriting

### Requirements

If an ARM 5/5 Loan is renewed for an additional 5 years, you must:

- Use the same Guaranty Fee and Servicing Fee as the first 5-year adjustable rate term.
- Adjust the Investor spread for the second 5-year adjustable rate term based on current market conditions.
- Adjust the monthly Replacement Reserve deposit to include required capital improvements during Loan Years 6 through 10, plus 2 additional years, per the original PCA Report.
- Not charge a Prepayment Premium.



# Glossary

## G

**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

**Investor** MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan.

### **Synonyms**

- Investors
- Investor's

## P

**PCA Report** Property Condition Assessment Report documenting the findings of a PCA.

**Prepayment Premium** For a Mortgage Loan prepayment, amount the Borrower must pay in addition to the prepaid principal and accrued interest per the Loan Documents.

### **Synonyms**

- Prepayment Premiums

## R

**Replacement Reserve** Custodial Account the Borrower funds during the Mortgage Loan term for Replacements.

### **Synonyms**

- Replacement Reserves

## 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