



Multifamily Selling and Servicing Guide

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Chapter 6 Purchase Procedures

Section 601 General

601.01 Timing of Purchase

To clear a Mortgage Loan for purchase, Fannie Mae must first evaluate and confirm the Mortgage Loan data and the Mortgage Loan Delivery Package. To give Fannie Mae the time required to complete its review and to timely purchase the Mortgage Loan, the Lender must complete Delivery of the Mortgage Loan by the Delivery Deadline, as follows:

- For an MBS Mortgage Loan:
 - The Lender must complete Delivery no later than 7 Business Days prior to (and not including) the scheduled Book-Entry Date.
 - Fannie Mae will purchase the Mortgage Loan on the Book-Entry Date by wiring the MBS via the Federal Reserve book-entry system pursuant to the Lender's wiring instructions submitted in C&D.
- For a Cash Mortgage Loan:
 - The Lender must complete Delivery no later than 3 Business Days prior to (and not including) the earlier of the Settlement Date and the Commitment Expiration Date.
 - The Lender may request that Fannie Mae purchase the Mortgage Loan prior to the Commitment Expiration Date if Fannie Mae receives the complete Delivery 3 Business Days prior to (and not including) the requested purchase date.
 - Fannie Mae will purchase the Mortgage Loan by wiring the purchase amount via the Lender's wiring instructions submitted in C&D.

601.02 C&D Notification of Purchase

After Fannie Mae has purchased the Mortgage Loan, C&D will reflect the Mortgage Loan status as "purchased" for Cash Mortgage Loans and as "active issue" for MBS Mortgage Loans.

601.03 Fannie Mae Loan Number



For an MBS Mortgage Loan, the Lender will receive the Loan Number through C&D after Fannie Mae closes the MBS Pool. For a Cash Mortgage Loan, the Lender will receive a Loan Number through C&D after the Lender submits the Mortgage Loan data. The Lender must reference this Loan Number in all future communications with Fannie Mae involving the Mortgage Loan.

Section 602 Purchase Amount; Accrued or Prepaid Interest

The purchase amount to be paid by Fannie Mae for a Mortgage Loan will be based on the price (expressed as a percentage) that is stated in the Commitment multiplied by the UPB of the Mortgage Loan at the time of purchase, adjusted as described below.

If accrued or prepaid interest is due for the month in which Fannie Mae purchases the Mortgage Loan, Fannie Mae will adjust the purchase amount by adding any accrued interest, or deducting any prepaid interest, as necessary to reflect the Lender's and Fannie Mae's respective shares of such items, as follows:

- For MBS Mortgage Loans, accrued interest is due to the Lender from the Mortgage Loan Origination Date to, but not including, the Book-Entry Date of the MBS (if the Book-Entry Date occurs on the first day of the month, no accrued interest is due to the Lender).
- For Cash Mortgage Loans, if Fannie Mae purchases the Mortgage Loan in a month other than the month in which the Mortgage Loan Origination Date occurs, accrued interest is due to the Lender for the period from the Mortgage Loan Origination Date to, but not including, the date of Fannie Mae's purchase.
- For Cash Mortgage Loans, if Fannie Mae purchases the Mortgage Loan during the month in which the Mortgage Loan Origination Date occurs and the Borrower has prepaid interest on the Mortgage Loan through the end of that month, prepaid interest is subtracted from the Lender's purchase proceeds for the period from and including the date of Fannie Mae's purchase to the end of month.

Section 603 MBS Funding and Delivery Methods

On the Book-Entry Date, Fannie Mae will issue and deliver the MBS electronically through the Federal Reserve book-entry system pursuant to the Lender's wiring instructions and using 1 of the 3 available settlement methods described below.

603.01 Third Party MBS Investor Delivery Paths



603.01A Delivery versus Payment

If the Lender selects the “Delivery vs. Payment” option in C&D, Fannie Mae will deliver the MBS directly to the account of the Lender or its designee through the Federal Reserve book-entry system. The Lender or its designee will then deliver the MBS to the Third Party MBS Investor, also through the Federal Reserve book-entry system. The Federal Reserve simultaneously will credit the MBS Investor’s account with the MBS, debits the MBS Investor’s account for the purchase amount, and credits the purchase amount to the Lender’s account.

603.01B Delivery Direct to the Investor

If the Lender selects the “Delivery Direct to the Investor” option in C&D, Fannie Mae will deliver the MBS directly to the Third Party MBS Investor’s account pursuant to the Lender’s delivery instructions. Upon receipt of the MBS, the Third Party MBS Investor will wire payment to the Lender pursuant to terms agreed to by the Lender and the Third Party MBS Investor.

603.02 Trades with Multifamily Trading Desk - Original Issue Settlement

If the transaction is a trade with the Multifamily Trading Desk, the Lender must select “CSTD” from the “Special Delivery Instructions” dropdown to trigger “Original Issue Settlement” funding. Fannie Mae will match the MBS to the trade and wire the funds directly to the Lender, and the MBS will be assigned directly to Fannie Mae on the Book-Entry Date.

Section 604 Disclosure for MBS Mortgage Loans

MBS Investors rely on information in the disclosure when determining whether to purchase an MBS. Accordingly, it is very important that all information in the disclosure be complete and accurate. The standard disclosure Fannie Mae uses at MBS issuance includes the Multifamily MBS Prospectus and Annex A.

604.01 Multifamily MBS Base Prospectus

The Multifamily MBS Base Prospectus is the basic disclosure document that contains information of interest to Investors, including:

- a general description of Fannie Mae’s multifamily mortgage business;
- disclosure of general risk factors related to the MBS;
- the types of multifamily mortgage loans that Fannie Mae securitizes; and



- the types of properties that secure multifamily mortgage loans.

Fannie Mae's Multifamily MBS Base Prospectus is updated from time to time; the current version is available at www.fanniemae.com/multifamily.

604.02 Prospectus Supplement (Prior to December, 2017)

For MBS issued prior to December, 2017, a Prospectus Supplement was prepared by Fannie Mae prior to the issuance of each MBS to supplement the general information in the Multifamily MBS Base Prospectus with information specific to the Mortgage Loan comprising the MBS Pool. The Prospectus Supplement has 2 parts:

- The Prospectus Supplement Narrative (standard) is a transaction-specific disclosure document that describes in more detail the terms and structure of the Mortgage Loan.
- The Schedule of Pool and Loan Information consists of "Pool Statistics," providing pool-level disclosure data, and the "Multifamily Schedule of Loan Information," providing specific disclosure data for the Mortgage Loan and the Property or Properties securing the Mortgage Loan.

The Prospectus Supplement is posted on www.fanniemae.com/multifamily.

604.03 Additional Disclosure

For MBS issued after December, 2017, Mortgage Loans with characteristics or terms that differ from the standard characteristics described in the Multifamily MBS Prospectus and the Annex A may require transaction-specific information to be added to the standard disclosure documents through a process called "Additional Disclosure." See the Additional Disclosure Guidance ([Form 4098](#)) for guidance on matters that may require Additional Disclosure.

The Lender must disclose any Additional Disclosure features to the MBS Investor prior to entering into the Rate Lock (see Required Practices in [Part IV A, Chapter 3: Committing, Section 302: Requirements for Rate Lock and Commitment](#)) as these features may affect the performance assumptions and risk factors associated with the MBS.

When the Lender marks a Mortgage Loan for Additional Disclosure in C&D, Fannie Mae reviews the Loan Documents to determine whether Additional Disclosure is required. In some cases, Fannie Mae may determine that Additional Disclosure is not required and that the standard Prospectus and Annex A are sufficient. In other cases, Fannie Mae may determine that Additional Disclosure is required, either through:



- an Addendum to the Multifamily MBS Prospectus; or
- a footnote on Annex A.

604.04 Lender Disclosure Obligations

The Multifamily MBS Prospectus and Annex A are posted on www.fanniemae.com/multifamily at least 2 Business Days before the MBS Book-Entry Date. The Lender must promptly review the Multifamily MBS Prospectus (and, for Additional Disclosure, any Addendum to the Prospectus and/or footnote to Annex A) and must notify Fannie Mae before the Book-Entry Date of any inaccuracies. Fannie Mae reserves the right to require the Lender to certify to the completeness of any Prospectus that Fannie Mae issues for an MBS Pool. The Lender must comply with all applicable federal and state securities laws and with the rules and guidelines of the Securities Industry and Financial Markets Association, including the requirements for the delivery of disclosure documents in connection with the sale or redelivery of an MBS.

Section 605 Purchase Procedures for Cash Mortgage Loans

605.01 Disbursement of Purchase Proceeds

After Fannie Mae has cleared a Cash Mortgage Loan for purchase, Fannie Mae will disburse funds in accordance with the timing requirements set forth in this Chapter and the payee codes submitted by the Lender in C&D, as described in [Part IV A, Chapter 4: Delivery Procedures – Data, Section 401: General](#). Fannie Mae assumes no responsibility or liability for fund disbursement other than to wire proceeds in accordance with the information submitted by the Lender in C&D.

605.02 Purchase Advice

Concurrent with disbursement of the Mortgage Loan proceeds, Fannie Mae will issue a detailed electronic “purchase advice” to the Lender listing all components of the net disbursement including purchased principal and any accrued interest, prepaid interest, or returned fees. Fannie Mae will issue a separate purchase advice for each Mortgage Loan.

Section 606 ASAP

For Mortgage Loans to be funded under 1 of the ASAP Options, the Lender must refer to the applicable ASAP Contract for any ASAP-specific delivery requirements.



Glossary

A

Additional Disclosure Part of the disclosure package published by Fannie Mae when issuing an MBS.

Synonyms

- Special Disclosure

Additional Disclosure Guidance Fannie Mae Multifamily Additional Disclosure Guidance ([Form 4098](#)) listing common loan characteristics that may require Additional Disclosure.

Synonyms

- Special Disclosure Guidance

ASAP Contract ASAP Sale Contract, the ASAP Plus Contract, and the ASAP Plus POC Contract.

Synonyms

- ASAP Contracts

ASAP Options ASAP Sale and ASAP Plus (including ASAP Plus POC) purchase options per [Part IV A, Chapter 3: Committing, Section 306: ASAP Contracts](#).

Synonyms

- ASAP Option

B

Book-Entry Date Calendar date a Security is delivered by Fannie Mae via the Federal Reserve book-entry system to the applicable Investor's designated book-entry account at a depository institution.

Synonyms

- Book-Entry Delivery Date
- Settlement Date



Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

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](#).

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



Loan Documents All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

Loan Number 10-digit number assigned by Fannie Mae to each Mortgage Loan.

M

MBS Mortgage-Backed Security

MBS Investor For MBS Mortgage Loans, either a Third Party MBS Investor for Lender-Arranged Sales, or the Multifamily Trading Desk.

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

Synonyms

- MBS Mortgage Loans

MBS Pool MBS Security backed by MBS Mortgage Loans.

Synonyms

- MBS Pools

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



Mortgage Loan Delivery Package

Loan Documents and underwriting material required in connection with the Delivery of a Mortgage Loan.

Mortgage Loan Origination Date

Date the Lender funds a Mortgage Loan to the Borrower.

Synonyms

- Mortgage Loan's Origination Date
- Origination Date

Multifamily Trading Desk

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

P

Property

Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

Synonyms

- Properties
- Property's

Prospectus Supplement

Part of the disclosure package published by Fannie Mae when issuing an MBS.

Synonyms

- Prospectus Supplement Narrative

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

Required Practices

Required practices for committing and delivering Mortgage Loans.

S

Schedule of Loan Information

Part of the disclosure package published by Fannie Mae for the issuance of an MBS.

Schedule of Pool and Loan Information

Part of the disclosure package published by Fannie Mae for the issuance of an MBS.

T

Third Party MBS Investor

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

U

UPB

Unpaid Principal Balance