Fannie Mae®

# Multifamily Selling and Servicing Guide

## Effective as of October 26, 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 506 Medicaid Funds ..... 3
506.01 Dependency and Medicaid Transition Reserve ..... 3
506.02 State Medicaid ..... 3
GLOSSARY ..... 5

# Section 506 Medicaid Funds

## 506.01 Dependency and Medicaid Transition Reserve

### Requirements

You must analyze the EGI to determine the percentage derived from payments under a Medicaid provider agreement with a government authority or managed care organization (Medicaid Funds).

### Operating Procedures

If more than 20% of the EGI is derived from Medicaid Funds, Fannie Mae may require that you

- establish a Medicaid transition reserve account, and/or
- enter into an account control agreement with the Borrower.

If Fannie Mae requires a Medicaid transition reserve, you must:

- determine the appropriate amount of the reserve by considering the
  - reimbursement rates of the government authority or managed care organization, and
  - percentage of Medicaid-supported residents at the Property;
- ensure that the Borrower sufficiently funds the reserve; and
- use the Modifications to Multifamily Loan and Security Agreement (Medicaid Transition Reserve) (Form 6237.SRS) and Modifications to Multifamily Loan and Security Agreement Addenda to Schedule 2 Summary of Loan Terms (Medicaid Transition Reserve) (Form 6102.21.SRS).

If Fannie Mae requires an account control agreement, you must

- require the Borrower to deposit the Medicaid Funds into a controlled account,
- include in the agreement an acknowledgement of Fannie Maes first Lien on, and control over, the Medicaid Funds, and
- obtain Fannie Mae's approval if you elect not to use Fannie Mae's form.

## 506.02 State Medicaid

© 2026 Fannie Mae. Trademarks of Fannie Mae.



## ☑ Requirements

The Property must be located in a state that has a

- Medicaid waiver in place, or
- Medicaid plan that allows for the payment of services and housing costs from Medicaid Funds.

You must document the Medicaid waiver or plan and demonstrate that it allows for the payment of services performed, and housing costs incurred, at the Property.

# Glossary

## B

| | |
|---|---|
| Borrower | Person who is the obligor per the Note.<br><br>**Synonyms**<br>• Borrowers<br>• Borrower's |

## C

| | |
|---|---|
| Control | Possessing, directly or indirectly, the power to direct or cause the management and operations of an entity (e.g., through the ownership of voting securities or other ownership interests, or by contract).<br><br>**Synonyms**<br>• Controlling<br>• Controlled<br>• Controls |

## E

| | |
|---|---|
| Effective Gross Income | For any specified period, the Property's total Net Rental Income, plus commercial income, plus other income, all calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III.<br><br>**Synonyms**<br>• EGI |

## L

| | |
|---|---|
| Lien | Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind.<br><br>**Synonyms**<br>• Liens |

## M

| | |
|---|---|
| Medicaid Funds | Funds paid to a provider by governmental authorities or managed care organizations, under Medicaid provider agreements. |

## P

| | |
|---|---|
| Property | Multifamily residential real estate securing the Mortgage Loan, including the<br>• fee simple or Leasehold interest,<br>• Improvements, and<br>• personal property (per the Uniform Commercial Code).<br><br>**Synonyms**<br>• Properties<br>• Property's |

## S

| | |
|---|---|
| Security | MBS, PFP MBS, or REMIC.<br><br>**Synonyms**<br>• Securities |

© 2026 Fannie Mae. Trademarks of Fannie Mae.