



Multifamily Selling and Servicing Guide

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Section 107 Bond Transactions and Credit Enhancement Mortgage Loans

107.01 Borrower Obligations

107.01A Compliance with Reimbursement Agreement or Loan Agreement, and Other Loan Documents

The Servicer must monitor Borrower's compliance with any Reimbursement Agreement, and the other Loan Documents and Bond Documents. For example, the Servicer must monitor financial information required to be provided by the Borrower or any other Person under the Reimbursement Agreement.

107.01B Payment of Fees

1. Collection from Borrower

In addition to invoicing and collecting from the Borrower the Bond Scheduled Payments (or P&I payment on any Credit Enhancement Mortgage Loan), and other amounts owing, the Servicer is responsible for collecting all payments due from the Borrower in accordance with the terms and conditions of the Reimbursement Agreement, Loan Agreement, and other Loan Documents, including the following:

- reimbursement of all amounts disbursed by Fannie Mae under either:
 - its Credit Enhancement Instrument or its MBS issued as Credit Enhancement; and
 - the Loan Documents evidencing or securing the Credit Enhancement Mortgage Loan or any other Collateral Agreement for the Bonds;
- the Facility Fee and the Activity Fee;
- all amounts required to be paid by Borrower to fully replenish the PRF following any use of funds in the PRF by the Bond Trustee;
- any Prepayment Premium or other Termination Fee payable by the Borrower with the prepayment of a Credit Enhancement Mortgage Loan; and
- any other fees, expenses, or reimbursements required to be made by the Borrower under the Reimbursement Agreement.

2. Calculate Amounts Owning

The Servicer must immediately invoice the Borrower upon receipt



from Fannie Mae of the information the Servicer requires to calculate amounts owing from the Borrower under the Reimbursement Agreement or any other Loan Agreement evidencing or securing the Credit Enhancement Mortgage Loan. Upon receipt from the Borrower, the Servicer must remit the funds to the appropriate parties in accordance with the timing and terms of the Reimbursement Agreement or the applicable Loan Document.

3. Notification of Fannie Mae Advanced Funds

Fannie Mae will notify the Servicer on or after each date on which Fannie Mae disburses funds, of the amount disbursed, under any:

- Credit Enhancement Instrument;
- Loan Document evidencing or securing a Credit Enhancement Mortgage Loan or any other Collateral Agreement for Bonds; or
- Credit Enhancement for any Interest Rate Hedge, including any Swap Collateral Agreement, Interest Rate Swap Credit Enhancement Instrument, or Interest Rate Swap Credit Support Annex.

4. Collection from Borrower of Fannie Mae Advanced Funds

The Servicer must collect from the Borrower and immediately remit to Fannie Mae funds equal to:

- the amount provided by Fannie Mae in connection with any Credit Enhancement Mortgage Loan or any Credit Enhancement for an Interest Rate Hedge; and/or
- the Activity Fee with respect to the related Credit Enhancement Mortgage Loan, to the extent that the Borrower does not fully reimburse Fannie Mae by 2:00 p.m. Eastern Time, on the date on which Fannie Mae provided the funds in connection with such Credit Enhancement Mortgage Loan or such Credit Enhancement for an Interest Rate Hedge.

107.01C Other Fees

The Servicer must collect from the Borrower and remit to Fannie Mae:

- any other fees, expenses, or additional costs due from the Borrower to Fannie Mae under each Credit Enhancement Mortgage Loan, each Security Instrument, the Reimbursement Agreement, or any other Loan Document; and
- any other amounts due pursuant to written communication from Fannie Mae or the Bond Trustee.



107.01D Timing of Payments

When the Servicer receives payment from the Borrower with respect to the Reimbursement Agreement, Loan Agreement, or any Loan Document, the Servicer must remit such payment as directed by Fannie Mae.

If payment is not provided to Fannie Mae or the Bond Trustee until the next Business Day, the Servicer must invest the funds overnight and remit all investment earnings to Fannie Mae or the Bond Trustee with the payment; provided, however, that the Servicer is only required to use its best efforts to so invest any payments received after 4:00 p.m. Eastern Time.

107.01E Principal Reserve Fund

For each Credit Enhancement Mortgage Loan, the Servicer must monitor the PRF amount and the Interest Reserve Requirement, if any, under the Bond Indenture.

Notwithstanding any provision in the Reimbursement Agreement, Loan Agreement, or any other Loan Document, no withdrawal from a PRF may be made without the prior written consent of Fannie Mae.

If any withdrawal is made from the PRF, including any reimbursement to Fannie Mae for amounts paid by Fannie Mae under the Credit Enhancement Instrument or Credit Enhancement Mortgage Loan Documents, the Servicer must collect the amount of such withdrawal from the Borrower.

107.02 Security Instrument; Collateral Agreements; Uniform Commercial Code Filings

107.02A General

The Servicer must monitor the Borrower's continued compliance with the requirements of the Security Instrument and any other Collateral Agreement.

107.02B Cash Collateral Agreement

Upon request, the Servicer must notify Fannie Mae regarding the status of the investment of the cash collateral posted under any Collateral Agreement. The Servicer must monitor and ensure that any control agreement required to perfect Fannie Mae's security interest in such pledged collateral remains in full force and effect.

107.02C Investment of Collateral

The Servicer must perform reasonable servicing functions, as directed by Fannie Mae, with respect to any Security Agreement. The



Servicer acknowledges and agrees, however, that the Servicer has no discretion to direct investment, application, or release of the collateral under any Security Agreement except upon express written authorization and direction from Fannie Mae.

107.02D Monitoring Uniform Commercial Code Filings

The Servicer must monitor and ensure that all UCC filings for Fannie Mae in connection with Loan Documents or related Bond Documents are continued, prior to their expiration, in accordance with the requirements of the jurisdiction in which they are filed.

The Servicer must provide each Bond Trustee with written notice of the need to file continuation statements for all UCC filings for the Bond Trustee for the benefit of Fannie Mae no later than 90 days prior to the expiration of the UCC filings, and must actively, diligently, and persistently seek to obtain confirmation from each Bond Trustee that the requisite continuation statements have been filed prior to the expiration of the UCC filings.

107.03 Remarketing Agent Changes

Fannie Mae must approve any change in the Remarketing Agent if Fannie Mae is providing Bond Liquidity support for an existing variable rate Bond or for index or reset rate Bonds subject to remarketing on certain scheduled mandatory tender and remarketing dates.

To request approval of a new Remarketing Agent, the Lender must submit to Partner Risk Management and Multifamily Asset Management the following information regarding the proposed Remarketing Agent:

- annual financial statements for the most recent fiscal year;
- description of the operation, knowledge, and experience in public finance and tax-exempt markets, including experience in remarketing variable-rate demand Bonds;
- current weekly variable-rate demand Bond remarketing book, including dollar amount; and
- description of any failed remarketings.

The proposed Remarketing Agent should:

- currently remarket at least \$250 million of weekly variable-rate demand Bonds;
- have experience continuously remarketing weekly variable-rate demand Bonds for the past 3 years;
- have a minimum net worth of \$5 million; and
- have a minimum broker line of credit sufficient for warehousing



\$100 million of rated Bonds at any time.



Glossary

A

Activity Fee For Bond Credit Enhancements, see Part XIV of the DUS Guide.

B

Bond Trustee Trustee for a Credit Enhancement Instrument.

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 under the Note.

Synonyms

- Borrowers
- Borrower's

Business Day Any day other than a

- Saturday,
- Sunday,
- day on which Fannie Mae is closed,
- day on which the Federal Reserve Bank of New York is closed, or
- for any MBS and any required withdrawal for remittance thereunder, a day on which the Federal Reserve Bank is closed in the district where any funds are held for the MBS.

Synonyms

- Business Days

C



Collateral Agreement

Agreement under which collateral (other than the Property) may be pledged, transferred, or otherwise provided to secure the Borrower's obligations under a Mortgage Loan.

Synonyms

- Collateral Agreements

Credit Enhancement Instrument

Agreement between Fannie Mae and a Bond Trustee where Fannie Mae provides credit enhancement of a Credit Enhancement Mortgage Loan, Bonds issued to finance a Credit Enhancement Mortgage Loan, or an Interest Rate Hedge Agreement; and if applicable, a Bond liquidity facility.

Synonyms

- Credit Enhancement Instruments

Credit Enhancement Mortgage Loan

Mortgage Loan underwritten and serviced by the Lender and financed by the issuance of Bonds where Fannie Mae is providing a Credit Enhancement Instrument.

Synonyms

- Credit Enhancement Mortgage Loans

F

Facility Fee

For Bond Credit Enhancements, per Part XIV of the DUS Guide.

I

Interest Reserve Requirement

For Bond Credit Enhancements, see Part XIV of the DUS Guide.

L



Lender	Person approved by Fannie Mae to sell or service Mortgage Loans. Synonyms <ul style="list-style-type: none">• Lenders• Lender's
Loan Documents	All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae. Synonyms <ul style="list-style-type: none">• Loan Document• Mortgage Loan Document• Mortgage Loan Documents
M	
MBS	Mortgage-Backed Security
Multifamily Asset Management	Team that can be contacted at drawer_am@fanniemae.com .
P	
P&I	Principal and interest
Partner Risk Management	Team that can be contacted at partner_risk_management@fanniemae.com .
Person	Legal person, including an individual, estate, trust, corporation, partnership, limited liability company, financial institution, joint venture, association, or other organization or entity (whether governmental or private). Synonyms <ul style="list-style-type: none">• Persons



Prepayment Premium When a Mortgage Loan prepayment is made, amount required to be paid by the Borrower in addition to the principal amount being prepaid and accrued interest per the related Loan Documents.

Synonyms

- Prepayment Premiums

PRF Principal Reserve Fund for Bond Credit Enhancements, see Part XIV of the DUS Guide.

Synonyms

- Principal Reserve Fund

R

Reimbursement Agreement For Bond Credit Enhancements, see Part XIV of the DUS Guide.

Remarketing Agent For Bond Credit Enhancements, see Part XIV of the DUS Guide.

S

Scheduled Payments Bond Credit Enhancements, see Part XIV of the DUS Guide.

Security MBS, PFP MBS, or REMIC.

Security Instrument Instrument creating a lien or encumbrance on 1 or more Properties and securing the obligations under the Loan Documents.



Servicer Primary Person responsible for servicing the Mortgage Loan (e.g., the originator, the selling Lender, or a third-party servicer).

Synonyms

- Servicers

U

UCC Uniform Commercial Code