

Multifamily Selling and Servicing Guide

Effective as of November 4, 2025

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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.

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■ 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.

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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.

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Synonyms

Servicing Fees