Fannie Mae®

Multifamily Selling and Servicing Guide

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704.07 Subordination Agreement

Requirements

For all Third-Party Financing, including Soft Financing, you, the Borrower, and the third-party lender must enter into:

- if the third-party lender is a Public Entity, a Fannie Mae form
  - Subordination and Standstill Agreement (Public Entity) (Form 6456), or
  - Subordination and Standstill Agreement (Public Entity) (Form 6456.SUB); or
- if the third-party lender is not a Public Entity, a Fannie Mae form Subordination and Standstill Agreement (Non-Public Entity) (Form 6414).

If a Public Entity, as issuer of a bond financing	Then you must enter into
Assigns its Third-Party Financing documents to a bond trustee	Form 6414 with the • Borrower, • Public Entity, • bond trustee, and • bondholder.
Reserves certain rights under the Third-Party Financing documents that remain unassigned	Form 6456, but only as to the reserved rights, with the • Borrower, and • Public Entity, as third-party lender.

If a Public Entity, as issuer of a bond financing	Then you must enter into
• Assigns its Third-Party Financing documents to a bond trustee; and • Reserves certain rights under the Third-Party Financing documents that remain unassigned	Both: • Form 6414 with the - Borrower, - Public Entity, - bond trustee, and - bondholder; and • Form 6456, but only as to the reserved rights, with the - Borrower, and - Public Entity, as third-party lender.

Glossary

B

Bond Trustee	Trustee for a Credit Enhancement Instrument. **Synonyms** • Bond Trustee's
Bonds	Tax-exempt or taxable multifamily revenue bonds, or other tax-exempt or taxable bonds, issued to finance 1 or more Credit Enhancement Mortgage Loan Properties. **Synonyms** • Bond
Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

I

Issuer	Entity that: • issues Bonds for a Credit Enhancement Mortgage Loan; • packages mortgages for sale as a Security for an MBS; or • issues a Letter of Credit. **Synonyms** • Issuers

L

Lender	Person Fannie Mae approved to sell or service Mortgage Loans. **Synonyms** • Lenders • Lender's

P

Public Entity	A federal, state, or local government entity, or an entity that: • is created by - state statute, or - one or more governmental entities acting pursuant to applicable statutory authority; • has a governing body that is - elected by voters in the applicable jurisdiction, or - appointed by an official or body that has been elected by voters in the applicable jurisdiction; • is formed for a governmental purpose and performs a governmental function; • is required by law to - publicly post its meeting agendas and minutes, and - hold meetings that are open to the public to the same extent as state or local governmental entities in its state of domicile; • does not permit any part of its net revenues or earnings to inure to the benefit of any private Person; and • is not a community development financial institution.

T

Third-Party Financing	Any loan to, or indebtedness of, a Borrower that: • is not a Supplemental Mortgage Loan or Pre-Existing Mortgage Loan; and • either: - requires repayment by the Borrower; or - is forgiven (over time or at maturity) subject to Borrower compliance with certain covenants or conditions.