Fannie Mae®

Multifamily Selling and Servicing Guide

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TABLE OF CONTENTS

Part V Chapter 2 Reporting and Remitting 8
Section 201 Generally 8
Section 202 Collection, Tracking and Reporting of Monthly P&I Payments and T&I Amounts 8
Section 203 Reporting Loan Activity and Security Balance 8
203.01 Use of Fannie Mae eServicing System 9
203.02 Reporting Specific Transactions 9
203.03 Monthly Activity Reporting 9
203.03A When to Begin Reporting 9
203.03B Cutoff Dates for Loan Activity Reporting 9
203.04 Monthly Securitized Mortgage Loan Security Balance Reporting 9
203.04A Reporting Security Balances 9
203.04B Same Month Pooling – Security Balance for First Reporting Cycle 10
203.04C Security Balances Due by Second Business Day 10
203.04D Failure to Meet Reporting Deadline 10
203.05 Due Dates for Reports 10
203.05A Removal Transactions 10
203.05B All Other Transactions 11
203.06 Mortgage Loan Activity Record 11
203.06A Payment Collection 11
203.06B Fee Collection 11
203.06C Mortgage Loan Status 11
203.07 Fannie Mae-Generated Monthly Reports 12
203.07A MBS Mortgage Loan P&I Draft Report 12
203.07B Cash Mortgage Loan P&I Draft Reports 12
203.07C Month-End Report 12
203.08 Monthly MBS Mortgage Loan Reconciliations - Pool-to-Security Balance Reconciliations (Not Applicable to PFP MBS) 12
203.08A Reconciliation Required 12
203.08B Rounding Adjustment 13
203.08C Required Annual Adjustment to Correct Principal Balance vs. Security Balance Difference 13
203.08D Pool-to-Security Reconciliation Certification 13
Section 204 Calculation of Interest Due 14
204.01 Generally 14
204.02 Calculating Interest Due 14
204.02A Actual/360 Interest Calculation Method 14
204.02B 30/360 Interest Calculation Method 14
Section 205 ARM Loan Interest Rate and Monthly Payment Changes 14
205.01 Adjustable Rate Mortgage Loan Interest Rate Changes and Required Monthly Payments 14
205.01A The Adjustable Rate Mortgage Loan Index 15

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205.01B Determining the New Monthly Payment 15
205.02 Monthly Reporting for ARM Loan Payment/Rate Changes 15
205.03 Structured ARM Loans 15
Section 206 Application of Monthly Payments 17
206.01 Fannie Mae Form Loan Documents 17
206.02 Non-Fannie Mae Form Loan Documents 17
Section 207 Payment Shortages 18
Section 208 Delinquency and Servicing Advances 18
208.01 Generally 18
208.01A Applicability 18
208.01B Delinquency Advances on a Mortgage Loan other than a Credit Enhancement Mortgage Loan 18
208.01C Delinquency Advances on a Credit Enhancement Mortgage Loan 19
208.01D Servicing Advances on a Mortgage Loan other than a Credit Enhancement Mortgage Loan 20
208.01E Servicing Advances on a Credit Enhancement Mortgage Loan 20
208.02 Duration of Payment of Delinquency Advances or Servicing Advances 20
208.02A Obligation to Make Delinquency Advances 20
208.02B Obligation to Make Servicing Advances 21
208.02C Reimbursement for Delinquency and Servicing Advances 21
208.03 Repayment of Servicing Advances from Borrower 22
208.04 No Capitalization of Servicing Advances for Securitized Mortgage Loans 22
208.05 Entitlement to Default Interest 23
Section 209 Remittance Procedures 23
209.01 Definitions 23
209.01A Interest Distribution Amount 23
209.01B Principal Distribution Amount 23
209.01C Monthly Remittance 24
209.02 Monthly P&I Remittance Due Dates for Cash and MBS Transactions 24
209.03 Cash Remittance System 24
209.03A Drafting Account Use 24
209.03B Drafting Account Setup 24
209.03C Remittance Transaction Codes 25
209.04 Additional Requirements for Monthly Remittance for Security Transactions 25
209.04A Amount of Security Monthly Remittance 25
209.04B Security Interest Distribution Amount 26
209.05 Securitized Mortgage Loans – Remitting Fees to Fannie Mae 26
209.05A Guaranty Fee Due on 7th Calendar Day of Month 26
209.05B Guaranty Fee Remittance 26
209.05C Same Month Pooling – Interest and Guaranty Fee Remittance for First Reporting Cycle 27
209.06 Notification to Fannie Mae if Unable to Have Funds Available on any

Remittance Date 28
Section 210 Full Prepayments 28
210.01 Review of Applicable Loan Documents Required 28
210.02 Notification of Prepayment; Timing of Prepayment 28
210.02A Notice and Timing Consistent with Loan Documents 28
210.02B Borrower Notice Must Contain Date of Intended Prepayment and Comply with Notice Requirements of the Loan Documents 28
210.02C Loan Document Requirements for Payoff and Lockout Dates 28
210.02D Notice to Fannie Mae of Proposed Payoff; Use of Fannie Mae Payoff Calculator 29
210.03 Timing of Confirmation of the Full Prepayment Payoff Amount 29
210.04 Full Prepayment for Cash Transactions and PFP MBS 29
210.04A Confirming the Full Prepayment Payoff Amount 29
210.04B Reporting Full Prepayment Payoff Amount 31
210.04C Remitting Full Prepayment Payoff Amount 31
210.05 Full Prepayment for Securitized Transactions (Not Applicable to PFP MBS) 32
210.05A Confirming the Full Prepayment Payoff Amount 32
210.05B Reporting Full Prepayment Payoff Amount 34
210.05C Remitting Full Prepayment Payoff Amount 34
Section 211 Partial Prepayments Not From Insurance or Condemnation Proceeds 34
211.01 Partial Prepayments Generally Prohibited 34
211.02 Partial Prepayment Procedures 35
211.02A Servicer's Analysis of Loan Documents 35
211.02B Fannie Mae Approval Required for Partial Prepayments 35
211.02C Prepayment Premium Due on Partial Prepayment 36
211.02D Reporting and Remitting Partial Prepayments When Not Permitted in Loan Documents 36
211.02E Reporting and Remitting Partial Prepayments When Permitted in Loan Documents 36
Section 212 Prepayments (Full or Partial) Involving Insurance Proceeds or Condemnation Awards 36
212.01 Partial Prepayments Generally Permitted 36
212.02 No Prepayment Premium Required 36
212.03 Reporting and Remitting Partial Prepayments 36
Section 213 Prepayment Premium Sharing 37
213.01 General 37
213.02 Yield Maintenance Prepayment Premiums – Prepayment Occurs Before the Yield Maintenance Period End Date 37
213.02A Calculation of Total Prepayment Premium 37
213.02B Calculation of Investor's Share of Total Prepayment Premium for a Securitized Mortgage Loan 37
213.02C Calculation of Fannie Mae's Share of Total Prepayment Premium 38
213.02D Calculation of Servicer's Share of Total Prepayment Premium 38

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213.03 Yield Maintenance Prepayment Premiums – Prepayment Occurs On or After the Yield Maintenance Period End Date 39
213.03A Prepayment On or After Yield Maintenance Period End Date 39
213.03B Prepayment During Open Period 39
213.04 Fixed Rate Mortgage Loans with Graduated Prepayment Premiums 39
213.05 Prepayment Premiums for ARM Loans and Structured ARM Loans 39
213.06 Prepayment Premium Waivers; Servicer's Share of Prepayment Premium 40
Section 214 Maturing Mortgage Loans/Payoffs 40
214.01 Balloon Mortgage Loans 40
214.02 Servicer Notification of Payoff Amount to Borrower 41
214.03 Calculating and Obtaining Confirmation of Payoff Amount 41
214.03A Calculating the Full Payoff Amount 41
214.03B Fannie Mae Will Not Confirm Nor Is Responsible for Amounts Owing to Servicer 41
214.03C Fannie Mae Confirmation of Full Payoff Amount 42
214.03D No Quote to Borrower Until Fannie Mae Confirmation 42
214.04 Reporting the Payoff and Remitting the Payoff Funds 42
214.04A Reporting Full Payoff Amount Through the eServicing System Due By 2nd Business Day of Month 42
214.04B Remitting Full Payoff Amount 42
Section 215 Post-Payoff Actions 43
215.01 Servicer Required Actions 43
215.01A General 43
215.01B Individual Mortgage Loan Releases 43
215.02 Post Payoff Document Retention Requirements 44
Section 216 DUS Bond Credit Enhancement Transactions – Reporting and Remitting Requirements 44
216.01 Monthly Bond Credit Enhancement Reporting 44
216.02 Monthly Remittance Procedures 45
216.02A Monthly Remittances of Scheduled Payments to Bond Trustee 45
216.02B Replenishment of Withdrawals from the PRF 46
216.02C Collection and Remittance of Borrower Reimbursement Obligations for Fannie Mae Advances 46
216.02D Monthly Remittance of Fees to Fannie Mae 47
216.02E Notice and Collection of Other Fees and Expenses 47
216.03 Prepayments – General Introduction 47
216.03A Bond Redemption Premiums Payable to Bondholders 47
216.03B Termination Fee or Prepayment Premium Payable to Fannie Mae 48
216.03C Termination When No Prepayment Occurs; Weekly Variable Rate Transactions 49
216.04 Prepayments – Processing 49
216.04A General 49
216.04B Prompt Notice of Intended Prepayment 49
216.04C Critical Path Due Dates 50

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216.04D Fannie Mae's Confirmation Required 50
216.05 Prepayments: Prepayment Reporting 52
216.06 Prepayments: Remittances 52
216.07 Reporting on Delinquency Status 53
Section 217 Mezzanine Loan Reporting and Remitting 53
217.01 Remitting DUS Plus Mezzanine Loans 53
217.02 Payoffs 54
Section 218 Defeasance 54
218.01 Mortgage Loan Documents Must Permit Defeasance 54
218.02 Borrower's Election to Defease 55
218.03 Defeasance Option Procedures 55
218.03A Defeasance Documents 55
218.03B Defeasance Notice 55
218.03C Defeasance Commitment Fee 56
218.03D Verification of the Defeasance Notice 56
218.03E Substitute Collateral 56
218.03F Assignment and Assumption 56
218.03G Closing Documents 57
218.03H Amounts Payable by Borrower 57
218.03I Defeasance Deposit 58
218.03J Release 58
218.03K Fannie Mae Security Liquidated Damages 58
218.03L Third-Party Costs 58
218.03M Post Defeasance Closing Date 58
Section 219 Delinquency Reporting and Certification 59
Section 220 Reporting Collateral Balances in Custodial Accounts 60
220.01 P&I Custodial Accounts 60
220.02 Letters of Credit as Collateral 60
220.03 Report on Fair Value Basis 60
220.04 What to Report 60
220.05 When to Report 61
Section 221 Internal Revenue Service Reporting Requirements 61
221.01 What to Report 61
221.02 Filing IRS Form 1099 MISC 62
221.03 Notifying the Internal Revenue Service about Abandonments or Acquisitions (IRS Form 1099-A) 62
221.03A When Required 62
221.03B Preparing IRS Form 1099-A 63
221.04 Notifying the Internal Revenue Service about Cancellations of Indebtedness (IRS Form 1099-C) 64
221.04A When Required 64
221.04B Determining When a Debt Is Cancelled 64
221.04C Preparing IRS Form 1099-C 65
221.04D Exceptions to IRS Form 1099-C Reporting 66
221.04E Coordination with Reporting Abandonments or Acquisitions 67
221.05 Reporting via Magnetic Media 67

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GLOSSARY 69

Chapter 2 Reporting and Remitting

Section 201 Generally

This Chapter:

- outlines the reporting and account reconciliation policies and procedures for Mortgage Loans;
- applies to both Cash Mortgage Loans and Securitized Mortgage Loans, except where noted that a particular procedure is applicable only to one or the other execution;
- describes the methods for accounting for scheduled monthly payments, payment shortages, additional principal payments, repayments of advances, and payments in full; and
- describes Fannie Mae's remittance requirements, the method for remitting, and the format for reporting Mortgage Loan information on all transactions.

Fannie Mae purchases Mortgage Loans for cash or in exchange for the issuance of a Security. Fannie Mae reserves the right to later place any of the Mortgage Loans purchased for cash into a Security (e.g., PFP MBS). If Fannie Mae securitizes a Mortgage Loan, the Servicer may be required to make certain changes to its reporting and remitting procedures. If such an event occurs and changes to a Servicers reporting and remitting procedures will be required, Fannie Mae will notify the Servicer in writing.

Fannie Mae reserves the right to modify its Remittance Accounting system and forms to accommodate future changes to its overall systems applicable to Mortgage Loans.

Section 202 Collection, Tracking and Reporting of Monthly P&I Payments and T&I Amounts

The Servicer is responsible for collecting monthly P&I payments from the Borrower in accordance with the terms of the Note executed by the Borrower. All P&I payments and T&I amounts collected by the Servicer in connection with Mortgage Loans must be deposited in the applicable P&I and T&I Custodial Accounts maintained in accordance with the requirements of Part V, Chapter 3: Custodial Accounts.

The Servicer must track and account separately for all P&I payment activity relating to each Mortgage Loan. The Servicer must report to Fannie Mae on the P&I payment activity relating to each Mortgage Loan as provided in this Chapter.

Section 203 Reporting Loan Activity and Security Balance

203.01 Use of Fannie Mae eServicing System

The Servicer must use Fannie Maes eServicing System to report Mortgage Loan level information on all Cash Mortgage Loans and Securitized Mortgage Loans. The Servicer must register to use the eServicing System prior to use. Information regarding registering for the eServicing System can be found on https://multifamily.fanniemae.com/applications-technology/eservicing. The Servicer must segregate its Cash Mortgage Loan servicing portfolio from its Securitized Mortgage Loan servicing portfolio for reporting purposes.

203.02 Reporting Specific Transactions

All reportable transactions will fall into one or more categories. Some transactions update the status of a Mortgage Loan or summarize collection activity, while others update the information in Fannie Maes records (e.g., Property addresses, Servicer Mortgage Loan identification numbers, Mortgage Loan terms, subservicing status, etc.).

203.03 Monthly Activity Reporting

203.03A When to Begin Reporting

The Servicer must use the eServicing System to report its monthly Mortgage Loan activity to Fannie Mae following the end of each Reporting Period, commencing with the month following the:

- date Fannie Mae acquired the Cash Mortgage Loan or PFP Mortgage Loan; or
- Issue Date for Securitized Mortgage Loans (other than PFP MBS).

203.03B Cutoff Dates for Loan Activity Reporting

The following are the cutoff dates for activity reporting on Mortgage Loans:

Monthly Activity Cutoff Date	Monthly Activity Report Due Date
Servicer may establish as its cutoff date any day from the 25th of the month to the last day of the month.	Not later than the second Business Day of the month following the cutoff date for the Reporting Period.

203.04 Monthly Securitized Mortgage Loan Security Balance Reporting

203.04A Reporting Security Balances

For each Security Pool serviced by the Servicer, the Servicer must submit a monthly Security Balance report that references:

- the Security Balance; and
- the Security Pool number.

203.04B Same Month Pooling – Security Balance for First Reporting Cycle

For Same Month Pooling Mortgage Loans, the Borrower will have made no payment as the monthly debt service payment will not yet have come due. Because the Servicers Security Balance report for the month following the Issue Date of the Security Pool under the Same Month Pooling Delivery option will not include an amount for principal curtailment for amortizing Mortgage Loans, the Servicer must report the Issue Date Principal Balance of the Mortgage Loan as the first reporting cycle Security Balance. As long as the Servicer reports the Issue Date Principal Balance of the Securitized Mortgage Loan in its first Security Balance report, there will be no impact on the Pool-to-Security balance reconciliation for that month.

203.04C Security Balances Due by Second Business Day

The Servicer must have transmitted all of its Security Balances (or corrections to balances reported in error) to Fannie Mae by 5:00 p.m. Eastern Time on the second Business Day of each month following the Reporting Period. If the Servicer anticipates a problem in meeting this reporting deadline or has a transmission problem that will result in late reporting, the Servicer must contact its Fannie Mae Representative.

203.04D Failure to Meet Reporting Deadline

If the Servicer fails to meet Fannie Maes reporting deadline, Fannie Mae may estimate the Servicers Security Balances so Fannie Mae can pass-through payments to Investors and publish Security Balances in a timely manner. When Fannie Mae does this, Fannie Maes estimate will be both the published Security Balance, and the beginning Security Balance used for the next months Security Balance report. Fannie Mae will send the Servicer written notification of any published estimated Security Balance within 10 days after publication by Fannie Mae.

203.05 Due Dates for Reports

The exact due date of the Servicers submission of its reports depends on the type of transaction being reported.

203.05A Removal Transactions

The Servicer must report removal activity (e.g., payoff, repurchase, liquidated-held for sale, and liquidated third-party sale/condemnation) by the second Business Day of the month following the cutoff date for the Reporting Period in which the activity occurred. The Servicer may correct any removal activity reporting error by resubmitting the corrected information in time to reach Fannie Mae by the second Business Day of the month following the Reporting Period. If the Servicer is unable to correct the error, the Servicer must notify its Fannie Mae Representative about the error.

203.05B All Other Transactions

The Servicer must make sure that all other transactions (which are the transactions that comprise the bulk of its reports) are transmitted in sufficient time for receipt by Fannie Mae by the second Business Day of the month following the cutoff date for the Reporting Period.

203.06 Mortgage Loan Activity Record

The Loan Activity Record is used to provide Mortgage Loan-level detail of amounts due to Fannie Mae or the Investor for each Mortgage Loan on the Servicer's trial balance.

203.06A Payment Collection

Payment collection relates to the receipt and application of the monthly payment. The information that must be reported includes:

- actual last paid installment ("LPI") date;
- actual UPB; and
- remittance amount (distributed between P&I).

Under the Same Month Pooling option, the Servicer must not report a principal distribution amount for the first reporting cycle following the Issue Date of the Security Pool because no payment will have come due from the Borrower. For the first reporting cycle, the actual UPB of the Mortgage Loan will equal the Issue Date principal balance, as no principal payment will be subtracted from the Security Balance or passed through to the Investor.

203.06B Fee Collection

Fee collection relates to any special fees that were collected from the Borrower during the Reporting Period.

203.06C Mortgage Loan Status

Mortgage Loan status relates to special actions that have occurred

(e.g., a payoff or a repurchase). An action code and an action date (specifying when the reported action occurred or will occur) must be reported. The User Manual for the eServicing System provides detailed information regarding action codes and action dates.

203.07 Fannie Mae-Generated Monthly Reports

203.07A MBS Mortgage Loan P&I Draft Report

On approximately the 10th day of the month, reports are available in the eServicing System for Servicers to verify the amount to be drafted on the Remittance Date, including P&I and Prepayment Premiums due to Fannie Mae or the MBS Investor.

203.07B Cash Mortgage Loan P&I Draft Reports

3 Business Days before the Remittance Date, reports are available in the Cash Loan Drafting Application for Servicers to review, update, and certify the amount to be drafted on the Remittance Date, including Prepayment Premiums due to Fannie Mae. Amounts must be reviewed, updated, and certified by 4:30 p.m. ET 1 Business Day before the Remittance Date.

203.07C Month-End Report

By the 23rd day of the month, the Summary of Processed Activity and other reports are available in the eServicing System for the Servicer to reconcile with its internal records.

203.08 Monthly MBS Mortgage Loan Reconciliations - Pool-to-Security Balance Reconciliations (Not Applicable to PFP MBS)

203.08A Reconciliation Required

At the end of each Reporting Period, the Servicer must reconcile the actual ending Mortgage Loan balance for the Mortgage Loan in any given Security Pool to the ending Security Balance for that Security Pool. To perform this reconciliation, the Lender must use the following calculation:

Function	Ending Principal Balance for the Mortgage Loan in Security Pool (from current month)
PLUS	Prepaid Principal (as of current month)
MINUS	Delinquent Principal (as of current month)
MINUS	Scheduled Principal (as of current month)

PLUS	Principal Portion of Last Installment for Liquidated Mortgage Loan (as of current month)
	Adjusted Principal Balance for Security Pool
MINUS	Ending Security Balance for Reporting Period
EQUALS	**Difference**

203.08B Rounding Adjustment

Because the total amount of the Mortgage Loan that is issued for a Security Pool is rounded down to the next lowest whole dollar amount of the actual Issue Date Principal Balance of the Mortgage Loan, the Security Balance will be smaller than the actual UPB of the Mortgage Loan. The difference will never be greater than $0.99 for a single Security Pool. The Servicer must adjust for this difference in the first monthly accounting report it submits after the Issue Date of the Security, classifying it as an unscheduled principal adjustment.

203.08C Required Annual Adjustment to Correct Principal Balance vs. Security Balance Difference

Other differences may arise in the reconciliation between the UPB of the Mortgage Loan in a Security Pool and the outstanding Security Balance. These differences cannot exceed more than $0.25 for any Mortgage Loan in the Security Pool. At least once a year, the Servicer must make an adjustment to correct any differences.

1. If Security Balance is Greater than UPB

If the Security Balance is higher than the UPB of the Mortgage Loan, the Servicer must immediately deposit the funds in the scheduled/scheduled P&I Custodial Account for Security Pools so that the funds can be passed through to Fannie Mae (as an unscheduled principal collection) with the Servicers next monthly remittance.

2. If Security Balance is Lower than UPB

If the Security Balance is lower than the UPB of the Mortgage Loan, the Servicer may adjust a subsequent pass-through amount that includes an unscheduled principal collection to correct for this difference.

203.08D Pool-to-Security Reconciliation Certification

The eServicing System produces a Pool-to-Security Reconciliation on a monthly basis to assist Servicers with review. Servicers are required to review and certify any pool-to-security difference each month by month end. Differences occur when the MBS pool security balance does not match the sum of the scheduled UPB of the Mortgage Loan. Fannie Mae calculates

pool-to-security differences after monthly Mortgage Loan and Security reporting is complete. For each pool with a difference, the Servicer must review the deficiency, research the difference, and determine the appropriate remedy. The Servicers certification includes the identification and selection of a deficiency reason, and a statement of how it should be resolved.

Section 204 Calculation of Interest Due

204.01 Generally

Generally the Borrower's monthly payment consists of P&I and deposits for insurance, taxes, replacement reserves and replacement hedges or some combination of such items. In some instances, the payment may include additional funds to be applied toward the UPB or to repay funds advanced by the Servicer. The Servicer must account for each portion of the Borrower's monthly payment in the Servicer's records. The Servicer must track both actual and scheduled Mortgage Loan balances (a.k.a., Security Pool and Security balances) and reconcile any outstanding difference (e.g., the Servicer advances for insufficient Borrower payments).

204.02 Calculating Interest Due

The interest calculation method is generally specified in the Loan Documents. Servicers are required to calculate interest due for each Mortgage Loan as required by the Loan Documents. If the Loan Documents do not contain any information regarding the interest calculation method, then Servicers should assume a 30/360 accrual method.

204.02A Actual/360 Interest Calculation Method

Interest will accrue based upon the actual number of days in a calendar month and a 360-day year.

204.02B 30/360 Interest Calculation Method

Interest will accrue based upon a 30-day month and a 360-day year.

Section 205 ARM Loan Interest Rate and Monthly Payment Changes

205.01 Adjustable Rate Mortgage Loan Interest Rate Changes and Required Monthly Payments

The Servicer must enforce each Mortgage Loan in accordance with the terms of the executed Loan Documents. This includes making periodic interest rate and payment adjustments in connection with any type of Adjustable Rate Mortgage Loans. The Servicer must change the Mortgage

Loan interest rate and monthly payments to the fullest extent permitted or required, maintaining at all times the Mortgage Loan margin specified in the executed Loan Documents. Factors used to determine the new interest rate for ARM Loans include:

- the Index on which the rate is to be based;
- the look back period;
- any applicable interest rate change limitations; and
- the Mortgage Loan margin.

If the Servicer fails to make a timely interest rate or payment adjustment, the Servicer must use its own funds to satisfy any shortage.

205.01A The Adjustable Rate Mortgage Loan Index

The Servicer must determine the Index on which the rate is to be based as specified in the Loan Documents. To assist the Servicer in monitoring indexes, Fannie Mae offers an ARM Loan Index service through its website on https://multifamily.fanniemae.com. The Servicer must establish procedures to monitor the Index to assure that the Servicer uses the latest available Index to determine an interest rate change.

205.01B Determining the New Monthly Payment

Except for Fannie Mae Structured ARM Loans, a Required Monthly Payment change occurs at established intervals and corresponds to any change in the interest rate. The new monthly payment is calculated by determining the amount required to repay the UPB of the Mortgage Loan in substantially equal payments over the remaining amortization period of the Mortgage Loan at the interest rate in effect following the latest interest rate change utilizing the applicable Interest Calculation Method. If the Mortgage Loan is an interest-only Mortgage Loan, the new monthly payment is the monthly interest payment at the interest rate in effect following the latest interest rate change utilizing the applicable Interest Calculation Method. The new Required Monthly Payment becomes effective on the first day of the month following the month in which the interest Rate Change Date occurs.

205.02 Monthly Reporting for ARM Loan Payment/Rate Changes

Prior to the effective date of the Monthly Payment/Rate Change the Servicer must submit a Monthly Payment/Rate Change via the eServicing System. For assistance with rate and/or payment changes, the Servicer must contact its Fannie Mae Representative.

In order for Fannie Mae to account for ARM Loans on its books, Fannie Mae must receive the Monthly Payment/Rate Change on a timely basis.

205.03 Structured ARM Loans

Structured ARM Loans are subject to the same reporting and remittance requirements as other ARM Loans except for the differences described in this section.

The interest rate for Structured ARM Loans will be determined based on the applicable interest period (typically either 1-month or 3-months) for the applicable Index using a 1-Business Day look-back period per the Loan Documents and the requirements of the applicable Structured ARM Loan Plan Number. The applicable interest rate will be determined by adding the Mortgage Loan margin specified in the Loan Documents to the applicable Index value. No periodic or lifetime interest rate limitations apply to this computation.

Rate changes for Structured ARM Loans with a:

- 1-month interest period (Plan Numbers 03488 and 04932) will occur on the first payment date and the first day of each month thereafter until maturity as specified in the Loan Documents; and
- 3-month interest period (Plan Number 03487) will occur on the first day of the month which is the second month following the first payment date and the first day of every third month thereafter until maturity as specified in the Loan Documents.

The first payment date will be:

- the 1st day of the month following the Mortgage Loan Origination Date, if the Mortgage Loan Origination Date is the 1st calendar day of the month; or
- the 1st day of the second full calendar month following the Mortgage Loan Origination Date for all other Mortgage Loans.

For example, if the Mortgage Loan closes on June 15th, the First Payment Date is on August 1st, and if the Mortgage Loan closes on June 1st, the First Payment Date is on July 1st.

A Required Monthly Payment change occurs at established intervals and corresponds to any change in the interest rate, the number of days in an accrual period, or the UPB of the Mortgage Loan.

If the Mortgage Loan amortizes, the Required Monthly Payment is the sum of the monthly interest installment and the monthly principal installment. The monthly interest installment is calculated by multiplying the UPB of the Mortgage Loan by the interest rate in effect following the latest interest rate change utilizing an actual/360 interest accrual method. Equal monthly principal installments will be made over the term of the Mortgage Loan in the amount set forth in the Loan Documents.

If the Structured ARM Loan is interest-only, the Required Monthly Payment is the monthly interest payment which is calculated by multiplying the UPB of the Mortgage Loan by the interest rate in effect following the latest interest rate change utilizing an actual/360 interest accrual method as set forth in the Loan Documents. The new Required Monthly Payment becomes effective for Structured ARM Loans with a:

- 1-month interest period (Plan Numbers 03488 and 04932), on the 1st day of the month following the month in which the Rate Change Date occurs; or
- 3-month interest period (Plan Number 03487), on the 1st day of each month following any change in the interest rate or if the number of days in an accrual period is different from the prior month, as set forth in the Loan Documents.

Section 206 Application of Monthly Payments

206.01 Fannie Mae Form Loan Documents

For Mortgage Loans originated using Fannie Mae published Note forms, the Borrower's monthly payments must be applied in the following order:

- any delinquent interest (other than interest attributable to the default interest rate);
- any delinquent principal;
- interest for the current month at the Gross Note Rate;
- principal for the current month;
- reimburse the Servicer or Fannie Mae for any T&I payments;
- reimburse the Servicer or Fannie Mae for any delinquency resolution costs, attorney fees, Appraisal fees, environmental assessment costs, or PCA costs;
- reimburse the Servicer or Fannie Mae for any payments to protect the Property;
- late charges;
- default interest;
- T&I Custodial Account deposits; and
- any other Custodial Account deposits.

206.02 Non-Fannie Mae Form Loan Documents

For Mortgage Loans not originated using Fannie Mae published Note forms, the Servicer must apply monthly payments received from the Borrower as required by the relevant Loan Documents. If the Loans Documents do not provide for the order of application of monthly payments, then the Servicer must follow the requirements for the Fannie Mae Post-1998 Loan Documents as provided in Part V, Chapter 2: Reporting and Remitting, Section 206.01: Fannie Mae Form Loan Documents.

Section 207 Payment Shortages

When payments received from the Borrower are less than the total amount then due under the Mortgage Loan (including P&I and T&I, but may also include required deposits to the Replacement Reserve or other monies due as required in the Loan Documents), the Mortgage Loan is in default and the Servicer must follow the default procedures specified in:

- Part VI, Chapter 3: Non-Performing Primary Risk Mortgage Loans; or
- Part VI, Chapter 5: Non-Performing Secondary Risk Mortgage Loans.

The Servicer may not supplement partial payments received from the Borrower with funds from any Custodial Account without Fannie Mae's prior written consent.

Section 208 Delinquency and Servicing Advances

208.01 Generally

208.01A Applicability

This Section 208 shall apply to all loans purchased by Fannie Mae (i) under the DUS product line and (ii) under any contracts entered into after June 1, 2012, unless any such contract provides that this Section 208 shall not apply to such contract.

208.01B Delinquency Advances on a Mortgage Loan other than a Credit Enhancement Mortgage Loan

Whether or not the Borrower pays to the Lender the full amount due under a Mortgage Loan (other than a Credit Enhancement Mortgage Loan), the Lender will remit to Fannie Mae Delinquency Advances in an amount equal to all monthly P&I installments then owed under each Mortgage Loan, net of Servicing Fees, in the manner and at the time the Lender is required to make remittances under the Guide or the Lenders Contract. The Lenders agreement to make Delinquency Advances in respect of a Mortgage Loan constitutes a separate contractual obligation of

the Lender to Fannie Mae and is not a guaranty or surety of any obligation of the related Borrower. The Lenders obligation to fund Delinquency Advances, except in the case of Secondary Risk Mortgage Loans, is not intended to require advances of the principal balance due on the scheduled or accelerated maturity date for payment in full of a Mortgage Loan. The Lenders obligation to fund Delinquency Advances with respect to Secondary Risk Mortgage Loans shall include the obligation to fund the principal balance due on the scheduled or accelerated maturity date for payment in full of a Mortgage Loan.

208.01C Delinquency Advances on a Credit Enhancement Mortgage Loan

Whether or not the Borrower pays to the Lender the full amount due on a Credit Enhancement Mortgage Loan, and whether such amounts are payable under the Financing Agreement, the Note, the Reimbursement Agreement or other transaction documents, the Lender shall make Delinquency Advances in amounts as follows, each in the amount as required to be made under the Financing Agreement, the Note, the Reimbursement Agreement or other applicable transaction document, net of any Servicing Fee otherwise payable to the Lender:

- interest payments as required by the definition of Delinquency Advances, net of Servicing Fees;
- monthly installments of principal owed on the Credit Enhancement Mortgage Loan, or, if the transaction documents of the Credit Enhancement Mortgage Loan require the Borrower to make deposits to a PRF in lieu of amortizing the principal of the Credit Enhancement Mortgage Loan in whole or in part, deposit in a special custodial account meeting the requirements of the Guide (Special Custodial Account) any amounts that the Borrower was obligated under the Note, the Reimbursement Agreement or other applicable transaction document to pay as deposits to the PRF and transfer such funds in the Special Custodial Account to the applicable Bond Trustee at such time as the funds are required for a mandatory payment of P&I under the Bonds;
- the annual or other periodic fee of the Issuer as a continuing fee for the issuance of the Bonds and the provision of the financing for the Property;
- the annual or other periodic continuing trust administration fee of the Bond Trustee;
- the annual or other periodic continuing fee of the rebate analyst, if any, for its rebate calculation services;
- the annual or other periodic continuing fee of the remarketing agent, if any, for its remarketing services;

- the Credit Enhancement Fee;
- if the transaction documents of the Credit Enhancement Mortgage Loan require the Borrower to make deposits to a PRF in lieu of amortizing the principal of the Credit Enhancement Mortgage Loan in whole or in part, the PRF Fee; and
- if the Credit Enhancement Instrument contains a liquidity facility for the Bonds, the Liquidity Fee.

The Lender shall make such advances to the party, in the manner and at the time the Lender is required to make such remittances under the Guide. The Lenders agreement to make Delinquency Advances in respect of a Credit Enhancement Mortgage Loan constitutes a separate contractual obligation of the Lender to Fannie Mae and is not a guaranty or surety of any obligation of the related Borrower.

208.01D Servicing Advances on a Mortgage Loan other than a Credit Enhancement Mortgage Loan

Whether or not Borrower makes payments to the Lender, the Lender shall make Servicing Advances as and when such amounts constituting Servicing Advances are required to be paid.

208.01E Servicing Advances on a Credit Enhancement Mortgage Loan

Whether or not the Borrower makes payments to the Lender, the Lender shall make Servicing Advances on a Credit Enhancement Mortgage Loan as and when such amounts constituting Servicing Advances are required to be paid. For each Credit Enhancement Mortgage Loan, Servicing Advances shall include, in addition to those items set out in the definition of Servicing Advances, all fees, costs and expenses, whether recurring or non-periodic, not covered by a Delinquency Advance but necessary, as determined by Fannie Mae, to preserve or protect the Bonds or to exercise any legal or equitable remedies under the Bond Indenture, the Bonds or any of the other transaction documents (other than the Loan Documents).

208.02 Duration of Payment of Delinquency Advances or Servicing Advances

208.02A Obligation to Make Delinquency Advances

Unless the Lenders Contract expressly provides otherwise, the Lender must make Delinquency Advances until the earliest of:

- the Lenders purchase of the Mortgage Loan from Fannie Mae;
- the date on which Borrower cures the Mortgage Loan default;

- the date on which the Lender makes the fourth of four continuous months of Delinquency Advances;
- the Asset Valuation Date established in accordance with Section 6.02 of the Loss Sharing Addendum; or
- the date on which the Borrower pays off the Mortgage Loan.

Notwithstanding the foregoing, (i) for Securitized Mortgage Loans, the Lender must make Delinquency Advances to Fannie Mae as long as the Mortgage Loan is held by the trust established in connection with such securitization, and (ii) for Credit Enhancement Mortgage Loans, the Lender must make Delinquency Advances to Fannie Mae as long as the Bonds are outstanding. However, in either case, Lender will receive reimbursement for such Delinquency Advances upon request as required by Part V, Chapter 2: Reporting and Remitting, Section 208.02C: Reimbursement for Delinquency and Servicing Advances following the date on which Lender makes the fourth of four consecutive months of Delinquency Advances or, if earlier, immediately following the Maturity Date of the Mortgage Loan and, thereafter, the Lender will receive reimbursement for each Delinquency Advance upon request. If the Lender believes that Delinquency Advances with respect to a Mortgage Loan are no longer required to be made pursuant to this Section 208.02, the Lender shall notify Fannie Mae, in writing, and upon written confirmation by Fannie Mae that it concurs that no further Delinquency Advances are required, the Lender shall cease making Delinquency Advances with respect to such Mortgage Loan.

208.02B Obligation to Make Servicing Advances

Unless the Lenders Contract expressly provides otherwise, the Lender must make Servicing Advances until the earliest of:

- the Lenders purchase of the Mortgage Loan from Fannie Mae;
- the date on which the Borrower cures the Mortgage Loan default;
- the Asset Valuation Date related to a Foreclosure Event, a sale of the Property directed by a court of competent jurisdiction, a Discounted Loan Payoff, or Note Sale; or
- the date on which the Borrower pays off the Mortgage Loan.

The Lender shall not be required to make Servicing Advances to fund escrows or custodial accounts for taxes, assessments, and insurance premiums or to make payments to the accounts established for the Mortgage Loan; provided, however, that the Lender must apply any partial payments (including any Net Cash Flow from the Property that, under applicable state law, is then available for use by Fannie Mae) in the manner specified in the Loan Documents and the Guide.

208.02C Reimbursement for Delinquency and Servicing Advances

Upon the expiration of the Lenders obligation to make Delinquency Advances as provided above or, with respect to any Securitized Mortgage Loan, following the date on which the Lender makes the fourth of four consecutive months of Delinquency Advances, the Lender may, by written notice to Fannie Mae submitted on Fannie Mae Form 4828, together with any supporting documentation required by Fannie Mae, request reimbursement for any and all Delinquency Advances made by the Lender with respect to the Mortgage Loan.

Upon making a Servicing Advance with respect to a Mortgage Loan, Lender may, by written notice to Fannie Mae submitted on Fannie Mae Form 4829, together with any supporting documentation required by Fannie Mae, request reimbursement for such Servicing Advance.

Fannie Mae shall reimburse the Lender for such Delinquency Advances and Servicing Advances within 60 days following Fannie Maes receipt and approval of the Lenders written request.

This Section 208.02.C shall not apply to Delinquency Advances or Servicing Advances made by the Lender with respect to any Non-Performing Mortgage Loan with a Last Paid Installment prior to March 1, 2012.

208.03 Repayment of Servicing Advances from Borrower

Unless otherwise directed in writing by Fannie Mae, the Lender must seek restitution of any Servicing Advances from the Borrower. For this repayment, the Lender may require the Borrower to make full restitution on the next occurring Mortgage Loan payment due date or may permit the Borrower to make restitution payments over several months. Amounts due from the Borrower for which a Servicing Advance was made may include default interest on the Servicing Advances as permitted in the Loan Documents. Interest must be calculated from and including the date the Servicing Advance is made to but excluding the date the repayment is received. If the Lender permits restitution over several months, such restitution payments will not be included in any required calculation of DSCR.

If the Lender has been reimbursed by Fannie Mae for any Servicing Advances and receives restitution of such Servicing Advances from the Borrower, the Lender shall promptly remit such amounts to Fannie Mae.

208.04 No Capitalization of Servicing Advances for Securitized Mortgage Loans

For the purpose of calculating monthly distributions to the Security certificate holders or other investors, Servicing Advances will not be added to the scheduled principal balance of the related Mortgage Loan, even

though the terms of the Mortgage Loan may permit increases to the outstanding principal balance of the Mortgage Loan for such advances and may permit Fannie Mae or the Lender, as applicable, to pursue recovery of those advances from the Borrower. Servicing Advances do not reduce or modify the Borrowers obligation under the Loan Documents.

208.05 Entitlement to Default Interest

Between Fannie Mae and the Lender, unless the Lenders Contract expressly provides otherwise, so long as the Lender is obligated to make or has made Delinquency Advances as provided in Part V, Chapter 2: Reporting and Remitting, Section 208.02A: Obligation to Make Delinquency Advances, the Lender is entitled to retain 50 percent of the default interest collected from or on behalf of the Borrower. The other 50 percent of such default interest, to the extent collected from or on behalf of the Borrower, is remitted to and retained by Fannie Mae. Notwithstanding anything in this Section 208.05 to the contrary, with respect to any Non-Performing Mortgage Loan with a Last Paid Installment prior to March 1, 2012, if the Lender is obligated to make Delinquency Advances then the Lender is entitled to all default interest collected from or on behalf of the Borrower with respect to such Mortgage Loan. If the Lender is not obligated to make any Delinquency Advances on a Non-Performing Mortgage Loan, all default interest shall be remitted to and retained by Fannie Mae. Without regard to whether the Lender is making Delinquency Advances, Fannie Mae is always entitled to the interest that accrues at the stated interest rate on the Mortgage Loan net of the Lenders Servicing Fee.

Section 209 Remittance Procedures

The Servicer must remit to Fannie Mae collections and other amounts due by the specified Remittance Date established for each product type.

209.01 Definitions

For purposes of this Section, the following terms shall have the definitions set forth below.

209.01A Interest Distribution Amount

For each Mortgage Loan, the interest portion, adjusted to the Pass-Through Rate of the monthly installment (without regard as to whether such amount was collected), due on the first day of the month in which a Remittance Date occurs or which becomes due at any time during the preceding month except the first day thereof.

209.01B Principal Distribution Amount

For each Mortgage Loan, the total of (1) the principal portion of the monthly installment due during the period beginning on the second day of the month preceding the month in which a Remittance Date occurs and ending on the first day of the month in which a Remittance Date occurs, without regard as to whether such amount was collected, and (2) any unscheduled principal recovery collected on a Mortgage Loan during the month preceding the month in which a Remittance Date occurs.

209.01C Monthly Remittance

The total of the Interest Distribution Amount and Principal Distribution Amount to be remitted to Fannie Mae on each Remittance Date.

209.02 Monthly P&I Remittance Due Dates for Cash and MBS Transactions

Monthly P&I remittances begin on the initial Remittance Date.

Mortgage Loan Type	Initial Remittance Date
Cash Mortgage Loans (including Mortgage Loans backing a PFP MBS)	The month after Fannie Mae purchased the Mortgage Loan.
Securitized Mortgage Loans	The month after the month the MBS was issued.

The final Remittance Date occurs:

- for Mortgage Loans paying off on the scheduled Maturity Date: in the month the Mortgage Loan matured and the security balance dropped to $0.00 (e.g., if the Mortgage Loan pays off on its scheduled May 1 Maturity Date, the final Remittance Date will be May 18); or
- for Mortgage Loans being prepaid: in the month after the month the Mortgage Loan was prepaid (e.g., if the Mortgage Loan prepays anytime between May 2 and May 31, the final Remittance Date will be June 18).

209.03 Cash Remittance System

209.03A Drafting Account Use

The Servicer must make the monthly remittance funds available for drafting by ACH via the Cash Remittance System on the Business Day before the Remittance Date.

209.03B Drafting Account Setup

To set up a Drafting Account before the initial Remittance Date:

1. Open a Drafting Account with an Eligible Depository per Part V, Chapter 3: Custodial Accounts, Section 301: Generally;
2. Use the Cash Remittance System to designate the custodial bank and Drafting Account to be electronically debited or credited.

209.03C Remittance Transaction Codes

The Cash Remittance System uses remittance codes linked to the:

- Servicer's unique 9-digit Servicer number; and
- specific Drafting Account identified for the applicable product and execution.

Only 1 Drafting Account per remittance code is permitted, either the:

- P&I Custodial Account for the Mortgage Loan category per Part V, Chapter 3: Custodial Accounts, Section 303.01: Accounts and Deposits; or
- consolidated Drafting Account.

The Servicer must ensure the:

- individual account drafting instructions, including assigned remittance codes, are coordinated with the Servicer's internal fund processing; and
- transmissions to Fannie Mae include all necessary detail to ensure timely and accurate processing.

209.04 Additional Requirements for Monthly Remittance for Security Transactions

209.04A Amount of Security Monthly Remittance

The Security monthly remittance is the total of the Security Interest Distribution and Security Principal Distribution Amounts. For each month, the Security monthly remittance must include the scheduled principal payment due on the first day of that month plus a full month's interest (calculated at the Security Pass-Through Rate) due in arrears for the previous month. It also may include unscheduled prepayments of principal.

The Servicer is required to pass through to Fannie Mae in each Security monthly remittance, the full scheduled amounts of P&I, regardless of whether such amounts actually have been collected from the Borrower. A

full month's interest (calculated at the Security Pass-Through Rate) must be included in each Security monthly remittance, regardless of whether there has been any partial or full prepayment during the month.

209.04B Security Interest Distribution Amount

The Security Interest Distribution Amount due is based on the Security Balance remaining after application of the scheduled Mortgage Loan payment due on the first of the previous month. For example, the Security Interest Distribution Amount due on November 18 would be based on the Security Balance remaining after application of the scheduled Mortgage Loan payment due on October 1 (not November 1).

209.05 Securitized Mortgage Loans – Remitting Fees to Fannie Mae

209.05A Guaranty Fee Due on 7th Calendar Day of Month

To compensate Fannie Mae for the liability it assumes in issuing the Security, Fannie Mae receives a Guaranty Fee. The Guaranty Fee is an obligation of the Servicer and must be paid in arrears on the 7th calendar day, or the preceding Business Day if the 7th calendar day is not a Business Day, of each month, even if there is no collection on the Mortgage Loan or the Mortgage Loan reaches its Maturity Date during the month. Payment of the Guaranty Fee begins with the month following the month in which the Security is issued. Fannie Mae will draft the Guaranty Fee from the Servicer's applicable designated P&I Custodial Accounts for Securitized Mortgage Loans.

The Guaranty Fee amount due Fannie Mae in any month is equal to either (a) for 30/360 interest accrual Mortgage Loans, one-twelfth of the annual Guaranty Fee rate times the Security Balance remaining after application of the scheduled Mortgage Loan principal payment due on the first day of the previous month, or (b) for actual/360 interest accrual Mortgage Loans, the annual Guaranty Fee rate divided by 360 times the number of days occurring in the month immediately preceding the Guaranty Fee payment date times the Security Balance remaining after application of the scheduled Mortgage Loan principal payment due on the first day of the previous month. For example, for Securitized Mortgage Loans the Guaranty Fee amount due to Fannie Mae on November 7 is calculated on the Security Balance remaining after application of the scheduled Mortgage Loan principal payment due on October 1.

209.05B Guaranty Fee Remittance

The monthly Guaranty Fee must be remitted as long as the Security is outstanding, even if there is no collection activity on the Mortgage Loan.

The Servicer must make funds available for the Guaranty Fee draft

on the 7th calendar day of the month, or the preceding Business Day if the 7th is not a Business Day.

Under this process, Fannie Mae will send an electronic notice (or bill) on the 2nd or 3rd calendar day of each month. The draft notice will show the amount due for the Guaranty Fees. When the Servicer receives the transmission, the Servicer must review the draft notice for accuracy. If discrepancies are identified, the Servicer must contact Fannie Mae by the 5th calendar day of the month to provide details on the amount and nature of the discrepancy. Fannie Mae will then review its records to validate the discrepancy and make any necessary adjustments to the Guaranty Fee bill. On the 7th calendar day of the month, Fannie Mae will draft the Guaranty Fees from the Servicer's designated P&I Custodial Account for Securitized Mortgage Loans. If the 7th calendar day is not a Business Day, the draft will take place on the preceding Business Day.

209.05C Same Month Pooling – Interest and Guaranty Fee Remittance for First Reporting Cycle

The Servicer's first remittance to Fannie Mae for a Mortgage Loan submitted under the Same Month Pooling delivery option is an "interest-only" remittance because the Borrower will not have made the first payment. Accordingly, because the Borrower will not be required to send a monthly payment to the Servicer under Same Month Pooling until the month following the date the Servicer's first remittance is due to Fannie Mae, the Servicer will have to use some of its own funds to remit the interest that is "scheduled" to be passed through to Fannie Mae for the Mortgage Loan in that month and to make the first required Guaranty Fee remittance. The interest remittance will represent one month's full interest, and will be equal to the Issue Date principal balance of the Mortgage Loan times either (a) for 30/360 interest accrual Mortgage Loans, one-twelfth of the annual Pass-Through Rate of the Security, or (b) for actual/360 interest accrual Mortgage Loans, the annual Pass-Through Rate of the Security divided by 360 times the number of days occurring in the month of issuance of the Security. The Guaranty Fee payment will represent one month's full Guaranty Fee, and be calculated as provided in Part V, Chapter 2: Reporting and Remitting, Section 209.05A: Guaranty Fee Due on 7th Calendar Day of Month based on Issue Date principal balance of the Mortgage Loan.

Fannie Mae will not reimburse the Servicer for its interest or Guaranty Fee remittance. However, the Servicer must:

- receive a partial month's interest based on the Note Rate from the Borrower at closing (from the date of closing through the end of the month), and
- receive interest based on the Pass-Through Rate from the purchaser of the Security (from the first day of the month in which the Security is issued to the Book-Entry Delivery Date)

as part of the sales proceeds for the Security.

209.06 Notification to Fannie Mae if Unable to Have Funds Available on any Remittance Date

If, for any reason, the Servicer cannot make funds available for drafting on the Business Day prior to the designated Remittance Date, it must immediately notify Fannie Mae by calling the Servicers Fannie Mae Representative. The Servicer must describe to Fannie Mae all circumstances and conditions that prevent the monthly remittance from being made on time.

Section 210 Full Prepayments

210.01 Review of Applicable Loan Documents Required

When the Servicer receives a Borrowers notification of intent to prepay the Mortgage Loan, it must examine the specific Note (including any applicable addendum, exhibit, modification, or amendment) and Security Instrument (and any applicable rider, exhibit, modification or amendment) to determine whether prepayment of the Mortgage Loan is permitted and, if so, under what conditions. The prepayment provisions of the actual Mortgage Loan Documents govern in each case.

210.02 Notification of Prepayment; Timing of Prepayment

210.02A Notice and Timing Consistent with Loan Documents

The Borrowers proposed prepayment date and the timing of its advance notification of its intent to prepay must be consistent with the provisions of the Loan Documents.

210.02B Borrower Notice Must Contain Date of Intended Prepayment and Comply with Notice Requirements of the Loan Documents

The Servicer must obtain from the Borrower the date on which the Borrower will prepay the Mortgage Loan. The Borrower must give the Servicer advance notice of its intent to make a full prepayment as required by the Loan Documents.

210.02C Loan Document Requirements for Payoff and Lockout Dates

If a Fannie Mae form Multifamily Note evidences the Mortgage Loan, a prepayment may be made only on the last Business Day before a scheduled Mortgage Loan payment date. Non-Fannie Mae form Notes may not contain the same requirement. Some Notes may contain lockout provisions that prohibit full prepayment for a specified period of time. The

Servicer must not permit a payoff that does not comply with the requirements contained in the Loan Document.

210.02D Notice to Fannie Mae of Proposed Payoff; Use of Fannie Mae Payoff Calculator

The Servicer must notify Fannie Mae, in writing or through the Fannie Mae Payoff Calculator, upon receiving notice from the Borrower of a planned prepayment. Notice of the planned prepayment must be received by Fannie Mae not later than 10 Business Days prior to the contemplated payoff date. The Fannie Mae Payoff Calculator may only be used when the Fannie Mae form Multifamily Note evidences the Mortgage Loan.

210.03 Timing of Confirmation of the Full Prepayment Payoff Amount

The Servicer must ensure that the payoff figure quoted to the Borrower is correct. Accordingly, before the Servicer advises the Borrower of the full prepayment payoff amount, the Servicer must confirm such amount with Fannie Mae. The Servicer's request for confirmation of the full prepayment payoff amount must be submitted to Fannie Mae at least 10 Business Days before the scheduled prepayment date. At least 5 Business Days prior to the scheduled prepayment date, the Servicer must provide the Borrower written confirmation of the amount required to pay off the Mortgage Loan in full.

210.04 Full Prepayment for Cash Transactions and PFP MBS

210.04A Confirming the Full Prepayment Payoff Amount

1. Calculating the Full Prepayment Payoff Amount

To obtain Fannie Maes confirmation of the full prepayment payoff amount, the Servicer must either submit a written statement detailing all amounts that it believes will be due and payable by the Borrower on the prepayment date or submit the information through the Payoff Calculator, including:

- the UPB of the Mortgage Loan (as of the prepayment date);
- all accrued and to-be accrued interest, broken down into the net interest portion due to Fannie Mae (calculated at the Pass-Through Rate) and the portion to be retained by the Servicer as a Servicing Fee, calculated as if the payoff is occurring on the last day of the month in which the prepayment is occurring;
- any unpaid late fees, if applicable;
- any Prepayment Premium that is due in connection with the full prepayment, broken down into the portions due to Fannie Mae and the Servicer, respectively; and

- any other amounts due under the Note, Security Instrument, or any other Mortgage Loan Document, including, if applicable, any unpaid fee due under any Collateral Agreement.

2. Fannie Mae Will Not Confirm Nor Is Responsible for Amounts Owing to Servicer

Fannie Mae is not responsible for confirming any amounts owed to the Servicer at the time of the prepayment (e.g., any administrative fees due for services performed by the Servicer under a Collateral Agreement); however, the Servicer's payoff statement must clearly denote any such amounts so that Fannie Mae can distinguish them from amounts due exclusively to Fannie Mae. The Servicer is solely responsible for ensuring that any payoff quote given to the Borrower includes any amounts that are owed exclusively to the Servicer, as Fannie Mae will not reimburse the Servicer for such amounts from any of the funds that the Borrower remits to cover the amounts confirmed as being due to Fannie Mae.

3. Fannie Mae Confirmation of Full Prepayment Payoff Amount for Primary Risk Mortgage Loans

Fannie Mae will review the Servicer's figures and contact the Servicer to reconcile any discrepancies. Upon completion of its review and any necessary reconciliation, Fannie Mae will respond in writing to the Servicer's verification request. In its response, Fannie Mae will confirm the total payoff amount due to Fannie Mae, as well as the individual items comprising such total amount, including:

- the UPB of the Mortgage Loan;
- the net accrued interest due Fannie Mae;
- any applicable Prepayment Premium (broken down into the portions due to Fannie Mae and the Servicer); and
- any previously unpaid fees or other amounts owed to Fannie Mae.

Fannie Mae will provide any pertinent instructions for completing the prepayment payoff process, including any specific instructions that the Servicer must include in its payoff quote to the Borrower.

4. No Quote to Borrower until Fannie Mae Confirmation for Primary Risk Mortgage Loans

To ensure that the Borrower is quoted the correct payoff amount, including any applicable accrued interest, Prepayment Premium, late fees, or other amounts that might be owed under the terms of the Note, the Security Instrument, or the other Mortgage Loan Documents, the Servicer must not quote a final payoff amount to the Borrower without first obtaining Fannie Maes confirmation of the accuracy of the Servicer's figures.

5. Fannie Mae Confirmation of Full Prepayment Payoff Amount for Secondary Risk Mortgage Loans

Unless the Lenders Contract provides otherwise, Fannie Mae will not review the Servicer's payoff calculation for Secondary Risk Mortgage Loans. The Servicer is solely responsible for ensuring that any payoff quote given to the Borrower includes all amounts that are owed to Fannie Mae and to the Servicer.

6. Servicer Liability

Whether confirmed by Fannie Mae through the Payoff Calculator or the payoff calculation is performed by the Servicer, the Servicer is required to collect all amounts owing by the Borrower on a Mortgage Loan payoff. If Fannie Mae determines that Servicer has provided the Borrower incorrect information because of an error in the calculation of the payoff quote, the Servicer will be responsible for any shortfall and must remit all amounts due to Fannie Mae whether or not it has collected such amounts from the Borrower.

210.04B Reporting Full Prepayment Payoff Amount

1. Full Prepayment Payoff Amount Received on First Business Day of Month

Notwithstanding anything to the contrary above, any full prepayment of a Mortgage Loan from or on behalf of a Borrower that is received by the Servicer on the first Business Day of a month will be deemed received in the prior calendar month for purposes of reporting and remitting such full prepayment.

2. Full Prepayment Reported through the eServicing System Due By 2nd Day of Month

The full prepayment must then be reported electronically to Fannie Mae through the eServicing System. The report of the full payment must be transmitted in time to reach Fannie Mae by the 2nd calendar day of the month following the month of prepayment.

210.04C Remitting Full Prepayment Payoff Amount

1. Using Pass-Through Rate to Calculate Remittance to Fannie Mae

The Servicer must use the Pass-Through Rate to calculate its P&I remittance to Fannie Mae. After collecting payoff proceeds, calculated in the manner described above at the Gross Note Rate, the Servicer must subtract its Servicing Fee, calculated using a per diem rate based on the interest accrual method provided for in the Loan Documents.

2. Remittance Due on Remittance Date

The Servicer must remit the prepayment amount on the Remittance Date in the month after the prepayment occurs per the remittance requirements in this Chapter.

210.05 Full Prepayment for Securitized Transactions (Not Applicable to PFP MBS)

210.05A Confirming the Full Prepayment Payoff Amount

1. Calculating the Full Prepayment Payoff Amount

To obtain Fannie Maes confirmation of the final payoff amount for a Securitized Mortgage Loan, the Servicer must submit a statement, detailing:

- All amounts that it has determined will be due and payable by the Borrower on the prepayment date, including:
  - the UPB of the loan (as of the prepayment date);
  - all accrued and to-be accrued interest, broken down into the net interest portion due to Fannie Mae (calculated at the Pass-Through Rate) and the portion to be retained by the Servicer as a Servicing Fee, calculated as if the payoff is occurring on the last day of the month in which the prepayment is occurring;
  - any unpaid late fees, if applicable;
  - any Prepayment Premium, if any, that is due in connection with the full prepayment specifying the respective portions due Fannie Mae, the Security certificate holder and Servicer; and
  - any other amounts due under the Note, Security Instrument, or any other Loan Document, including, if applicable, any unpaid fee due under any Collateral Agreement.
- All amounts that will be due and payable to Fannie Mae by the Servicer on the Remittance Date in the month following the month of prepayment, including:
  - the UPB of the loan;
  - a full month's accrued interest, calculated at the MBS Pass-Through Rate;
  - any applicable Prepayment Premium broken down into the portions due to the MBS investor, the Servicer, and Fannie Mae calculated in accordance with the Guide; and
  - any previously unpaid fees or other amounts owed to Fannie Mae.

2. Fannie Mae Will Not Confirm Nor Is Responsible for Amounts Owing to Servicer

Fannie Mae is not responsible for confirming any amounts owed to the Servicer at the time of the prepayment (e.g., any administrative fees due for services performed by the Servicer under a Collateral Agreement); however, the Servicer's payoff statement must clearly denote any such amounts so that Fannie Mae can distinguish them from amounts due exclusively to Fannie Mae, and the MBS investor, if applicable.

3. Fannie Mae Confirmation of Full Prepayment Payoff Amount for Primary Risk Mortgage Loans

Fannie Mae will review the Servicer's figures and contact the Servicer to reconcile any discrepancies for Primary Risk Mortgage Loans. Upon completion of its review and any necessary reconciliation, Fannie Mae will respond (in writing) to the Servicer's verification request. In its response, Fannie Mae will confirm the total payoff amount due to the Servicer from the Borrower, and will also separately confirm the amounts due to Fannie Mae from the Servicer, as well as individual items comprising such total amounts, including:

- the UPB of the Mortgage Loan; and
- accrued interest due:
  - to the Servicer from the Borrower;
  - a full month's accrued interest due Fannie Mae;
- any applicable Prepayment Premium (broken down into the portions due to Fannie Mae, the Servicer, and the MBS investor); and
- any previously unpaid fees or other amounts owed to Fannie Mae.

4. No Quote to Borrower Until Fannie Mae Confirmation for Primary Risk Mortgage Loans

To ensure that the Borrower is quoted the correct payoff amount, including any applicable accrued interest, Prepayment Premium, late fees, or other amounts that might be owed under the terms of the Note, the Security Instrument, or the other Mortgage Loan Documents, the Servicer must not quote a final payoff amount to the Borrower without first obtaining Fannie Maes confirmation of the accuracy of the Servicer's figures.

5. Fannie Mae Confirmation of Full Prepayment Payoff Amount for Secondary Risk Mortgage Loans

Fannie Mae will not review the Servicer's payoff calculation for Secondary Risk Mortgage Loans. The Servicer is solely responsible for ensuring that any payoff quote given to the Borrower includes all amounts

that are owed to Fannie Mae and to the Servicer.

6. Servicer Liability

Whether confirmed by Fannie Mae through the Payoff Calculator or the payoff calculation is performed by the Servicer, the Servicer is required to collect all amounts owing by the Borrower on a Mortgage Loan payoff. If Fannie Mae determines that Servicer has provided the Borrower incorrect information because it quotes a final payoff amount to the Borrower prior to Fannie Mae confirmation or has erred in its calculation of the payoff quote where Fannie Mae confirmation is not provided, the Servicer will be responsible for any shortfall and must remit all amounts due to Fannie Mae whether it has collected such amounts from the Borrower.

210.05B Reporting Full Prepayment Payoff Amount

1. Security Reporting

By the second Business Day of the month following the month of prepayment, the Servicer must report the amount of the Prepayment Premium collected to Fannie Mae via the eServicing System in accordance with the reporting requirements provided in this Chapter.

2. Mortgage Loan Reporting Requirements

The Servicer must report the prepayment amount, including any applicable Prepayment Premium, to Fannie Mae by the second Business Day of the month following the month in which the prepayment occurs in accordance with the reporting requirements provided in this Chapter.

210.05C Remitting Full Prepayment Payoff Amount

Under MBS, the Servicer must remit a full month's accrued interest (calculated at the MBS Pass-Through Rate) for each month that the MBS is outstanding, even if a full or partial prepayment occurs during that month. Any shortfall between the interest collected from the Borrower and the full month's interest that is due to Fannie Mae must be deposited in the Servicer's MBS P&I Custodial Account from the Servicer's own funds and remitted to Fannie Mae. The Servicer must also remit a full month's Guaranty Fee for each month that the MBS is outstanding, even if a full or partial prepayment occurs during that month.

The Servicer must remit the prepayment amount on the Remittance Date in the month after the payoff occurs per the remittance requirements in this Chapter.

Section 211 Partial Prepayments Not From Insurance or Condemnation Proceeds

211.01 Partial Prepayments Generally Prohibited

Partial prepayment of the outstanding balance of any Mortgage Loan is prohibited unless explicitly permitted in the Mortgage Loan Documents. Under certain circumstances, to the extent permitted in the Mortgage Loan Documents, the proceeds of a Letter of Credit held pursuant to an Achievement Agreement or deposits held under a Replacement Reserve Schedule or other Collateral Agreement may be applied as a partial prepayment of the Mortgage Loan.

211.02 Partial Prepayment Procedures

211.02A Servicer's Analysis of Loan Documents

Any request from the Borrower for permission to make a partial prepayment must be forwarded to the Servicers Fannie Mae Representative, along with the Servicer's analysis and recommendation. The Servicer must carefully examine the Mortgage Loan Documents to determine if partial prepayments are permitted and, if so, under what conditions and whether a Prepayment Premium is required. The Servicer's analysis of the request must include information about:

- the event or condition precipitating the prepayment request;
- the amount of principal that would be prepaid;
- the estimated Prepayment Premium, if any, that would be due in connection with the partial prepayment;
- any proposed recasting of the Mortgage Loan or other modification of the repayment terms; and
- the proposed timing of the prepayment.

211.02B Fannie Mae Approval Required for Partial Prepayments

Unless the Loan Documents expressly permit partial prepayments, Fannie Mae's approval is required before any partial prepayment is made. If the Servicers Fannie Mae Representative agrees to allow or requires a partial prepayment to be made, it will advise the Servicer in writing of any specific conditions that will apply to such partial prepayment. Such specific conditions may include:

- when and how the prepayment must occur;
- whether a Prepayment Premium must be paid; and
- whether the Mortgage Loan repayment terms will be altered and, if so, how the Mortgage Loan Documents would have to be modified to reflect such alterations, etc.

Any decision to modify the Mortgage Loan repayment terms in connection with the partial prepayment will be made by Fannie Mae, in its

sole and absolute discretion.

211.02C Prepayment Premium Due on Partial Prepayment

When a Prepayment Premium is required in connection with any partial prepayment, the Prepayment Premium is assessed on the amount of principal being prepaid and not on the outstanding UPB of the Mortgage Loan calculated and verified in the same manner as is required for full prepayments.

211.02D Reporting and Remitting Partial Prepayments When Not Permitted in Loan Documents

Partial prepayments must be reported in the same manner as is required for full prepayments. When Fannie Maes approval is received, the proceeds representing the partial prepayment, including the Prepayment Premium (when required pursuant to the terms of the Loan Documents), must be remitted to Fannie Mae in the same manner and timeframe as required for full prepayments.

211.02E Reporting and Remitting Partial Prepayments When Permitted in Loan Documents

Fannie Mae approval is not required when the Loan Documents permit partial prepayments. Any such partial prepayments must be reported and remitted to Fannie Mae in the same manner and timeframe as is required for monthly remittances.

Section 212 Prepayments (Full or Partial) Involving Insurance Proceeds or Condemnation Awards

212.01 Partial Prepayments Generally Permitted

Partial prepayment of the Mortgage Loan is generally permitted for the application of the proceeds of an insurance claim or a condemnation award. Servicer must follow the requirements contained in the Loan Documents in connection with any such partial prepayment.

212.02 No Prepayment Premium Required

The Borrower is **not** required to pay a Prepayment Premium in connection with any prepayment that occurs as a result of the application to the Mortgage Loan of insurance proceeds or condemnation award proceeds, regardless of when during the Mortgage Loan term such prepayment occurs.

212.03 Reporting and Remitting Partial Prepayments

The proceeds representing the partial prepayment must be reported and remitted to Fannie Mae in the same manner and timeframe as is required for monthly remittances.

Section 213 Prepayment Premium Sharing

213.01 General

The Lender Contract governs over the requirements of the Guide if it specifies whether the Lender or Servicer is entitled to retain a portion of any Prepayment Premium paid by the Borrower. If the Lender Contract provides that the Lender or Servicer is entitled to retain a portion of the Prepayment Premium, then the Servicer must calculate the applicable share of the Prepayment Premium owed to the Lender or Servicer, and remit to Fannie Mae that portion of the Prepayment Premium owed to Fannie Mae or the Investor. If the Lender Contract provides that the Lender or Servicer is not entitled to retain a portion of the Prepayment Premium, then the entire Prepayment Premium must be remitted to Fannie Mae.

If the Lender Contract does not specify whether the Lender or Servicer is entitled to retain a portion of any Prepayment Premium, then the Servicer is entitled to retain a portion of any Prepayment Premium only as provided below.

The Servicer must always remit the portion of the Prepayment Premium due to the Investor and to Fannie Mae with the final Mortgage Loan payment, retaining the balance of the Prepayment Premium due the Servicer as provided above. Upon receipt, Fannie Mae will pass through the portion of the Prepayment Premium due to the Investor.

213.02 Yield Maintenance Prepayment Premiums – Prepayment Occurs Before the Yield Maintenance Period End Date

213.02A Calculation of Total Prepayment Premium

For any prepayment that occurs before the Yield Maintenance Period End Date, the Servicer must first determine the total Prepayment Premium owing by the Borrower in accordance with the Loan Documents. The Loan Documents generally require the Borrower to pay a Prepayment Premium equal to the greater of (i) 1% of the UPB (the Minimum 1% Prepayment Premium), or (ii) yield maintenance.

213.02B Calculation of Investor's Share of Total Prepayment Premium for a Securitized Mortgage Loan

Fannie Mae does not guarantee payment of any portion of the Prepayment Premium to the Investor. The Investor only receives a share of any Prepayment Premium actually received from the Borrower. For a

Securitized Mortgage Loan, the Servicer must calculate the Investor's share of the total Prepayment Premium as follows using the yield rate specified per the Loan Documents:

(Principal prepaid) x (Pass-Through Rate yield rate) x (present value factor).

If the result is negative, the Investor receives no Prepayment Premium share.

213.02C Calculation of Fannie Mae's Share of Total Prepayment Premium

For both Securitized Mortgage Loans and Cash Mortgage Loans, the Servicer must calculate Fannie Maes share of the total Prepayment Premium.

If the Prepayment Premium is greater than the Minimum 1% Prepayment Premium, the difference between the total Prepayment Premium and the Investors portion will be shared between Fannie Mae and the Servicer.

Fannie Maes share equals:

- for Securitized Mortgage Loans:

(total Prepayment Premium - Investors portion) x (Guaranty Fee / (Guaranty Fee + Servicing Fee)); and

- for Cash Mortgage Loans:

total Prepayment Premium - Servicer's share (calculated per Part V, Chapter 2: Reporting and Remitting, Section 213.02D: Calculation of Servicer's Share of Total Prepayment Premium).

If the total Prepayment Premium equals the Minimum 1% Prepayment Premium, Fannie Maes share equals the entire remaining Prepayment Premium above the Investors portion.

213.02D Calculation of Servicer's Share of Total Prepayment Premium

The Servicer receives a portion of the Prepayment Premium only if the Prepayment Premium exceeds the Minimum 1% Prepayment Premium.

The Servicer's share equals:

- for Securitized Mortgage Loans:

(total Prepayment Premium - Investor's portion) x (Servicing Fee /

(Guaranty Fee + Servicing Fee)); and

- for Cash Mortgage Loans:

total Prepayment Premium x (Servicing Fee / (Pass-Through Rate + Servicing Fee)).

213.03 Yield Maintenance Prepayment Premiums – Prepayment Occurs On or After the Yield Maintenance Period End Date

213.03A Prepayment On or After Yield Maintenance Period End Date

The Loan Documents may provide that any full prepayment that occurs on or after the Yield Maintenance Period End Date but before a date specified in the Loan Documents (typically the last calendar day of the fourth month prior to the month in which the Maturity Date occurs), must be accompanied by a Prepayment Premium equal to a stated amount (usually 1% of the UPB of the Mortgage Loan). Neither the Investor nor the Servicer is entitled to any portion of any Prepayment Premium paid on or after the Yield Maintenance Period End Date. The entire Prepayment Premium must be remitted to Fannie Mae.

213.03B Prepayment During Open Period

The Loan Documents may provide that the Borrower is not required to pay any Prepayment Premium in connection with a full prepayment made on or after a date specified in the Loan Documents (typically the last calendar day of the fourth month prior to the month in which the Maturity Date occurs).

213.04 Fixed Rate Mortgage Loans with Graduated Prepayment Premiums

For fixed rate Mortgage Loans where the Loan Documents require a graduated Prepayment Premium, the Servicer is not entitled to retain any portion of the Prepayment Premium. The entire Prepayment Premium must be remitted to Fannie Mae.

213.05 Prepayment Premiums for ARM Loans and Structured ARM Loans

Unless the prepayment of an ARM Loan that used Prepayment Option 1 or Prepayment Option 2, or of a Structured ARM Loan is the result of a casualty or condemnation, any prepayment made before a date specified in the Loan Documents (typically the last calendar day of the fourth month prior to the month in which the Maturity Date occurs) must include a Prepayment Premium that will be shared between Fannie Mae and the Servicer. The Investor is not entitled to receive any portion of the

Prepayment Premium for either an ARM Loan or a Structured ARM Loan. In each case, Fannie Maes share will be a percentage determined by the following formula:

$\frac{\text{Guaranty Fee}}{\text{(Guaranty Fee + Servicing Fee)}}$

For example, if the Guaranty Fee is 62.5 basis points and if the Servicing Fee is 45 basis points, then Fannie Mae's share will be:

$\frac{62.5}{(62.5 + 45)}$	or	58.14%.

The Servicer must remit the portion of the Prepayment Premium due Fannie Mae with the final Mortgage Loan payment. The Servicer may retain the balance of the Prepayment Premium.

No Prepayment Premium is due in connection with an ARM Loan with a conversion option or with a Structured ARM Loan that is converting to a fixed rate Mortgage Loan.

213.06 Prepayment Premium Waivers; Servicer's Share of Prepayment Premium

The Servicer may not waive any portion of the Prepayment Premium due and owing under the Loan Documents, except as provided in Part III, Chapter 17: Choice Refinance Loans, Section 1702: Prepayment Premiums in connection with a Choice Refinance Loan.

No portion of the Servicers share of the Prepayment Premium may be:

- waived by the Lender;
- used as a rebate to the Borrower, or any party related to the Borrower, for any purpose; or
- used for the payment of any expenses related to any loan used to refinance the Mortgage Loan.

Section 214 Maturing Mortgage Loans/Payoffs

214.01 Balloon Mortgage Loans

Fannie Mae expects any Borrower with a Balloon Mortgage Loan to refinance or otherwise pay off the Mortgage Loan in full on (or before) the scheduled Maturity Date. Failure to pay off the Mortgage Loan in full on (or before) the scheduled Maturity Date is a default and puts the Borrower at

risk that Fannie Mae will exercise any available remedy under the Security Instrument and the other Loan Documents. Whenever a Borrower fails to pay off a Balloon Mortgage Loan on its Maturity Date, the Servicer must notify its Fannie Mae Representative of such failure as soon as possible, and must report the balloon payment default on the Multifamily Delinquency System. Any acceptance of a payoff amount occurring after the Balloon Mortgage Loans stated Maturity Date must be approved by Fannie Mae.

214.02 Servicer Notification of Payoff Amount to Borrower

At least 5 days prior to the scheduled Maturity Date of the Mortgage Loan, the Servicer must advise the Borrower in writing of the amount required to pay off the Mortgage Loan in full. The Servicer must ensure that the payoff figure quoted to the Borrower is correct.

214.03 Calculating and Obtaining Confirmation of Payoff Amount

214.03A Calculating the Full Payoff Amount

The Servicer's request for verification of the final payoff amount must be submitted to Fannie Mae at least 10 days before the scheduled Maturity Date. To obtain Fannie Maes confirmation of the final payoff amount, the Servicer must submit a statement, detailing all amounts that it believes will be due and payable by the Borrower on the payoff date, including:

- the UPB of the Mortgage Loan (as of the payoff date);
- accrued interest, up to the payoff date, broken down into the net interest portion due to Fannie Mae (calculated at the Pass-Through Rate) and the portion to be retained by the Servicer as a Servicing Fee;
- any unpaid late fees, if applicable; and
- any other amounts due under the Note, Security Instrument, or any other Mortgage Loan Document, including, if applicable, any unpaid fee due under any Collateral Agreement.

214.03B Fannie Mae Will Not Confirm Nor Is Responsible for Amounts Owing to Servicer

Fannie Mae is not responsible for confirming any amounts owed to the Servicer at the time of the payoff (e.g., any administrative fees due for services performed by the Servicer under a Collateral Agreement); however, the Servicer's payoff statement must clearly denote any such amounts so that Fannie Mae can distinguish them from amounts due exclusively to Fannie Mae. The Servicer is solely responsible for ensuring that any payoff quote given to the Borrower includes any amounts that are owed exclusively to the Servicer, as Fannie Mae will not reimburse the Servicer for such

amounts from any of the funds that the Borrower remits to cover the amounts confirmed as being due to Fannie Mae.

214.03C Fannie Mae Confirmation of Full Payoff Amount

Fannie Mae will review the Servicer's figures and contact the Servicer to reconcile any discrepancies. Upon completion of its review and any necessary reconciliation, Fannie Mae will respond (in writing) to the Servicer's verification request. In its response, Fannie Mae will confirm the total payoff amount due to Fannie Mae, as well as the individual items comprising such total amount, including:

- the UPB of the Mortgage Loan;
- the net accrued interest due Fannie Mae;
- any applicable Prepayment Premium; and
- any previously unpaid fees or other amounts owed to Fannie Mae.

Fannie Mae also will provide any pertinent instructions for completing the payoff process, including any specific instructions that the Servicer must pass along to the Borrower with the payoff quote.

214.03D No Quote to Borrower Until Fannie Mae Confirmation

To ensure that the Borrower is quoted the correct payoff amount, including any applicable accrued interest, Prepayment Premium, late fees, or other amounts that might be owed under the terms of the Note, the Security Instrument, or the other Mortgage Loan Documents, the Servicer must not quote a final payoff amount to the Borrower without first obtaining Fannie Maes confirmation of the accuracy of the Servicer's figures.

214.04 Reporting the Payoff and Remitting the Payoff Funds

214.04A Reporting Full Payoff Amount Through the eServicing System Due By 2nd Business Day of Month

The full payoff must be reported electronically to Fannie Mae through the eServicing System. The report of the full payment must be transmitted in time to reach Fannie Mae by the 2nd Business Day of the month following the month of payoff.

214.04B Remitting Full Payoff Amount

1. Using Pass-Through Rate to Calculate Remittance to Fannie Mae

The Servicer must use the Pass-Through Rate to calculate its P&I

remittance to Fannie Mae. After collecting payoff proceeds, calculated in the manner described above at the Gross Note Rate, the Servicer must subtract its Servicing Fee, calculated using a per diem rate based on a 360-day year.

2. Remittance Due on Next Remittance Cycle for Cash Mortgage Loans and Securitized Mortgage Loans

For Cash Mortgage Loans and Securitized Mortgage Loans, the Servicer must follow the reporting and remitting procedures for monthly installment reporting and remitting.

Section 215 Post-Payoff Actions

215.01 Servicer Required Actions

215.01A General

To facilitate the return of release documents from Fannie Mae, at all times the Servicer must maintain on file with Fannie Mae a master file copy of the Custody Document Transmittal (Form 276) completed with the following information:

- the Lenders nine digit Servicer number;
- MASTER FORM entered for the Fannie Mae Loan Number;
- Payoff checked as the liquidation reason; and
- the Lenders mailing address.

The completed form must be sent to Multifamily Master Servicing. If the mailing information for the Lender changes at any time, the Lender must update the master file copy of the Custody Document Transmittal (Form 276) with Fannie Mae.

215.01B Individual Mortgage Loan Releases

For each Mortgage Loan, upon receipt of the payoff funds from the Borrower, the Servicer must:

- refund to the Borrower any T&I escrow funds and any Replacement Reserve funds still held by the Servicer in connection with the Mortgage Loan (must be accomplished within 30 days of the payoff); and
- send the following to Fannie Mae:
  - if the release documents are to be sent to a different mailing address than that listed on the master file copy of the Custody Document Transmittal (Form 276) with Fannie Mae, a transaction-specific Custody Document Transmittal

(Form 276), requesting Fannie Mae to return the original Note and indicating the different address to which the release documents for that specific Mortgage Loan should be sent;

- for all recorded Loan Documents (e.g., Security Instrument) that require a release, the appropriate release document for the state in which the Property is located; and
- a request to Multifamily Servicing to release any additional collateral still held by Fannie Mae in connection with the Mortgage Loan.

Fannie Mae will execute the necessary releases, and return them, along with the original Note (appropriately marked or stamped to evidence full satisfaction), to the Servicer. The Servicer must return the Note to the Borrower, file the appropriate UCC termination forms and arrange to have the release documents recorded. Fannie Mae will be responsible for returning any applicable Achievement Letter of Credit to the issuer for cancellation.

215.02 Post Payoff Document Retention Requirements

Following its return to the Servicer of the Note and the releases for all recorded Loan Documents, Fannie Mae will forward its file for the Mortgage Loan to the Servicer. The Servicer must retain the entire Mortgage Loan Servicing File for 7 years after a Mortgage Loan payoff.

Section 216 DUS Bond Credit Enhancement Transactions – Reporting and Remitting Requirements

The requirements of this Section are applicable to Bond Credit Enhancement Transactions only and the Servicers reporting, collection, and remitting of prepayments must be done in accordance with the procedures described below.

216.01 Monthly Bond Credit Enhancement Reporting

For reporting purposes, the Servicer must segregate its DUS Bond Credit Enhancement portfolio into 2 groups:

- DUS Bond Credit Enhancement by Credit Enhancement Instrument and Collateral Agreement; or
- DUS Bond Credit Enhancement by a Security.

The Servicer must electronically submit a Credit Enhancement Activity Report (Form 4090) using the Credit Enhancement Servicing and

Investor Reporting System (CESIR) for each DUS Bond Credit Enhancement Mortgage Loan and Bond each month. The date that the Credit Enhancement Activity Report is due is dependent on whether the Mortgage Loans monthly P&I payments are due on the first of the month or on the 15th of the month.

The Servicer must register to use CESIR prior to use. Information regarding registering for CESIR can be found on https://multifamily.fanniemae.com/applications-technology/cesir.

For most DUS Bond Credit Enhancements, the monthly reporting rule is applied as follows:

- If the Mortgage Loan payments are due on the first of the month, the report is due on the fourth calendar day of the month or the next Business Day if the fourth calendar day of the month is not a Business Day; or
- If the Mortgage Loan payments are due on the 15th day of the month, the report is due on the 15th calendar day of the same month or the next Business Day if such day is not a Business Day.

The monthly report must include:

- all scheduled Mortgage Loan payments to be made by the Borrower whether or not such payments are actually made by the Borrower; and
- bond redemptions reported by the Bond Trustee for the current calendar month.

216.02 Monthly Remittance Procedures

216.02A Monthly Remittances of Scheduled Payments to Bond Trustee

Monthly remittances to the Bond Trustee depend on the execution type for the transaction and applicable transaction requirements.

1. Standby Execution

For Standby executions, the Servicer must pay the Scheduled Payments (net of the Facility Fee) to the Bond Trustee. The Servicer must make the payment to the Bond Trustee by wire transfer of same day funds on or before the 5th Bond Business Day before the day on which the bond payment is due to be made by the Bond Trustee to the bondholders. Bond Business Day is determined under the Bond Indenture for each separate Bond transaction.

2. Direct Pay Execution

For direct pay executions, the Servicer must perform the following:

a. The Servicer must pay to the Bond Trustee, by wire transfer of same day funds on the Bond Payment Date, the following components of the Scheduled Payment:

(1) the PRF deposit;

(2) the periodic fees payable to the Issuer, Bond Trustee, Rebate Analyst, any Compliance Monitor, Remarketing Agent and Tender Agent and any other similar person; and

(3) any other requirement, as specified in the Reimbursement Agreement.

b. The Servicer must remit the following components of the Scheduled Payment to Fannie Mae in reimbursement of any related Advance under the credit enhancement as provided in this Section:

(1) the interest component; and

(2) any principal component which is to amortize immediately the Mortgage Loan and is not to be deposited into the PRF.

c. For Direct Pay Weekly Variable Rate transactions where the Borrower is obligated to make its payments 2 Business Days prior to the 15th of each month and the bondholders must be paid on the 15th of each month, the Servicer must make its payments by wire transfer of same day funds on the 1st or 15th calendar day of each month. Other requirements may apply, as specified in the Reimbursement Agreement.

216.02B Replenishment of Withdrawals from the PRF

If the Borrower pays the Servicer any amount to replenish a withdrawal from the PRF, the Servicer shall pay such amount to the Bond Trustee not later than 2:00 p.m. Eastern Time, no later than the Business Day immediately after receipt of such monies from the Borrower.

216.02C Collection and Remittance of Borrower Reimbursement Obligations for Fannie Mae Advances

The Servicer must pay the following amounts to Fannie Mae:

1. The interest component of the Scheduled Payment and principal component of the Scheduled Payment which is to amortize immediately the Mortgage Loan and is not to be deposited into the PRF. Such amounts reimburse Fannie Mae for the related Advance under a Credit Enhancement Instrument or Collateral Agreement.

2. Any accrued and unpaid Activity Fee.

3. Any other amounts due to Fannie Mae under the

Reimbursement Agreement other than the Facility Fee.

Fannie Mae will draft such amounts so as to be received by Fannie Mae no later than the Business Day immediately after the receipt of such monies from the Borrower.

The Servicer must also collect from the Borrower and remit to Fannie Mae any other fees, expenses or additional costs due from the Borrower to Fannie Mae under the Reimbursement Agreement. Fannie Mae and/or the Bond Trustee will notify the Servicer regarding any such amounts to be invoiced by the Servicer for payment by the Borrower under the Reimbursement Agreement, the Financing Agreement or other Transaction Document.

216.02D Monthly Remittance of Fees to Fannie Mae

Fannie Mae will draft the Facility Fee, net of the Servicer's Servicing Fee each month. Fannie Mae will draft such amounts 4 calendar days after such amount is scheduled to be paid by the Borrower under the applicable Transaction Document. If the fourth calendar day is not a Business Day, then such draft will be made on the next Business Day.

216.02E Notice and Collection of Other Fees and Expenses

At the written request of the Bond Trustee or if the Reimbursement Agreement or the Financing Agreement requires the Borrower to make such payments through the Servicer, the Servicer will invoice the Borrower for any fees and expenses payable by the Borrower to the (1) Issuer, (2) Bond Trustee, (3) Rating Agency, (4) Remarketing Agent, (5) Rebate Analyst, (6) Compliance Monitor or (7) Custodian.

The Servicers invoice must require the Borrower to pay all such amounts to the Servicer not later than the earlier of ten days following the receipt of the invoice or the Business Day such amounts become due. The Servicer will remit all such payments received from the Borrower to the Bond Trustee, the Rating Agency, or Custodian, as applicable, and, if to the Rating Agency or Custodian, with notice to the Bond Trustee of such payment.

216.03 Prepayments – General Introduction

When a Borrower prepays a Mortgage Loan in a DUS Bond Credit Enhancement in whole or in part, the bonds also will be prepaid or redeemed in whole or in part on a corresponding basis. This is the starting point for the analysis of the obligations of the Borrower to account for any fees payable on account of the prepayment or redemption.

216.03A Bond Redemption Premiums Payable to Bondholders

All relevant rules regarding bond redemption premiums will be

contained in the related Bond Indenture. The Borrower is obligated to pay any bond redemption premium. Fannie Mae does not provide credit enhancement for the bond redemption premium.

Not all types of bond redemptions are subject to redemption premiums and the Servicer must consult the related Bond Indenture documentation to determine whether a redemption premium is due. As a general rule, only bond redemptions initiated voluntarily or optionally by the Borrower will potentially have a redemption premium. Mandatory redemptions almost never have a redemption premium. Mandatory redemptions include redemptions paid from condemnation proceeds and insurance proceeds from casualty losses.

1. Variable Rate Bond Redemption

Weekly variable rate bonds may typically be redeemed at any time, or at least on any bond interest payment date, without restriction or redemption premium to the bondholders subject to the terms of the related Bond Indenture.

2. Fixed Rate Bond Redemption

Fixed rate bonds are typically restricted from optional or voluntary redemption by the Borrower for a specific period following the original bond issuance date, known as a lockout period. A lockout period may approximate 10 years from the initial bond issuance. Following the expiration of the lockout period, any voluntary redemption during the subsequent 3 to 5 year period typically requires the payment of a redemption premium to bondholders.

NOTE: Most transactions require the Borrower to pay the bond redemption premium with money that is not subject to being treated as a voidable preference under applicable bankruptcy and insolvency laws. This usually means the redemption premium cannot come from regular resources of the Borrower. The Bond Indenture must be consulted for requirements applicable to sources of payment of the Bond Redemption Premium and legal counsel should be consulted.

216.03B Termination Fee or Prepayment Premium Payable to Fannie Mae

Any Prepayment Premium payable to Fannie Mae on the credit enhancement is separate and distinct from any redemption premium payable to bondholders. This is true for all executions: Direct Pay, Standby and MBS.

In most instances, Fannie Mae requires the Borrower to pay a Prepayment Premium (or Termination Fee if required in the applicable documents) if the prepayment occurs within a certain number of years after original delivery of Fannie Maes credit enhancement. In earlier Bond Credit Enhancement transactions, the premium will be called a Prepayment Premium and will be addressed in the Note. In later transactions, the

premium will be called a Termination Fee and will be addressed in the Reimbursement Agreement.

216.03C Termination When No Prepayment Occurs; Weekly Variable Rate Transactions

In DUS Variable Rate Credit Enhancements, there is the possibility that neither the Mortgage Loan nor the bonds are actually being prepaid, but only that the Borrower is replacing Fannie Mae as the provider of the credit enhancement and liquidity, terminating Fannie Maes involvement in the transaction. For purposes of this section, that too is treated as a prepayment. In the event that the Mortgage Loan is being prepaid or Fannie Mae is being replaced as credit enhancer, the result is that the credit enhancement is being terminated. In recent years, to take this into account, the general term Termination has been used to refer to the events and Termination Fee to refer to the fee which may be payable on account of those events.

The Servicer must remit any Termination Fee due Fannie Mae in accordance with remittance requirements contained below in this Section by 2:00 p.m. Eastern Time on the next Business Day following the day on which the Borrowers termination of Fannie Maes credit enhancement and liquidity is effective.

216.04 Prepayments – Processing

216.04A General

The Note requires the Borrower to give advance notice of a full or partial prepayment to the Servicer, the Bond Trustee, and, if a DUS Variable Rate Credit Enhancement, the Remarketing Agent. Any partial prepayment must be in an amount corresponding to an authorized denomination of the Bonds. Typically, Fannie Mae will require its consent to an optional redemption of Bonds.

The Servicer must always keep in mind that the date on which the Borrower must transfer money to the Servicer to initiate a prepayment may not be the day that the transfer of funds is treated as a prepayment under the governing documents. For example, under some documents the Borrower must make the prepayment not later than the last Business Day before the day the Bond Trustee, under the Bond Indenture, must have received funds for redemption of the Bonds. The Mortgage Loan prepayment will not be recognized until the Bonds are actually redeemed or deemed paid and no longer under the requirements of the Bond Indenture.

216.04B Prompt Notice of Intended Prepayment

The Servicer must promptly notify Fannie Mae (Multifamily Asset Management) and the Bond Trustee in writing upon receiving notice from the Borrower of a planned prepayment. If the prepayment does not occur on

such date, the Borrower may not subsequently prepay the Mortgage Loan in full without first giving the Servicer and all other parties to whom notice is required, a new notice of intent to prepay in accordance with the Loan Documents.

216.04C Critical Path Due Dates

The Servicer must ensure that the final prepayment amount quoted to the Borrower prior to prepayment is correct. Accordingly, before the Servicer advises the Borrower of the final prepayment amount, the Servicer must verify such amount with the Bond Trustee and Fannie Mae.

1. No less than 10 days prior to the scheduled prepayment date, the Servicer must obtain the Bond Trustee's written confirmation of all amounts due and payable in connection with the prepayment.

2. No less than 10 days prior to the scheduled prepayment date, and after verifying amounts due on the Bonds with the Bond Trustee, the Servicer must request verification of the full or partial prepayment amount from Fannie Mae.

3. No less than 5 days prior to the day the Borrower is required to initiate the prepayment, the Servicer must advise the Borrower in writing of the full amount necessary to make the prepayment.

NOTE: The day the Borrower is required to initiate the prepayment will be before the day the Bonds are to be redeemed.

4. For weekly variable rate bonds, immediately following the last day on which interest is determined on the Bonds before the scheduled redemption date of the bonds, the Servicer must re-verify the amount the Borrower must pay for the prepayment. The Servicer must immediately advise the Borrower of any correction required by the re-verification.

The Servicer should note that the transaction documents do not uniformly address the redemption premium, if any, payable to Bondholders and Prepayment Premium or termination fee, if any, payable to Fannie Mae on account of a prepayment of the Mortgage Loan. In some instances, the fee maintenance Prepayment Premium set out in the Note will be payable to Fannie Mae. In other instances, the Prepayment Premium payable under the Note must be remitted to the Bond Trustee for payment to bondholders as a redemption premium. In this case, the Borrower may be required to pay a Termination Fee to Fannie Mae pursuant to the Reimbursement Agreement. The Servicer must be alert to these requirements.

216.04D Fannie Mae's Confirmation Required

To obtain Fannie Maes confirmation of the prepayment amount, the Servicer must submit a statement detailing the following:

1. the Fannie Mae Mortgage Loan number(s) and bond number(s),

the Property name and address and the expected prepayment date;

2. all amounts that it has determined (and for such amounts due the Bondholders, confirmed with the Bond Trustee) will be due and payable by the Borrower on the prepayment date, including:

(a) the full or partial principal prepayment (as of the prepayment date) of the Note, separately specifying any amounts in the PRF expected to be applied to principal;

(b) accrued interest up to but not including the date of prepayment of the Note;

(c) any unpaid late fees (if applicable);

(d) any Prepayment Premium or Termination Fee required to be paid to the Bondholders or Fannie Mae, respectively, under the terms of the Note, the Financing Agreement, the Indenture or the Bonds;

(e) any termination fee payable to Fannie Mae pursuant to the Reimbursement Agreement;

(f) any other amounts due under the Loan Documents; and

(g) all other amounts due upon a redemption of Bonds under the Bond Documents, including any interest required to cover the gap between Mortgage Loan and Bond prepayment for which an escrow or collateral is not already provided. (The Servicer must request this information from the Bond Trustee.)

3. written confirmation from the Bond Trustee of all amounts due the Bondholders.

4. all amounts that will be due and payable to Fannie Mae on the day as required by this Section following prepayment, including:

(a) Credit Enhancement Fee and Liquidity Fee;

(b) any previously unpaid fees or other amounts owed to Fannie Mae; and

(c) any applicable Prepayment Premium or Termination Fee that is due, broken down into the portions due to the Servicer and Fannie Mae.

The Prepayment Premium or Termination Fee is a percentage (as specified in the Note or Reimbursement Agreement) multiplied by the UPB of the Mortgage Loan after crediting the scheduled payment due on the date regular mortgage loan payments are due (in some transactions, the first of the month and in others, the 15th of the month) in which a prepayment takes place.

Fannie Maes share of the Prepayment Premium or Termination Fee will be a percentage determined by dividing the sum of

the Credit Facility Fee and the Liquidity Fee by the sum of the Credit Facility Fee, Liquidity Fee and the Servicing Fee.

No Prepayment Premium or Termination Fee is due in connection with an application of insurance proceeds or condemnation awards, a monthly deposit to the PRF, a redemption of Bonds from amounts transferred from the PRF to a redemption account, a reduction and amortization of the Mortgage Loan as a result of a Bond redemption, or an adjustment to a Reset Rate or a Fixed Rate.

For New Construction/Substantial Rehabilitation Mortgage Loans, other prepayment criteria may apply depending on the transaction structure.

Fannie Mae is not responsible for confirming any amounts owed to the Servicer at the time of the prepayment (e.g., any administrative fees due for services performed by the Servicer under a Collateral Agreement); however, the Servicers payoff statement should clearly denote any such amounts so that Fannie Mae can distinguish them from amounts due exclusively to Fannie Mae and the Bond Trustee.

Fannie Mae will review the Servicers figures and contact the Servicer to reconcile any discrepancies. Upon completion of its review and any necessary reconciliation, Fannie Mae will respond to the Servicers verification request in writing. In its response, Fannie Mae will confirm the total payoff amount due to the Servicer from the Borrower, and will also separately confirm the amounts due to Fannie Mae from the Servicer, as well as individual items comprising such total amounts.

It is the Servicers responsibility to prepare lien release documentation.

216.05 Prepayments: Prepayment Reporting

The Servicer must report the prepayment amount, including any applicable Prepayment Premium or Termination Fee due Fannie Mae and/or any redemption premium due the bondholders, to Fannie Mae in accordance with the reporting requirements contained in Part V, Chapter 2: Reporting and Remitting, Section 216.01: Monthly Bond Credit Enhancement Reporting. The date the report is due depends on the execution type of the underlying transaction.

1. If the Mortgage Loan payments are due on the first of the month, the report is due on the fourth calendar day of the month in which the prepayment occurs, or the next Business Day if the fourth is not a Business Day.

2. If the Mortgage Loan payments are due on the 15th of the month, the report is due on the 15th of the month or the next Business Day if such day is not a Business Day.

216.06 Prepayments: Remittances

The Servicer must remit any Prepayment Premium and/or Termination Fee due Fannie Mae by 2:00 p.m. Eastern Time, on the next Business Day following the day on which the Borrowers prepayment is received.

Depending on the execution and transaction type, the Servicer must also be concerned with invoicing, collecting and remitting the principal amount of the Mortgage Loan to be prepaid. In all cases, the Servicer must invoice and collect the principal amount being prepaid from the Borrower. No prepayment of Direct Pay Facilities will be allowed until Fannie Mae receives the necessary funds from the Borrower.

Any prepayment of principal on any Mortgage Loan received by the Servicer shall be paid, as follows:

1. Standby Execution: Prepayments shall be remitted to the Bond Trustee not later than the Bond Business Day immediately after the date of receipt such funds by the Servicer; or

2. Direct Pay Execution: Prepayments shall be remitted to Fannie Mae on the same day as the Fannie Mae Advance to the Bond Trustee funding the corresponding bond redemption associated with the prepayment.

216.07 Reporting on Delinquency Status

The Servicer must electronically submit to Fannie Mae using the Multifamily Delinquency Early Warning System (DEWS), or any successor system selected by Fannie Mae to do such reporting, the monthly delinquency status of the Mortgage Loan on the 17th calendar day of the month. If the 15th falls on a holiday or weekend, the System is available the next Business Day. The Servicer must plan around this one day window period for the purpose of reporting delinquencies. This rule applies to all execution and transaction types for DUS Bond Credit Enhancement.

Section 217 Mezzanine Loan Reporting and Remitting

NOTE: Except as otherwise required below, the reporting and remitting requirements for Cash Mortgage Loans provided in this Chapter apply to Mezzanine Loans.

217.01 Remitting DUS Plus Mezzanine Loans

For the DUS Plus Mezzanine Loan, the Servicer is required to remit to Fannie Mae via the Cash Remittance System. On each remittance date the amount representing P&I (adjusted to the Pass-Through Rate) actually collected from the Mezzanine Borrower must be remitted. The initial remittance date for any DUS Plus Mezzanine Loan is the 18th day of the

month following the month in which the DUS Plus Mezzanine Loan is purchased, with monthly remittances due on the 18th day of each month thereafter.

For each DUS Plus Mezzanine Loan, the principal distribution amount remitted must include the sum of:

- the principal portion actually collected from the Mezzanine Borrower of the monthly installment due during the period beginning on the second day of the month preceding the month in which a remittance date occurs and ending on the first day of the month in which a remittance date occurs; and
- any unscheduled principal recovery collected on a DUS Plus Mezzanine Loan during the month preceding the month in which a remittance date occurs.

The interest distribution amount remitted includes the interest portion of the monthly installment (that portion actually collected from the Mezzanine Borrower), adjusted to the Pass-Through Rate, due on the first day of the month in which a remittance date occurs or due at any time (other than the first day) during the preceding month.

The Servicer must remit funds collected from the Mezzanine Borrower even if they do not represent a full payment. The Servicer may not deduct monthly Servicing Fees until the entire monthly payment has been collected from the Mezzanine Borrower.

The Servicer is not required to remit to Fannie Mae on the remittance date any amounts representing P&I that have not been received from the Mezzanine Borrower and are, therefore, delinquent. Any delinquent payment received after the 18th calendar day of the month in which it is due must be remitted to Fannie Mae by 1:00 p.m. ET within 24 hours of its receipt.

217.02 Payoffs

For DUS Plus Mezzanine Loans, proceeds for payments-in-full, including any applicable repayment fees, must be remitted directly to the mezzanine investor within 24 hours after receipt by the DUS Servicer. The full payment must be reported to Fannie Mae by the second Business Day of the month following the month in which the prepayment is received in accordance with Part V of this Guide.

Section 218 Defeasance

218.01 Mortgage Loan Documents Must Permit Defeasance

A Borrower may elect to defease its Mortgage Loan only if the Loan Documents permit defeasance. If the Borrowers Mortgage Loan

Documents do not permit defeasance, defeasance of the Mortgage Loan is not permitted.

218.02 Borrower's Election to Defease

Prior to the Mortgage Loans Maturity Date and during the Mortgage Loan's Defeasance Period, the Borrower may defease the entire outstanding balance of the Mortgage Loan in accordance with the applicable terms and conditions of the Borrower's Loan Documents and the provisions of this Section.

218.03 Defeasance Option Procedures

To accomplish the defeasance, the following procedures must be followed:

218.03A Defeasance Documents

Servicer must obtain the most current Defeasance documents from the Fannie Mae website. The Defeasance documents consist of the Defeasance Notice (Form 4622) and other closing documents required by Fannie Mae in order for the defeasance to occur.

218.03B Defeasance Notice

The Servicer must complete the Defeasance Notice (Form 4622) after verifying the Mortgage Loan is eligible for defeasance and obtaining from the Borrower the date on which the Borrower desires to consummate the Defeasance. The Defeasance Close Date may not be more than 45 calendar days nor less than 30 calendar days after the date on which the Defeasance Notice is received by the Servicer. The Servicer must use the Defeasance Calculator application on the Fannie Mae web site to estimate the Defeasance Deposit and the estimated Defeasance Deposit must be inserted in the appropriate box in the Defeasance Notice. The information on the Defeasance Notice will not be final until it is confirmed by Fannie Mae. Until then, the Defeasance Deposit and other information are estimates. The Defeasance Notice will specify (a) whether a Fannie Mae debt instrument will be offered for use as the substitute collateral and, if not, that U.S. Treasury Securities will be the substitute collateral; and (b) whether the successor entity will be designated by Fannie Mae or Borrower, and (c) the amount of the Defeasance Commitment Fee.

To be effective, the Borrower must execute and send the Defeasance Notice to the Servicer so that the Servicer receives the Defeasance Notice no earlier than 11:00 a.m. and no later than 3:00 p.m. ET on a Business Day.

The Servicer must then sign and execute the Defeasance Notice and fax the Defeasance Notice and a copy of the Note to be defeased to its

Fannie Mae Representative.

Fannie Mae must receive the fax by 5:00 p.m. ET on the same day that the Defeasance Deposit was calculated for verification by Fannie Mae.

218.03C Defeasance Commitment Fee

A Defeasance Commitment Fee equal to 1% of the scheduled balance of the Mortgage Loan as of the Defeasance Close Date, must be paid by the Borrower to the Servicer no later than the date and time when the Servicer receives the executed Defeasance Notice from the Borrower. The Servicer must wire the Defeasance Commitment Fee to Fannie Mae within 24 hours after receipt of the Borrower's executed Defeasance Notice.

218.03D Verification of the Defeasance Notice

Fannie Mae will verify the Mortgage Loan information contained in the Defeasance Notice as well as the Mortgage Loan's eligibility for defeasance. After verification and within two (2) Business Days after the initial receipt of the Defeasance Notice from the Servicer, Fannie Mae will sign the Defeasance Notice and fax it back to the Servicer along with an Exhibit that details the monthly cash flows of the Fannie Mae debt instrument that will replace the Property as collateral for the Mortgage Loan.

The Servicer will then fax the verified Defeasance Notice to the Borrower on the same day that the Servicer receives the verified Defeasance Notice from Fannie Mae. In the event that Fannie Mae made changes to the Defeasance Notice, the Borrower must initial the changed portions of the Defeasance Notice and fax it back to the Servicer on that same day. The Servicer must then immediately fax the Borrower-initialed Defeasance Notice to Fannie Mae.

If the Servicer does not

- receive the Defeasance Commitment Fee, and
- provide confirmation of the Defeasance Notice to the Borrower,

then the Borrower's right to obtain Defeasance pursuant to that Defeasance Notice shall terminate. If the Borrower still wishes to defease the Mortgage Loan, the Borrower must submit a new Defeasance Notice and repeat the process outlined above.

218.03E Substitute Collateral

On or before the Defeasance Close Date, the Borrower must deliver to the Servicer a Defeasance Pledge Agreement (Form 4529), creating a perfected security interest in the substitute collateral in favor of Fannie Mae.

218.03F Assignment and Assumption

The Borrower must assign all its obligations and rights under the Note, together with the substitute collateral, to a successor entity designated by Fannie Mae or, if not so designated by Fannie Mae, designated by Borrower and acceptable to Fannie Mae. The Borrower and the successor entity shall execute and deliver to the Servicer a Defeasance Assignment and Assumption Agreement (Form 4528).

218.03G Closing Documents

The Servicer must deliver to Fannie Mae by no later than 10 a.m. ET, five (5) Business Days before the Defeasance Close Date, the following documents:

- a Borrower's Counsel Opinion Letter (Form 6618) affirming:
  - that each Defeasance Document constitutes the valid and legally binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms;
  - that the defeasance is not subject to avoidance under any applicable federal or state laws;
  - that, if the Note is held by a REMIC Trust, then the defeasance has been effected in such a way that does not adversely affect the REMIC Trust; and
  - such other opinions, certificates, documents or instruments as Servicer may reasonably request;
- the Defeasance Assignment and Assumption Agreement (Form 4528); and
- the Defeasance Pledge Agreement (Form 4529).

Transmittal of these documents shall be accompanied by a completed Multifamily Defeasance Transmittal Form (Form 4631).

218.03H Amounts Payable by Borrower

On or before the Defeasance Close Date, the Borrower must pay to the Servicer an amount equal to the sum of:

- the next scheduled P&I payment due under the Note;
- all other sums then due and payable under the Note, the Security Instrument and any other Loan Document; and
- all costs and expenses incurred by the Servicer in connection with the defeasance, including any out-of-pocket fees and

disbursements of the Servicer's legal counsel.

218.03I Defeasance Deposit

If a Fannie Mae investment security will be the substitute collateral, then, on or before 3:00 p.m. ET on the Defeasance Close Date, the Borrower must pay the Defeasance Deposit (reduced by the Defeasance Commitment Fee) to the Servicer to be used by the Servicer, as the Borrower's agent, to purchase the Fannie Mae Investment Security.

The Borrower or Closing Agent must wire the Defeasance Deposit to Servicer by 3:00 p.m. ET on the Defeasance Closing Date. The Servicer must wire the Defeasance Deposit (reduced by the Defeasance Commitment Fee) to Fannie Mae for receipt by 5:00 p.m. ET on the Defeasance Closing Date.

218.03J Release

Upon the Borrower's compliance with the Defeasance requirements, the Property will be released from the lien of the Security Instrument. Upon release of the Property, the Note will be secured by the pledge of the Substitute Collateral.

218.03K Fannie Mae Security Liquidated Damages

If the Borrower timely pays the Defeasance Commitment Fee and the Servicer and the Borrower timely transmit a signed facsimile copy of the Defeasance Notice, but the Borrower fails to consummate the defeasance, Fannie Mae shall have the right to retain the Defeasance Commitment Fee as liquidated damages for the Borrower's default and, subject to the terms and conditions of the Note, the Borrower shall be released from all further obligation to defease the Note under the given Defeasance Notice.

218.03L Third-Party Costs

In the event that the Defeasance is not consummated on the Defeasance Closing Date for any reason, the Borrower must reimburse the Servicer for all third-party costs and expenses incurred by the Servicer in its reliance on the Defeasance Notice executed by the Borrower, within five (5) Business Days after the Borrower receives a written demand for this reimbursement.

218.03M Post Defeasance Closing Date

Fannie Mae will transfer the defeased Mortgage Loan from the Servicer's servicing portfolio effective on the first day of the second month following the Defeasance Closing Date. The Servicer will be required to report and remit payments for the next scheduled P&I payment collected as

part of the Defeasance Closing. Thereafter, the Servicer will no longer be required to perform other servicing requirements for the defeased Mortgage Loan. Beginning on the 18th calendar day of the second calendar month after the Defeasance Closing Date (or the next Business Day if such day is not a Business Day) until the maturity of the Mortgage Loan, the Servicer will receive the remaining scheduled servicing fee for the Mortgage Loan minus five (5) basis points provided the Authorization for ACH Remittance (Form 4630) has been submitted.

Section 219 Delinquency Reporting and Certification

On the 17th calendar day of each month, Servicers must take the following actions with respect to Mortgage Loans:

- Report all delinquent Mortgage Loans to Fannie Mae using the Delinquency Early Warning System (DEWS), which Servicers may access through the eServicing System. Delinquency reporting must include delinquencies for Mortgage Loans on Bond Credit Enhancements, even if the Servicer also elects to report these delinquencies through CESIR.
- Certify as to the delinquency status of all Mortgage Loans. If a Servicers Mortgage Loan portfolio does not include any delinquent Mortgage Loans, the Servicer must certify to that effect.

Prior to the 17th calendar day of each month, Servicers may use the Preliminary Case Status indicator to set up initial delinquency cases in DEWS.

On the 17th calendar day of each month, Servicers must change all "Preliminary" Case Status indicators to "Open" for all Mortgage Loans still delinquent or delete remaining initial cases for all Mortgage Loans that have cured. No Preliminary Case Status cases can remain as of the 17th calendar day of each month.

If the 17th calendar day of a month falls on a weekend or holiday, the Servicer must report and certify on the next Business Day.

Servicers must complete the comments section in each report with important additional information regarding the delinquent Mortgage Loan including, at a minimum, the following:

- the Servicers attempts to contact the delinquent Borrower;
- the cause for the missed payment(s);
- whether payment is expected before the end of the month;
- the likelihood of the Borrower making the next months payment;

- if the payment will not be made before the end of the month of default, whether the Borrower will voluntarily turn over the monthly net operating income of the Property;
- the willingness of the Borrower to work with the Servicer to resolve the delinquency; and
- whether the Mortgage Loan is being Special Serviced by Fannie Mae's Special Asset Management (SAM) group (Primary Risk Mortgage Loans) or the Servicers' Special Servicing group (Secondary Risk Mortgage Loans).

Servicers must update at least once per week all delinquency reports with an Open status indicator.

Section 220 Reporting Collateral Balances in Custodial Accounts

Servicers must report, on a quarterly basis, the balances of Mortgage Loan collateral held by Servicers in their Custodial Accounts using Collateral Submission Report (Form 4813). Collateral balances that must be included in the quarterly reporting include balances for all Custodial Accounts whether the collateral is held as cash, securities or letters of credit.

220.01 P&I Custodial Accounts

Except as noted in Part V, Chapter 2: Reporting and Remitting, Section 220.04: What to Report, balances in P&I Custodial Accounts are excluded from this reporting requirement.

220.02 Letters of Credit as Collateral

Balances for any original Letters of Credit held by the Servicer must be reported. Balances for any original Letter of Credit held by Fannie Mae are not required to be reported.

220.03 Report on Fair Value Basis

If the form of collateral is securities or Letters of Credit, Servicers must report the balances on a fair value basis (the price that would be received to sell an asset in a transaction between market participants).

220.04 What to Report

Collateral that must be reported using the Collateral Submission Report (Form 4813) includes:

- Short Term

- any Replacement Reserves or repair escrows;
- insurance proceeds held pending repair or damage to the Property; or
- condemnation proceeds received in a condemnation action related to the Property.

- Long Term
  - any operating deficit or debt service reserve; or
  - NCF sweeps to the extent NCF exceeds monthly P&I remitted to Fannie Mae in the ordinary course.
- Balances in any T&I Custodial Account.
- Other
  - any other escrow, collateral or achievement funds governed by an agreement with the Borrower;
  - any holdback of Mortgage Loan proceeds; or
  - any tenant security deposits held by the Servicer.

220.05 When to Report

The Collateral Submission Report (Form 4813) must be submitted to Servicers Fannie Mae Representative within thirty (30) days after the end of each calendar quarter.

Section 221 Internal Revenue Service Reporting Requirements

221.01 What to Report

The Servicer must comply with Internal Revenue Service reporting requirements for:

- reporting the receipt of $600 or more of interest payments from any Borrower who is a natural person (IRS Form 1098);
- filing Statements for Recipients of Miscellaneous Income (IRS Form 1099-MISC) to report payments of fees and related expenses to attorneys and other third parties in connection with foreclosure or liquidation proceedings in connection with a Mortgage Loan and the related Property;
- filing notices of Acquisition or Abandonment of Secured Property (IRS Form 1099-A) to report the acquisition of a Property by foreclosure or acceptance of a deed-in-lieu or by a

Borrowers abandonment of a property; and

- filing notices of Cancellation of Debt (IRS Form 1099-C) to report the cancellation of any part of a Borrowers indebtedness.

Should the Internal Revenue Service change the reporting requirements in connection with any of IRS Form 1098, IRS Form 1099-MISC, IRS Form 1099-A or IRS Form 1099-C, the Servicer must comply with those changed reporting requirements, notwithstanding anything to the contrary contained in this Chapter. The Servicer should contact Fannie Mae if it believes any portion of this Chapter to be in conflict with such Internal Revenue Service reporting requirements.

221.02 Filing IRS Form 1099 MISC

The Servicer must report all attorney (or trustee) fees paid by the Servicer to Servicer-retained attorneys or trustees or to Fannie Mae-retained attorneys or trustees for handling foreclosure proceedings, by filing Form 1099-MISC (Miscellaneous Income) with the Internal Revenue Service and other parties. This form must be filed in the Servicer's name, using its Internal Revenue Service tax identification number.

If the Servicer pays for any expenses authorized by Fannie Mae for the maintenance, repair, or marketing of an REO Property, or when the Servicer pays directly any business that is not a corporation for recurring maintenance costs, minor repair costs, or routine costs in connection with an REO Property, the Servicer must report such payments to the Internal Revenue Service. To accomplish this, the Servicer must prepare an IRS Form 1099-MISC (Miscellaneous Income) for the appropriate tax year and submit it to the Internal Revenue Service and to the individual payee. This form must be filed in the Servicer's name, using its Internal Revenue Service taxpayer identification number.

221.03 Notifying the Internal Revenue Service about Abandonments or Acquisitions (IRS Form 1099-A)

221.03A When Required

The Internal Revenue Service requires that information returns be filed when Fannie Mae (or a third party) acquires an interest in a Property in full or partial satisfaction of the Mortgage Loan or when Fannie Mae or the Servicer has reason to know that a Property has been abandoned. The Servicer must file these notices on Fannie Mae's behalf, using IRS Form 1099-A (Acquisition or Abandonment of Secured Property), for all applicable Mortgage Loans (including Mortgage Loan participations if Fannie Mae's percentage ownership of such Mortgage Loan is 50% or greater).

The Servicer must satisfy the reporting requirements for the owner

of record (instead of on Fannie Mae's behalf) when the Servicer purchased a delinquent Mortgage Loan from Fannie Mae before the Property was acquired by the Servicer in full or partial satisfaction of the Mortgage Loan.

For purposes of filing these reports:

- Fannie Mae (or the owner of record) acquires an interest in the Property when any redemption period that follows a foreclosure sale ends without redemption rights being exercised (or when Fannie Mae accepts a deed-in-lieu of foreclosure);
- A third party acquires an interest in the Property at the foreclosure sale; and
- Abandonment occurs when Fannie Mae or the Servicer has reason to know from all facts and circumstances concerning the status of the Property that the Borrower intended to discard or has permanently discarded the Property from use. The Servicer, however, will have an additional three months before its reporting obligation arises if the Servicer expects foreclosure proceedings to begin within the three months after determination that abandonment has occurred.

After an event that triggers a reporting requirement occurs, IRS Form 1099-A must be filed on or before February 28 (or March 31 if filing electronically) of the year following the calendar year in which the event occurred. The Servicer also must furnish the Borrower with an information statement on or before January 31 of that year. The requirement for notifying the Borrower can be satisfied by sending Copy B of a completed IRS Form 1099-A to the Borrower's last known address. When the form is filed on Fannie Mae's behalf, it must show Fannie Mae's name, address, and federal identification number (52-0883107), and include a legend stating that the information is being reported to the Internal Revenue Service. If it is filed by the Servicer on its own behalf or for the owner of record, the name, address, and identification number of the Servicer or owner of record, respectively, must be provided instead.

221.03B Preparing IRS Form 1099-A

The Servicer is responsible for completing the IRS Form 1099-A accurately, for filing it with the Internal Revenue Service, and for providing the information to the Borrower and to Fannie Mae by the required dates. If the Internal Revenue Service penalizes Fannie Mae because a Servicer failed to file a return or filed an incorrect return or late return, Fannie Mae will require the Servicer to reimburse Fannie Mae for any penalty fees the Internal Revenue Service assesses (unless the Servicer can document that it met the filing requirements).

Information that must be reported on IRS Form 1099-A includes:

- the Borrower's taxpayer identification number (the Social Security number if the borrower is a natural person);
- the date of acquisition of an interest in the Property or the date the Servicer acquired knowledge of the abandonment;
- the outstanding UPB of the Mortgage Loan;
- a general description of the Property; and
- whether the Borrower is personally liable for the debt and, if personally liable, the fair market value of the Property at the time of acquisition.

221.04 Notifying the Internal Revenue Service about Cancellations of Indebtedness (IRS Form 1099-C)

221.04A When Required

The Internal Revenue Service requires certain mortgage holders, including Fannie Mae, to file information returns when $600 or more of a Mortgage Loan is cancelled. Except as provided in Part V, Chapter 2: Reporting and Remitting, Section 221.04D: Exceptions to IRS Form 1099-C Reporting, the Servicer must file these returns on Fannie Mae's behalf, using IRS Form 1099-C, for all applicable Mortgage Loans (including Mortgage Loan participations if Fannie Mae's percentage ownership of such Mortgage Loan is 50% or greater). If, in the same calendar year, a Mortgage Loan is canceled in connection with a foreclosure or abandonment of secured property, it is not necessary to file both Form 1099-A and Form 1099-C for the same Borrower. Only Form 1099-C need be filed, and the Form 1099-A filing requirement for the Borrower will be met by completing boxes 4, 5, and 7 on Form 1099-C.

221.04B Determining When a Debt Is Cancelled

A debt is cancelled (in whole or part) when any of the following occur:

- discharge in bankruptcy under Title 11 of the U.S. Code;
- receivership, foreclosure, or similar federal or state court proceeding makes the debt unenforceable;
- the statute of limitations applicable to collecting the debt expires (if so determined by a court and any appeal period has expired), or expiration of the statutory period for filing a claim or beginning a deficiency judgment proceeding;
- foreclosure remedies by law end or bar Fannie Maes right to collect the debt (e.g., foreclosure by exercise of the power of

sale in the Security Instrument);

- probate or similar proceeding cancels or extinguishes the debt;
- Fannie Mae and the Borrower agree to cancel the debt at less than full consideration;
- a decision or defined policy of Fannie Mae causes collection activity to be discontinued and the debt to be cancelled; or
- expiration of a non-payment testing period.

The Internal Revenue Service presumes that a debt is cancelled during a calendar year if no payment has been received on the Mortgage Loan during a period (the non-payment testing period) of 36 months, plus the number of calendar months when collection activity was precluded by a stay in bankruptcy or similar bar under state or local law. The presumption may be rebutted, however, if there has been significant, bona fide collection activity at any time during the calendar year, or if facts and circumstances, existing as of January 31 of the calendar year following expiration of the 36-month period, indicate that the indebtedness has not been discharged.

221.04C Preparing IRS Form 1099-C

The Servicer is responsible for completing the Cancellation of Debt (IRS Form 1099-C) accurately, and for filing it with the Internal Revenue Service and providing the information to the Borrower and to Fannie Mae by the required dates. The form must be filed on or before February 28 (or March 31 if filing electronically) of the year following the calendar year in which the discharge of indebtedness occurs.

If the Internal Revenue Service penalizes Fannie Mae because the Servicer failed to file a return or filed an incorrect or late return, Fannie Mae will require the Servicer to reimburse Fannie Mae for any penalty fees the Internal Revenue Service assesses (unless the Servicer can document that it met the filing requirements).

The Servicer also must furnish the Borrower with an information statement before January 31 of that year. The requirement for notifying the Borrower can be satisfied by sending Copy B of a completed IRS Form 1099-C (or a substitute statement that complies with Internal Revenue Service requirements for substitute forms) to the Borrower's last known address, and the Servicer must send Copy C to those states that require it. When the form is filed on Fannie Mae's behalf, it must show Fannie Mae's name as the Creditor, Fannie Mae's address and federal identification number (52-0883107), and include a legend identifying the statement as important tax information that is being furnished to the Internal Revenue Service.

Information that must be reported on IRS Form 1099-C includes:

- the Borrower's name, address, and taxpayer identification

number (the Social Security number if the borrower is a natural person);

- the date the debt was cancelled;
- the amount of the cancelled debt, which does not include interest or any amount received in satisfaction of the debt from a foreclosure sale or other means;
- a description of the debt, such as mortgage loan, and a description of the Property if a combined IRS Form 1099-C and 1099-A is filed;
- whether the Borrower is personally liable for the debt;
- whether the debt was cancelled in bankruptcy; and
- the fair market value of the Property if a combined IRS Form 1099-C and 1099-A is filed.

If the cancelled Mortgage Loan had an original principal amount of $10,000 or more, was originated after 1994, and involves Borrowers who are jointly and severally liable for the debt, a separate information return for each Borrower must be filed, and each return must report the entire amount of the cancelled debt. If the Mortgage Loan was originated prior to January 1, 1995, or if the original principal amount of the cancelled Mortgage Loan was less than $10,000, and if there are multiple Borrowers, reporting is required only with respect to the primary (or first-named) Borrower. In addition, only one information return is required, regardless of the origination date or the original principal amount, if the Servicer knows, or has reason to know, that co-Borrowers were husband and wife living at the same address when the Mortgage Loan was originated, and does not know or have reason to know that such circumstances have changed when the Mortgage Loan is cancelled.

221.04D Exceptions to IRS Form 1099-C Reporting

Interest. Interest need not be reported. If it is reported as part of the cancelled debt, the IRS Form 1099-C instructions require that it be shown in a separate box on the form.

Non-principal amounts. Cancellation of amounts other than stated principal, including penalties, fines, fees, and administrative costs charged to the Borrower, need not be reported.

Release of a co-Borrower. IRS Form 1099-C need not be filed when one Borrower is released from a Mortgage Loan as long as the remaining Borrowers are liable for the full UPB of the Mortgage Loan.

Guarantor or surety. A guarantor or surety (i.e., any Guarantor or Key Principal executing a Non-Recourse Guaranty or a Payment Guaranty) is not a Borrower for purposes of the debt cancellation reporting

requirements, so IRS Form 1099-C is never required.

221.04E Coordination with Reporting Abandonments or Acquisitions

If, in the same calendar year, the Mortgage Loan is cancelled in connection with the acquisition or abandonment of the same Property securing the Mortgage Loan, filing a timely and accurate IRS Form 1099-C will satisfy the requirement to file an IRS Form 1099-A.

221.05 Reporting via Magnetic Media

The Servicer must report IRS Forms 1099-C and 1099-A information on magnetic media and must do so on Fannie Mae's behalf. Even though the Servicer reports to the Internal Revenue Service on magnetic media, it is still responsible for providing a hard copy of the IRS Forms 1099-C or 1099-A, as applicable, to the Borrower (Copy B) and to those states that require it (Copy C). Copy B must be sent to the Borrower no later than January 31.

The Servicer must review each Borrowers Form W-9 for validity and request a new Form W-9 if any form is invalid. A valid W-9 will include the Borrowers name, tax identification number, date, and signature. In preparing Forms 1099-C or 1099-A, the Servicer must (i) utilize the IRS TIN Matching program and perform tax identification number matching for all United States non-exempt Borrowers in all circumstances, (ii) notify Fannie Mae of any Borrower that is identified as an unsuccessful TIN Match prior to preparing Form 1099, and (iii) follow up with any Borrower whose name and tax identification number combination fail the IRS TIN Match. The Servicer should also provide to Fannie Mae its TCC (Transmittal Control Code) at the beginning of each year, which will allow Fannie Mae to communicate to the Servicer any errors on its 1099 filings.

The Servicer does not need to send Fannie Mae a copy of the magnetic media filed by the Servicer with the Internal Revenue Service. However, to ensure that Fannie Mae can identify the Servicer and the loan number for a specific Mortgage Loan should the Internal Revenue Service contact Fannie Mae for additional information or clarification, the Servicer must:

- insert the following header information when the IRS Form 1099-C or 1099-A, as applicable, is filed on Fannie Mae's behalf:
  - Fannie Mae on the first Payer line; and
  - the Fannie Mae loan number for the related Mortgage Loan on the line for the Payer's account number for Payee; and
- within thirty (30) days after filing with the Internal Revenue Service, send an email to Fannie Mae at

multifamily_1099_reporting@fanniemae.com, containing a summary of IRS Forms 1099-C or 1099-A, as applicable, to notify Fannie Mae what the Servicer reported to the Internal Revenue Service on magnetic media.

Glossary

A

ACH	Electronic Automated Clearing House network for processing U.S. banking transactions. **Synonyms** • Automated Clearing House
Achievement Agreement	Agreement requiring the Borrower to provide a letter of credit, cash, or guaranty as additional collateral to support the Mortgage Loan amount and specifying the terms for releasing the collateral. **Synonyms** • Achievement Agreements
Achievement Letter of Credit	Letter of Credit that is released as collateral when a certain event occurs or a requirement is met (e.g., construction completion, or minimum occupancy or EGI level reached). **Synonyms** • Achievement Letters of Credit • Achievement LOC • Achievement LOCs
Acquisition	Any Purchase of either the: • Propertys fee simple or leasehold interest via a deed transfer; or • Controlling Interest in the Borrower. **Synonyms** • Acquisitions

Adjustable Rate Mortgage Loan	Mortgage Loan with an interest rate that periodically adjusts based on an Index per the Note or Loan Documents. **Synonyms** • ARM Loan • Adjustable Rate Mortgage Loans • ARM Loans
Appraisal	Written statement independently and impartially prepared by a qualified Appraiser stating an opinion of the Property's market value • as of a specific date, and • supported by the presentation and analysis of relevant market information. **Synonyms** • Appraisals • Appraisal's
Asset Valuation Date	Per the Loss Sharing Addendum.

B

Balloon Mortgage Loan	Mortgage Loan with periodic installments of principal and interest that do not fully amortize the Mortgage Loan, with the balance of the Mortgage Loan due in a lump sum on a specified date, usually the Maturity Date.
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
Book-Entry Date	Date a Security is delivered by Fannie Mae via the Federal Reserve book-entry system to the applicable Investors designated book-entry account at a depository institution. **Synonyms** • Book-Entry Delivery Date • Settlement Date
Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's
Business Day	Any day other than a • Saturday, • Sunday, • day when Fannie Mae is closed, • day when the Federal Reserve Bank of New York is closed, or • for any MBS and required remittance withdrawal, day when the Federal Reserve Bank is closed in the district where any of the MBS funds are held. **Synonyms** • Business Days

C

Cash Loan Drafting Application	Multifamily application or successor system, where you review, update, and certify amounts for Fannie Mae to draft from your bank accounts via ACH for monthly P&I and payoff remittances for: • Cash Mortgage Loans; and • PFP Mortgage Loans.
Cash Mortgage Loan	Mortgage Loan purchased by Fannie Mae in exchange for cash. **Synonyms** • Cash Mortgage Loans
Cash Remittance System	Multifamily system where you set up and maintain banking instructions for Fannie Maes drafting of remittances per Part V, Chapter 2: Reporting and Remitting, Section 209: Remittance Procedures.
CESIR	Credit Enhancement Servicing and Investor Reporting System
Choice Refinance Loan	Mortgage Loan refinancing a Portfolio Mortgage Loan using streamlined underwriting per Part III, Chapter 17: Choice Refinance Loans. **Synonyms** • Choice Refinance Loans
Collateral	Property, Personal Property, or other property securing a Mortgage Loan.
Collateral Agreement	Agreement granting a security interest in Mortgage Loan collateral not covered by the Security Instrument. **Synonyms** • Collateral Agreements



Commitment	Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan. **Synonyms** • Committed • Commitments
Control	Possessing, directly or indirectly, the power to direct or cause the management and operations of an entity (e.g., through the ownership of voting securities or other ownership interests, or by contract). **Synonyms** • Controlling • Controlled • Controls
Credit Enhancement Fee	Fee due to Fannie Mae for a Credit Enhancement Instrument.
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 financed by a Bond issuance where Fannie Mae provides credit enhancement by • a Credit Enhancement Instrument, or • an MBS for Bonds. **Synonyms** • Credit Enhancement Mortgage Loans
Credit Facility	Structured Transaction governed by a Master Credit Facility Agreement requiring Mortgage Loans and Properties to be • cross-defaulted, and • cross-collateralized. **Synonyms** • Credit Facilities • Credit Facility's
Custodial Account	Account established by the Servicer for depositing P&I payments, T&I payments, and escrow, reserve, or other funds received from the Borrower per any Loan Document, including the: • Collateral Agreement; • Multifamily Loan Agreement; or • Security Instrument. **Synonyms** • Custodial Accounts

D

Debt Service Coverage Ratio	On an annual basis or any specified period, the ratio of Net Cash Flow to the total of: principal, interest, and required Mezzanine Financing or Hard Pay Preferred Equity payments. **Synonyms** • DSCR

Defeasance	Transaction where a Property is released from the lien of the Security Instrument and the Lender receives a valid and perfected lien and security interest in substitute collateral acceptable to Fannie Mae and the cash flows thereunder.
Delinquency Advance	Your required advances for scheduled monthly Mortgage Loan principal and/or interest per • your Lender Contract, or • the Guide. **Synonyms** • Delinquency Advances
Delivery	Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Maes satisfaction. **Synonyms** • Deliver • Delivered • Deliveries
DEWS	Multifamily Delinquency Early Warning System used for reporting the monthly status of Non-Performing Mortgage Loans.
Direct Pay	Credit enhancement under which Fannie Mae makes principal and interest payments directly to the Bond Trustee (for payment to bondholders) regardless of whether the Borrower has reimbursed Fannie Mae for such payments.

Drafting Account	Custodial Account established by the Lender for the benefit of Fannie Mae and for which Fannie Mae has authority to transfer funds. **Synonyms** • Drafting Accounts
DUS	Delegated Underwriting and Servicing
DUS Plus	Mezzanine Financing option provided by the Fannie Mae-designated mezzanine Lender.

F

Fannie Mae Representative	Fannie Mae personnel who assist you with various business matters (e.g., Fannie Mae Deal Team, pricing, delivery, servicing, asset management, etc.).
Foreclosure Event	Any of the following: • Foreclosure per the Security Instrument; • Fannie Mae's exercise of rights and remedies per the Security Instrument or applicable law (including Insolvency Laws) as holder of the Mortgage Loan and/or the Security Instrument, where Fannie Mae (or its designee or nominee), or a third-party purchaser, becomes the Property owner; • Borrower delivers Fannie Mae (or its designee or nominee) a deed or other conveyance of the Property in lieu of any of the foregoing; or • in Louisiana, any dation en paiement.

G

Gross Note Rate	Mortgage Loan interest rate stated in the Loan Documents.

Guarantor	Key Principal or other Person executing a • Payment Guaranty, • Non-Recourse Guaranty, or • any other Mortgage Loan guaranty. **Synonyms** • Guarantors
Guaranty	Payment Guaranty, Non-Recourse Guaranty, or other guaranty by a Guarantor for the Mortgage Loan.
Guaranty Fee	Fee retained by Fannie Mae for credit enhancing a Mortgage Loan or assuming credit risk on a Mortgage Loan, and which may be expressed as a percentage. **Synonyms** • Guaranty Fees
Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

I

Indenture	Bond issuer trust indenture or resolution listing Bond terms.
Index	Basis for determining an ARM Loan Gross Note Rate or entering a Streamlined Treasury Lock on a fixed rate Mortgage Loan, including any required alternative index deemed necessary by Fannie Mae because the prior Index: • is no longer widely accepted; or • was replaced as the index for similar financial instruments.

Investor	MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan. **Synonyms** • Investors • Investor's
Issue Date	First day of the month a Security is issued.
Issue Date Principal Balance	For any Securitized Mortgage Loan, the UPB of the Note after crediting: • the principal portion of any scheduled monthly installment due on or before the Security Issue Date, whether or not collected; and • any unscheduled principal payment received on or before the Security Issue Date.
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

K

Key Principal	Person who • controls and/or manages the Borrower or the Property, • is critical to the successful operation and management of the Borrower and the Property, and/or • may be required to provide a Guaranty. **Synonyms** • Key Principals • Key Principal's

L

Last Paid Installment	Due date of the last payment received. **Synonyms** • LPI
Lender	Person Fannie Mae approved to sell or service Mortgage Loans. **Synonyms** • Lenders • Lender's
Lender Contract	Program Documents per the Multifamily Selling and Servicing Agreement. **Synonyms** • Lender’s Contract • Lender Contracts • Contract • Multifamily Selling and Servicing Agreement • MSSA
Letter of Credit	Letter of Credit approved by Fannie Mae per Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit. **Synonyms** • Letters of Credit • Letter of Credit's • LOC • LOCs
Lien	Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind. **Synonyms** • Liens

Loan Documents	All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan. **Synonyms** • Loan Document • Mortgage Loan Document • Mortgage Loan Documents
Loan Number	10-digit number assigned by Fannie Mae to each Mortgage Loan.

M

Maturity Date	Date all Mortgage Loan amounts become fully due and payable per the Loan Documents. **Synonyms** • Maturity Dates
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 Pool	MBS Security backed by MBS Mortgage Loans. **Synonyms** • MBS Pools • MBS Pool's
Minimum 1% Prepayment Premium	For a prepayment, an amount equal to 1% of the UPB.

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's
Mortgage Loan Origination Date	Date you fund a Mortgage Loan to the Borrower. **Synonyms** • Mortgage Loan's Origination Date • Origination Date
Multifamily Asset Management	Team that can be contacted at drawer_am@fanniemae.com.
Multifamily Master Servicing	Team that can be contacted at multifamily_ops_servicing@fanniemae.com.

N

Net Cash Flow	At underwriting or for any specified period, the amount calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III. **Synonyms** • NCF
Net Operating Income	At underwriting or for any specified period, the Property's total Effective Gross Income minus operating expenses. **Synonyms** • NOI

New Construction	Property recently developed/constructed with any certificates of occupancy received within 12 months before the Commitment Date.
Non-Performing Mortgage Loan	Mortgage Loan with an uncured default. **Synonyms** • Non-Performing Mortgage Loans • Non-Performing Mortgage Loan's • Non-Performing
Non-Recourse Guaranty	Guaranty executed by a Key Principal on Form 4501 series or Form 6015 series, or approved by Fannie Mae. **Synonyms** • Guaranty of Non-Recourse Obligations

Note	Instrument evidencing a Mortgage Loan obligation, including
	• Form 6010 series,
	• any other Fannie Mae-approved note, and
	• all applicable
	  - addenda,
	  - schedules, and
	  - exhibits.
	
	Synonyms
	• Notes

P

P&I	Principal and interest
P&I Custodial Account	Custodial Account for principal and interest deposits. **Synonyms** • P&I Custodial Accounts

Pass-Through Rate	Mortgage Loan Gross Note Rate minus: • for MBS Mortgage Loans, the Guaranty Fee, minus the Servicing Fee; and • for Cash Mortgage Loans, the Servicing Fee.

Payment Default	Borrower's failure to fully pay any required Mortgage Loan payment when due, including,
	• principal,
	• interest,
	• late charges,
	• default interest,
	• fees,
	• pricing incentive recapture,
	• prepayment premium,
	• escrows, or
	• other collateral accounts for
	  - taxes,
	  - insurance,
	  - assessments,
	  - Completion/Repair Escrow, and
	  - Replacement Reserve.
	
	Synonyms
	• Payment Defaults

Payment Guaranty	Guaranty executed by a Key Principal on Form 4502 series or Form 6020 series, or approved by Fannie Mae.

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** • Persons • Person's
PFP MBS	MBS backed by a PFP Mortgage Loan.
PFP Mortgage Loan	Mortgage Loan originally purchased as a Cash Mortgage Loan or held in Fannie Maes portfolio, but subsequently securitized as an MBS. **Synonyms** • PFP Mortgage Loans
Plan Number	Number identifying the applicable loan characteristics for any Mortgage Loan that accrues interest at a variable rate at any time during the loan term. **Synonyms** • Plan Numbers
Prepayment Premium	For a Mortgage Loan prepayment, amount the Borrower must pay in addition to the prepaid principal and accrued interest per the Loan Documents. **Synonyms** • Prepayment Premiums

PRF	Account you hold accumulating principal amortization payments for variable rate Bond credit enhancements. **Synonyms** • Principal Reserve Fund
Primary Risk Mortgage Loan	Mortgage Loan where Fannie Mae bears all losses or you and Fannie Mae share losses. **Synonyms** • Primary Risk Mortgage Loans • Primary Risk
Principal	Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors. **Synonyms** • Principals
Property	Multifamily residential real estate securing the Mortgage Loan, including the • fee simple or Leasehold interest, • Improvements, and • personal property (per the Uniform Commercial Code). **Synonyms** • Properties • Property's

Property Condition Assessment	Assessment of the Property's physical condition and historical operation. **Synonyms** • PCA • PNA • Physical Needs Assessment • PCAs

R

Real Estate Owned	A Property or interest in a Property acquired by Fannie Mae or on behalf of the MBS Trust, through a Foreclosure Event where title to a Property or interests in that Property are transferred to Fannie Mae or the MBS Trust. **Synonyms** • REO • REO's
Remarketing Agent	Person selected by the Issuer to reset the interest rate on the Bonds in order to resell any Bonds tendered by investors on the interest rate reset date.
REMIC	Real Estate Mortgage Investment Conduit
Remittance Date	The 18th day of each month (or the preceding Business Day if the 18th is not a Business Day) on which you must submit your remittance to Fannie Mae for the Mortgage Loan.
Replacement Reserve	Custodial Account the Borrower funds during the Mortgage Loan term for Replacements. **Synonyms** • Replacement Reserves

Replacement Reserve Schedule	The Required Replacement Schedule to the Multifamily Loan Agreement (Form 6001 series) and the applicable parts of the Multifamily Loan Agreement (or other agreement approved by Fannie Mae), that evidence the: • Borrowers agreement to replace identified capital items and perform required maintenance; • terms for funding the identified capital item replacement and maintenance; and • disbursement of Replacement Reserve funds. **Synonyms** • Replacement Reserve Schedules
Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement

S

Same Month Pooling	Delivery option permitting Mortgage Loans to be pooled and secure an MBS issued in the same month as the Mortgage Loan Origination Date.
Secondary Risk Mortgage Loan	Mortgage Loan where you bear all losses until your recourse obligation is exhausted. **Synonyms** • Secondary Risk Mortgage Loans • Secondary Risk • Top Loss
Securitized Mortgage Loan	Mortgage Loan backing an MBS, PFP MBS, or REMIC. **Synonyms** • Securitized Mortgage Loans

Security	MBS, PFP MBS, or REMIC. **Synonyms** • Securities
Security Balance	For an MBS Pool, the Issue Date Principal Balance minus any MBS principal distribution amounts included in previous MBS monthly remittances. **Synonyms** • Security Balances
Security Instrument	Instrument creating a lien or encumbrance on 1 or more Properties and securing the Loan Document obligations. **Synonyms** • Security Instruments • Security Instrument's
Servicer	Primary Person servicing the Mortgage Loan, including • the originator, • seller, or • a third party. **Synonyms** • Servicers • Servicer's

Servicing Advance	All amounts required to be paid by the Borrower, for • all taxes and assessments against each Property, • all insurance premiums for insurance for each Property to insurance carrier(s) acceptable to Fannie Mae, in accordance with the Guide, and • any other payment, as determined by Fannie Mae, necessary to preserve and protect the Property or to exercise any legal or equitable remedies (other than foreclosure) against the Borrower or the Property (including attorney, appraisal, or other professional fees) or any other obligations relating to the Property as set forth in the Loan Documents. **Synonyms** • Servicing Advances
Servicing Fee	Fee a Servicer receives for collecting payments, managing operational procedures, and assuming your portion of credit risk for a Mortgage Loan, and which may be expressed as a percentage. **Synonyms** • Servicing Fees
Servicing File	Your file for each Mortgage Loan serviced. **Synonyms** • Servicing Files
Special Asset Management	Team performing Fannie Maes Special Servicing that can be contacted at multifamily_sam@fanniemae.com. **Synonyms** • SAM • SAM's • Multifamily Special Asset Management

Standby	Credit enhancement under which Fannie Mae makes principal and interest payments directly to the Bond Trustee (for payment to bondholders) if the Borrower fails to make required mortgage note payments or if a bankruptcy event has occurred.

T

T&I Custodial Account	Custodial Account for the deposit of T&I and other impound escrow funds. **Synonyms** • T&I Custodial Accounts
Taxes and Insurance	Taxes or assessments that may become a Lien on the Property and insurance premiums. **Synonyms** • T&I • Tax and Insurance

U

UCC	Uniform Commercial Code
UPB	Unpaid Principal Balance **Synonyms** • UPBs

Y

Yield Maintenance Period End Date	Last day on which a Borrower owes yield maintenance for a voluntary Mortgage Loan prepayment. **Synonyms** • Yield Maintenance Period End Dates