



Multifamily Selling and Servicing Guide

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Section 304 Good Faith Deposits

304.01 Deposit Required

Before entering into a Rate Lock, the Lender must collect a Good Faith Deposit from the Borrower. The Good Faith Deposit may be in the form of either cash or a letter of credit conforming to the standards set forth in [Part IV A, Chapter 3: Committing, Section 304.04: Letters of Credit](#). For Choice Refinance Loans that involve trades with the Multifamily Trading Desk, the Lender may contact the Fannie Mae Deal Team to request the right to spread the lien of the existing Security Instrument to secure the Good Faith Deposit in lieu of cash or a letter of credit.

“Good Faith Deposit” means:

- the “Minimum Good Faith Deposit” required by [Part IV A, Chapter 3: Committing, Section 304.02: Minimum Good Faith Deposit](#); plus
- any additional deposit required by a Third Party MBS Investor; plus
- any other deposit required by the Lender.

304.02 Minimum Good Faith Deposit

The “Minimum Good Faith Deposit” will be determined based on the Rate Lock Period and the Rate Lock amount, as follows:

RATE LOCK PERIOD	MINIMUM GOOD FAITH DEPOSIT
For a Mortgage Loan with a Rate Lock amount of \$6million or less that has a Rate Lock Period up to and including 90 days	1% of the Rate Lock amount
For a Mortgage Loan with a Rate Lock amount of greater than \$6million that has a Rate Lock Period up to and including 90 days	2% of the Rate Lock amount
For a Supplemental Mortgage Loan of any amount that has a Rate Lock Period up to and including 90 days	2% of the Rate Lock amount



For a Mortgage Loan or a Supplemental Mortgage Loan that has a Rate Lock Period of more than 90 days and up to and including 180 days	3% of the Rate Lock amount
For a Mortgage Loan that has a Rate Lock Period of more than 180 days , but only with prior approval by the Fannie Mae Deal Team	At least 3% of the Rate Lock amount (The Lender must contact the Fannie Mae Deal Team to obtain the actual amount of the Minimum Good Faith Deposit.)

For any Multifamily Trading Desk trade (MBS or cash) involving terms or parties outside the normal practices of the Multifamily Trading Desk, the Multifamily Trading Desk reserves the right, in its sole discretion, to increase the amount of the Minimum Good Faith Deposit.

For all Multifamily Trading Desk trades (MBS or cash), the Lender shall hold the Minimum Good Faith Deposit for the benefit of Fannie Mae. For all Lender-Arranged Sales, the Lender shall hold the Minimum Good Faith Deposit (and any additional deposit required by the Third Party MBS Investor) for the benefit of the Third Party MBS Investor or may deliver it to the Third Party MBS Investor as required by the Third Party MBS Trading Agreement.

Unless otherwise applied pursuant to the terms of [Part IV A, Chapter 5: Delivery Procedures – Documents, Section 501.05: Failure to Deliver: Return of Package](#), the Lender must refund the Good Faith Deposit to the Borrower no earlier than the Mortgage Loan Origination Date and within a commercially reasonable time after Fannie Mae purchases the Mortgage Loan, as provided in [Part IV A, Chapter 6: Purchase Procedures](#).

304.03 Breakage Fee for Failed Delivery

The Breakage Fee for a failed Delivery for a Lender-Arranged Sale shall be as provided in the Rate Lock and Third Party MBS Trading Agreement. The Breakage Fee for a failed Delivery for a Multifamily Trading Desk trade (MBS or cash) shall be equal to the Minimum Good Faith Deposit. If Fannie Mae has approved a Multifamily Trading Desk trade (MBS or cash) in excess of 180 days, the Multifamily Trading Desk will determine the Breakage Fee for a failed Delivery.

304.04 Letters of Credit



The Lender may allow the Borrower to fund all or a portion of the Good Faith Deposit by delivery of a letter of credit to the Lender. Should the Lender elect to accept a letter of credit:

1. the Lender remains solely liable and responsible to Fannie Mae for the Good Faith Deposit, and hereby indemnifies Fannie Mae for any loss or damages that may be incurred relating to a failed delivery; and
2. for Lender-Arranged Sales, the Lender should confirm whether the letter of credit is acceptable to the Third Party MBS Investor.

If the Lender accepts delivery of a letter of credit for all or a portion of the Good Faith Deposit, it is recommended that (a) the expiration date of the letter of credit extend 15 days beyond the later of the Settlement Date or the Commitment Expiration Date and (b) the letter of credit expiration date be extended if the Settlement Date or the Commitment Expiration Date is extended.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

Breakage Fee Fee owed to Fannie Mae if you fail to Deliver an MBS at the Settlement Date.

C

Commitment Expiration Date Date when a Commitment expires.

D

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

Synonyms

- Deliver
- Delivered
- Deliveries

F



Fannie Mae Deal Team Team responsible for reviewing Pre-Review Mortgage Loans, waivers, etc.

Synonyms

- Deal Team

G

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

Synonyms

- Good Faith Deposits

L

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

Synonyms

- Lenders
- Lender's

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

Synonyms

- Lender-Arranged Sales

M

MBS Mortgage-Backed Security

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



Mortgage Loan

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

Synonyms

- Mortgage Loans

Mortgage Loan Origination Date

Date the Lender funds a Mortgage Loan to the Borrower.

Synonyms

- Mortgage Loan's Origination Date
- Origination Date

Multifamily Trading Desk

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

R

Rate Lock

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

Synonyms

- Rate Locks

Rate Lock Period

Time from Rate Lock execution through the Settlement Date.

S

Security Instrument

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



Supplemental Mortgage Loan

Mortgage Loan purchased by Fannie Mae that is subordinated to, and has a Mortgage Loan Origination Date after, the Senior Mortgage Loan that is also owned by Fannie Mae.

Synonyms

- Supplemental Mortgage Loans

T

Third Party MBS Investor

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

Third Party MBS Trading Agreement

Arrangement between the Lender and a Third Party MBS Investor to trade MBS per [Part IV A, Chapter 3: Committing, Section 302: Requirements for Rate Lock and Commitment](#).