Multifamily Selling and Servicing Guide

Effective as of October 21, 2019

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.
# TABLE OF CONTENTS

Part II Section 103 Ground Leased Properties

103.01 Generally .............................................................................................................................................. 3
103.02 Terms ................................................................................................................................................ 3
  103.02A Ground Lease Rents ...................................................................................................................... 3
  103.02B Ground Lease Terms ...................................................................................................................... 3
103.03 Ground Lease Estoppel Certificate ..................................................................................................... 3
103.04 Ground Lease Review ........................................................................................................................ 3

GLOSSARY .................................................................................................................................................. 5
Section 103  Ground Leased Properties

103.01  Generally

☐ Requirements

If the Property is subject to a Ground Lease, you must include the Leasehold estate as part of the collateral for a Mortgage Loan, unless

- the ground lessor executes the Security Instrument and grants a Lien on its fee estate, or
- the absence of the Leasehold estate would not have a material adverse effect on the operation or value of the Property.

103.02  Terms

103.02A  Ground Lease Rents

☐ Requirements

You must establish an escrow for ground rents and ensure that the Borrower deposits sufficient funds for you to make all payments due under the Ground Lease.

103.02B  Ground Lease Terms

☐ Requirements

When a Leasehold estate is included as part of the collateral for a Mortgage Loan, you must ensure that the Ground Lease complies with the Ground Lease Review Checklist (Form 6479).

103.03  Ground Lease Estoppel Certificate

☐ Requirements

You must obtain a Ground Lessor Estoppel Certificate that:

- follows Modifications to Multifamily Loan and Security Agreement (Ground Lease Defaults) (Form 6206); and
- includes any provisions required by Form 6479 that are not already contained in the Ground Lease.
Requirements

You must:

- review and analyze the Ground Lease to ensure compliance with the requirements of this Section; and
- retain the completed Form 6479 in your Servicing File.
Glossary

B

Borrower  Person who is the obligor under the Note.

Synonyms
• Borrowers
• Borrower's

G

Ground Lease  Contract for the rental of land, usually on a long term basis.

L

Leasehold  Property held under a long-term lease or Ground Lease.

Lien  Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind.

Synonyms
• Liens

M

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
<table>
<thead>
<tr>
<th>Property</th>
<th>Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synonyms</td>
<td>• Properties • Property's</td>
</tr>
<tr>
<td>Security</td>
<td>MBS, PFP MBS, or REMIC.</td>
</tr>
<tr>
<td>Security Instrument</td>
<td>Instrument creating a lien or encumbrance on 1 or more Properties and securing the obligations under the Loan Documents.</td>
</tr>
<tr>
<td>Servicing File</td>
<td>File for each Mortgage Loan serviced by the Lender.</td>
</tr>
<tr>
<td>Synonyms</td>
<td>• Servicing Files</td>
</tr>
</tbody>
</table>