Fannie Mae®

Multifamily Selling and Servicing Guide

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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.

Glossary

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.
Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

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.).

L

Loan Documents	All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan. **Synonyms** • Loan Document • Mortgage Loan Document • Mortgage Loan Documents

M

Maturity Date	Date all Mortgage Loan amounts become fully due and payable per the Loan Documents. **Synonyms** • Maturity Dates

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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

P

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

S

Security	MBS, PFP MBS, or REMIC. **Synonyms** • Securities

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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