



## Notification 23-19: Form 4254.DEF

Effective: 08/31/23  
Retired: 03/02/24

### Summary of Changes

#### HIGHLIGHTS

##### **Effective for Quarter 2 2023 Operating Statement submissions for SARM Loans:**

- extended the submission deadline until **October 16, 2023**; and
- updated the Multifamily Analysis of Operations (Form 4254.DEF) to:
  - align with pending CREFC changes; and
  - revise the Fannie Mae Debt Service calculation if the Borrower:
    - receives income per an interest rate cap agreement; or
    - escrows for a replacement interest rate cap.

### Primary Changes

Updated Form 4254.DEF to adjust the Fannie Mae Debt Service calculation as follows:

- for any income the Borrower receives from an interest rate cap agreement:
  - exclude it from Other Income; and
  - subtract it from the Fannie Mae Debt Service; and
- for any replacement interest rate cap escrow payments:
  - exclude them from Other Expenses; and
  - add them to the Fannie Mae Debt Service.

The resulting debt service for a SARM Loan with an interest rate cap agreement equals:

- Principal; plus
- Interest; minus
- income received from an interest rate cap agreement; plus
- replacement interest rate cap escrow.



You must note any interest rate cap income and expense adjustments, estimates, and amounts in the Comments section.

## Questions

Please contact the Multifamily Operating Statements Team at [mf\\_operatingstatements@fanniemae.com](mailto:mf_operatingstatements@fanniemae.com) with any questions.