Multifamily Selling and Servicing Guide

Effective as of February 2, 2026

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☑ Requirements

You must ensure the Borrower funds a cash reserve to purchase a replacement Interest Rate Cap if the the initial Interest Rate Cap term is less than the SARM Loan term.

If the initial Interest Rate Cap term is less than the SARM Loan term, the Borrower must:

- fully fund the cash reserve on the Mortgage Loan Origination Date; and
- escrow at least 110% of the current replacement cap cost.

Glossary

B

Borrower

Person who is the obligor per the Note.

Synonyms
• Borrowers
• Borrower's

I

Interest Rate Cap

Interest rate agreement between the Borrower and a provider for which the Borrower receives payments at the end of each period when the interest rate exceeds the Cap Strike Rate. The Interest Rate Cap provides a ceiling (or cap) on the Borrower's Mortgage Loan interest payments.

Synonyms
• Interest Rate Caps
• Interest Rate Hedge
• Interest Rate Hedges
• Interest Rate Swap
• Interest Rate Cap's

M

Mortgage Loan Origination Date

Date you fund a Mortgage Loan to the Borrower.

Synonyms
• Mortgage Loan's Origination Date
• Origination Date