



# Multifamily Selling and Servicing Guide

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## **702.02A** Definition

A Mortgage Loan is considered a Secondary Risk Mortgage Loan when all losses incurred on such Mortgage Loan are contractually borne by the Lender until the Lender's specified recourse obligation is deemed exhausted. This obligation to bear all losses is sometimes referred to as a "Top Loss" obligation. Because Secondary Risk Mortgage Loans will convert to Primary Risk Mortgage Loans upon the deemed exhaustion of the Lender's obligation, Fannie Mae and the Servicer must work together to accurately track amounts for any losses that may have occurred.



# Glossary

## L

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

**Synonyms**

- Lenders
- Lender's

## 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

## S

**Secondary Risk Mortgage Loan** Mortgage Loan where the Lender bears all losses until the Lender's recourse obligations are exhausted.

**Synonyms**

- Secondary Risk Mortgage Loans
- Secondary Risk

**Servicer** Primary Person responsible for servicing the Mortgage Loan (e.g., the originator, the selling Lender, or a third-party servicer).

**Synonyms**

- Servicers