Fannie Mae®

Notification 19-01: Form 4098

Effective: 09/03/19
Retired: 04/13/20

Summary of Changes

HIGHLIGHTS
Effective for all commitments submitted on or after September 3, 2019, Fannie Mae is updating its Multifamily Additional Disclosure Guidance (Form 4098) to reflect • new non-standard Mortgage Loan characteristics, • updated Cross-Defaulted/Cross-collateralized language, • an improved Other Prepayment Premium process for C&D Mortgage Loans, and • removal of the Hybrid ARM Systems Additional Disclosure characteristic.

If a Mortgage Loan has non-standard characteristics

- it may require additions to the MBS Prospectus and/or accompanying Annex A, and
- you must check the Additional Disclosure Indicator and add Additional Disclosure Comments in the Commitment and Delivery (C&D) system.

This update includes:

- New non-standard Mortgage Loan characteristics:
  - **Participation Interests** - Applies to any pool that holds less than 100% participation interest in a Mortgage Loan.
  - **Scattered Sites** - Applies to Properties with multiple non-contiguous sites with separate parcels that are managed and operated as one property.
  - **LIHTC Investment** - Applies if Fannie Mae is a LIHTC investor.
  - **Multiple Series Limited Liability Company** - Applies if the Borrower is formed under a series LLC statute.
- Updated non-standard Mortgage Loan characteristics:
  - **Cross-Defaulted/Cross-Collateralized** Any cross defaulted and/or cross collateralized mortgage loan that allows the release of the crossed property or has a due on sale clause requires Additional Disclosure (see Job Aid: Data Guidance for Cross-Defaulted and Cross-Collateralized Mortgage Loans for details).
  - Changed **Other Prepayment Premium** to **Declining Prepayment Premium, Other Year Schedule and Other Prepayment Premium** If Declining Prepayment Premium schedules are not available as allowable values in C&D, use Declining Prepayment, Other Year Schedule.

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- Updated language for
  - **Mezzanine Financing or Preferred Equity,**
  - **Senior Third Party Debt,**
  - **Condominium Project,**
  - **Future Release, Condemnation, or Property Not Security,**
  - **Property Valuation,**
  - **Conflict Mortgage Loans (i.e., Lender's Equity Interest),**
  - **Non-Standard Events or Default and/or Personal Recourse Triggers,**
  - **Revenue and Expenses (e.g., Tax Abatements),** and
  - **Properties with Multiple Addresses**.
- Removed **Hybrid ARM** Systems Additional Disclosure characteristic.

Superseded Lender Letter

This publication supersedes Lender Letter 17-17.

Contact Us

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