



Multifamily Selling and Servicing Guide

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501.05 Failure to Deliver: Return of Package

Fannie Mae may take any of the following actions if the Mortgage Loan Delivery fails to occur on or before the Delivery Deadline and such failure results in the inability of Fannie Mae to (i) for an MBS Mortgage Loan, settle the MBS by the Settlement Date, or (ii) for a Cash Mortgage Loan, purchase the Mortgage Loan by the earlier of the Settlement Date and the Commitment Expiration Date.

If the failed Delivery occurs in connection with a Multifamily Trading Desk trade (MBS or cash), then after the earlier of the Settlement Date and the Commitment Expiration Date but not sooner than the second Business Day following notice of default to the Lender, Fannie Mae will draft an amount equal to the Minimum Good Faith Deposit from the Lender's account and retain it as liquidated damages in full satisfaction of the Lender's obligations under the Rate Lock and the Commitment. Except as provided here, the Lender will not be responsible for damages in excess of the Minimum Good Faith Deposit, which shall be Fannie Mae's sole remedy. For Mortgage Loans with a Rate Lock Period longer than 180 days, Fannie Mae's additional remedies, if any, for a failed Delivery will be determined by the Multifamily Trading Desk at the time of Rate Lock.

If the failed Delivery occurs in connection with a Lender-Arranged Sale, the Lender shall comply with the requirements of the Third Party MBS Investor.

The Lender shall indemnify, hold harmless, and defend Fannie Mae from and against all actions, suits, claims, proceedings, orders, damages, penalties, and costs arising from the Lender's failure to comply with any Third Party MBS Investor requirements.

The Lender is obligated to the Investor for any breakage fees whether or not it collects the Good Faith Deposit from the Borrower.

If Fannie Mae does not purchase the Mortgage Loan, the Mortgage Loan documents will be returned to the Lender (or to a warehouse lender if a warehouse lender submitted the Note to Fannie Mae pursuant to a bailee letter).



Glossary

B

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

Cash Mortgage Loan Mortgage Loan purchased by Fannie Mae in exchange for cash.

Synonyms

- Cash Mortgage Loans



Commitment Contractual agreement between Fannie Mae and the Lender where Fannie Mae agrees to buy a Mortgage Loan from the Lender at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and the Lender agrees to Deliver that Mortgage Loan to Fannie Mae.

Synonyms

- Committed
- Commitments

Commitment Expiration Date Date when a Commitment expires.

D

Delivery Meeting all of the data delivery requirements in [Part IV A, Chapter 4: Delivery Procedures – Data](#), and submitting an acceptable Mortgage Loan Delivery Package per [Part IV A, Chapter 5: Delivery Procedures – Documents](#). A Mortgage Loan is “Delivered,” when all documents, data, and information are correct, accurate, and able to be certified by Fannie Mae, with all required documents properly completed, executed, and recorded (if applicable), and any deficiencies are resolved to Fannie Mae’s satisfaction.

Synonyms

- Deliver
- Delivered
- Deliveries

Delivery Deadline Per [Part IV A, Chapter 4: Delivery Procedures – Data, Section 401: General for the Delivery of a Mortgage Loan for purchase](#).

G



Good Faith Deposit As defined in Part IV A, Chapter 3: Committing, Section 304: Good Faith Deposits.

Synonyms

- Good Faith Deposits

I

Investor MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan.

Synonyms

- Investors

L

Lender Person approved by Fannie Mae to sell or service Mortgage Loans.

Synonyms

- Lenders
- Lender's

Lender-Arranged Sale MBS sold to the Lender and held on its balance sheet or delivered to a Third Party MBS Investor.

Synonyms

- Lender-Arranged Sales

M

MBS Mortgage-Backed Security

MBS Mortgage Loan Mortgage Loan purchased by Fannie Mae in exchange for an issued MBS backed by the Mortgage Loan.

Synonyms

- MBS Mortgage Loans



Minimum Good Faith Deposit

Amount you are required to collect when originating a Mortgage Loan per Part IV A, Chapter 3: Committing, Section 304: Good Faith Deposits.

Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by the Loan Documents or a mortgage debt obligation with a Fannie Mae credit enhancement.

Synonyms

- Mortgage Loans

Multifamily Trading Desk

Team that quotes interest rate pricing for a Mortgage Loan and can be contacted at (888) 889-1118.

N

Note

Current instrument evidencing a Mortgage Loan obligation, including Form 6010 series, any other note approved by Fannie Mae, and all applicable addenda, schedules, and exhibits.

Synonyms

- Notes

R

Rate Lock

Agreement between the Lender and the Investor containing the terms of the Lender-Arranged Sale or Multifamily Trading Desk trade of the Mortgage Loan and the MBS terms and conditions relating to the underlying MBS, if applicable, which may be documented via a recorded telephone conversation.

Synonyms

- Rate Locks

Rate Lock Period

Time from Rate Lock execution through the Settlement Date.

T



Third Party MBS
Investor

MBS Investor for an MBS Mortgage Loan that is not the
Multifamily Trading Desk.