



Fannie Mae®

Multifamily Selling and Servicing Guide

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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