



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of April 3, 2026

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Summary of Changes

Primary Audience: Underwriting

HIGHLIGHTS

Effective for Mortgage Loans Committed as of April 3, 2026, updated the underwriting and Commitment process in DUS Gateway[®] for MBS Mortgage Loans that include:

- refinances of a Portfolio Mortgage Loan in the Credit Facility; and
- conversions of all or any part of a variable rate Mortgage Loan in the Credit Facility to a fixed rate Mortgage Loan.

Primary Changes

Expanded the Commitment process in DUS Gateway[®] for managing refinances and conversions in:

- Part IV, Chapter 6: Structured Transactions; and
- Part IV, Chapter 7: Variable Rate Conversions and Renewals, Section 703.01: Rate Lock and Commitment.

Questions

Please contact Christopher Matzke at (703) 833-8660, or christopher_matzke@fanniemae.com, with any questions.



Chapter 6 Structured Transactions

Section 601 Registration

Requirements

Using your [Negotiated Seller Number](#), you must register each Structured Transaction in

- [DUS Gateway](#), and
- [MSFMS](#) per the [MSFMS Job Aid](#).

Section 602 Approval

602.01 Approval Documents

Operating Procedures

Fannie Mae will issue a [Structured Transaction Approval](#) outlining the terms and conditions governing the Structured Transaction including pricing and certain fees.

602.02 Expiration Dates

Operating Procedures

You must contact the [Fannie Mae Deal Team](#) to modify any expiration date in the [Structured Transaction Approval](#).

602.03 Fees

Operating Procedures

The [Structured Transaction Approval](#) outlines all fees and payment due dates.

By each payment due date you must

- wire the fee to Fannie Mae, or
- have it drafted, if instructed by Fannie Mae.

602.04 Rate Lock

Operating Procedures



You must:

- comply with Part IV, Chapter 2: Rate Lock and Committing, Section 201: Pre-Commitment; and
- obtain a Rate Lock for the Structured Transaction per
 - Part IV, Chapter 2: Rate Lock and Committing, Section 202: Obtaining a Rate Lock, and
 - the Structured Transaction Approval.

602.05 Loan Documents

Operating Procedures

The Fannie Mae Deal Team will give you the name and contact information for your assigned internal and outside counsel.

Fannie Mae's outside counsel will prepare all Structured Transaction Loan Documents.

Section 603 Commitment

603.01 Generally

Requirements

You must certify that all data submitted is accurate and fairly represents the terms of

- the Mortgage Loans for the requested Commitments, and
- any associated MBS.

603.02 MBS Mortgage Loans

Requirements

You must ensure the DUS Gateway "Authorization to Close" status is "Authorized" before originating any MBS Mortgage Loan for any part of a Credit Facility's:

- initial advance,



- addition, or
- borrow up;
- constituting a Credit Facility's
 - initial advance,
 - addition, or
 - borrow up;
- refinancing a Portfolio Mortgage Loan in the Credit Facility; or
- converting all or any part of a variable rate Mortgage Loan in the Credit Facility to a fixed rate Mortgage Loan.

Operating Procedures

For MBS Mortgage Loans in a Credit Facility, you must:

- comply with the
 - Job Aid for DUS Gateway Credit Facilities Commitment, and
 - MSFMS Job Aid; and
- follow the DUS Gateway process to
 - obtain a Commitment, and
 - receive an Authorization to Close.

| DUS Gateway Process | | |
|---------------------|---|---|
| Steps | You must... | Multifamily Structured Acquisitions will... |
| 1 | <ul style="list-style-type: none">• Select the "Credit Facility Module".• Navigate to the "Rate Lock/Commitment" page. | |



| | | |
|---|---|--|
| 2 | <p>Within 1 Business Day after obtaining the Rate Lock:</p> <ul style="list-style-type: none">• enter and save all Rate Lock data for each MBS Mortgage Loan in the Credit Facility's constituting<ul style="list-style-type: none">- an initial advance,- addition, or- borrow up;- an addition,- a borrow up,- a refinance of a Portfolio Mortgage Loan in the Credit Facility, <p>or</p> <ul style="list-style-type: none">- a conversion of a Mortgage Loan in the Credit Facility from variable rate to fixed rate; <ul style="list-style-type: none">• identify the applicable "Loan Option"; <p>and</p> <ul style="list-style-type: none">• select "Log Rate Lock/Commitment"; <ul style="list-style-type: none">• identify the applicable "Loan Option"; <p>and</p> <ul style="list-style-type: none">• select "Log Rate Lock/Commitment"; | Set the "Rate Lock/Commitment" status for each Mortgage Loan to "Draft". |
|---|---|--|



| | | |
|---|---|--|
| 3 | <ul style="list-style-type: none"> • Confirm all Rate Lock data was correctly entered for each MBS Mortgage Loan in the Credit Facility's constituting <ul style="list-style-type: none"> - an initial advance, - addition, or - borrow up. - an addition, - a borrow up, - a refinance of a Portfolio Mortgage Loan in the Credit Facility, or - a conversion of a Mortgage Loan in the Credit Facility from variable rate to fixed rate. <ul style="list-style-type: none"> • Select "Finish Rate Lock/Commitment". | <ul style="list-style-type: none"> • Change the "Rate Lock/Commitment" status for each Mortgage Loan to: <ul style="list-style-type: none"> - "Accepted", if all validations pass; or - "Submitted for Review", if a review is required. • For all Mortgage Loans "Submitted for Review": <ul style="list-style-type: none"> - change the "Rate Lock/Commitment" status to: <ul style="list-style-type: none"> ▪ "Accepted", if no further action is required; or ▪ "Draft", if corrections are required; and - notify you via email to revise and resubmit any "Rate Lock/Commitment" with a "Draft" status. |
| 4 | <ul style="list-style-type: none"> • Identify each "Rate Lock/Commitment" status as <ul style="list-style-type: none"> - "Accepted", or - "Draft". • Revise and resubmit any Mortgage Loan "Rate Lock/Commitment" with a "Draft" status. | <p>Change the "Rate Lock/Commitment" status to "Accepted" after all validations pass.</p> |
| 5 | <p>On the "Final Underwriting" page, for each Property, either:</p> <ul style="list-style-type: none"> • upload data for <ul style="list-style-type: none"> - underwriting, - underwritten value, and - income and expenses; or • manually enter the underwriting data. | |



| | | |
|---|---|--|
| 6 | <p>On the "Credit Facility Checks" page for each MBS Mortgage Loan:</p> <ul style="list-style-type: none">• of an initial advance:<ul style="list-style-type: none">- enter the final "Mortgage Loan Amount";- by entering the final "Mortgage Loan Amount", you acknowledge it:<ul style="list-style-type: none">▪ includes any Delivery Tolerance per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance; and▪ equals the Delivered Mortgage Loan Amount;- if the rate is variable, enter the:<ul style="list-style-type: none">▪ "Final Fixed Rate Equivalent Interest Rate";▪ "Final Cap Cost Factor"; and▪ "Final Structured ARM Principal Payment"; and- run and submit the Credit Facility Checks to:<ul style="list-style-type: none">▪ validate the submission; and▪ populate the Credit Facility Underwriting and Disclosure calculations. | |
|---|---|--|



| | | |
|---------------|---|--|
| 6 (continued) | <ul style="list-style-type: none">• of any addition or borrow up:<ul style="list-style-type: none">- enter the final "Mortgage Loan Amount";- by entering the final "Mortgage Loan Amount", you acknowledge it:<ul style="list-style-type: none">▪ includes any Delivery Tolerance per Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance; and▪ equals the Delivered Mortgage Loan Amount;- if the rate is variable, enter the:<ul style="list-style-type: none">▪ "Final Fixed Rate Equivalent Interest Rate";▪ "Final Cap Cost Factor"; and▪ "Final Structured ARM Principal Payment";- use Fetch Latest Data to populate monthly payments for Portfolio Mortgage Loans in the Credit Facility;- <u>for a partial conversion of a variable rate Mortgage Loan to a fixed rate Mortgage Loan, enter the:</u><ul style="list-style-type: none">▪ <u>"Final Cap Cost Factor";</u>▪ <u>"SARM T-12 Interest and Hedge Payment Amount";</u> and▪ <u>"Actual Conversion Date";</u>- if the only Portfolio Mortgage Loans in the Credit Facility are fixed rate, run and submit the Credit Facility Checks to:<ul style="list-style-type: none">▪ validate the submission; and▪ populate the Credit Facility Underwriting and Disclosure calculations; and- for any SARM Loans in the Credit Facility:<ul style="list-style-type: none">▪ complete and upload the Excel file named "SARM T-12 Interest and Hedge Payment Data";▪ re-run and submit the Credit Facility Checks; and▪ receive Fannie Mae's approval to "Generate" the "Authorization to Close". | |
|---------------|---|--|



| | | |
|---|--|---|
| 7 | <p>On the "Authorization to Close" page, for each MBS Mortgage Loan:</p> <ul style="list-style-type: none"> • select your Fannie Mae Seller Number from the dropdown menu; • select "Prepare Authorization to Close"; • review the data; • check the "Lender Certification" box; and • select "Confirm Authorization to Close". | Change the "Authorization to Close" status to "Authorized". |
|---|--|---|

Guidance

Once the [Commitment](#) status is "Accepted", you may print a [Commitment Confirmation](#).

Throughout the process, to resolve any data discrepancies or issues, you may use the [Case Management](#) function to request assistance from the

- [Fannie Mae Deal Team](#), or
- [Multifamily Structured Acquisitions team](#).

[MBS Mortgage Loans](#) in a [Bulk Delivery](#) are managed in [MSFMS](#); no [Commitment](#) is required.

603.03 Cash Mortgage Loans

Requirements

For [Cash Mortgage Loans](#) in a [Structured Transaction](#), you must obtain a [Commitment](#) through [C&D](#) per [Part IV, Chapter 2: Rate Lock and Committing](#), except for the following entries:

| C&D Page | Entry |
|--------------|---|
| Commitment | <ul style="list-style-type: none"> • Select "Structured" as the "Delivery Channel Type". • Enter the MSFMS Deal ID in the "Structured Facility Management Deal ID" field. |
| Participants | <ul style="list-style-type: none"> • Enter at least 1 Borrower record. • Enter complete data for all deal participants separately in MSFMS. |



| C&D Page | Entry |
|------------|---|
| Collateral | None, this information is entered in MSFMS. |

Section 604 Delivery

604.01 Delivery Process

Requirements

You must complete all 5 steps and submit all required data and documents by 5:00 p.m. Eastern Time, no later than 10 Business Days before (and not including) the

- purchase date for Cash Mortgage Loans, or
- Book-Entry Date for MBS Mortgage Loans.

To Deliver the Structured Transaction, comply with the MSFMS Job Aid and follow these 5 steps in order:

Step 1: Submit Deal Participant and Collateral Data.

Step 2: Deliver Property and Underwriting Documents.

Step 3: Submit SARM Loan Interest Rate Cap Data.

Step 4: Submit Pool and Mortgage Loan Data.

Step 5: Deliver Executed Structured Transaction Loan Documents.

Operating Procedures



| Step | You must... |
|------|--|
| 1 | <p>Submit all required deal participant and collateral data in MSFMS. On the:</p> <ul style="list-style-type: none">• Deal Participant page, submit data for each<ul style="list-style-type: none">- Borrower,- Key Principal,- Guarantor,- Sponsor (which may be the same as the Key Principal), and- Principal; and• Collateral page, submit data for each Property, including the rent roll. |
| 2 | <p>Deliver Property and Underwriting Documents in Folder II via DUS DocWay per Part IV, Chapter 4: Delivery, Section 402: Submission when you submit deal participant and collateral data in MSFMS (Step 1).</p> |
| 3 | <p>Submit any SARM Loan Interest Rate Cap Data in MSFMS.</p> |



| Step | You must... |
|------|---|
| 4 | <p>Submit Pool and Mortgage Loan Data:</p> <ul style="list-style-type: none">• For each MBS Mortgage Loan you must:<ul style="list-style-type: none">- Create an MBS Pool in MSFMS. MSFMS will assign a Fannie Mae Pool Number and CUSIP number that uniquely identifies the MBS Pool for book-entry purposes.- Complete the necessary fields on the MSFMS “pool” and “loan” pages.- Comply with Part IV, Chapter 4: Delivery, Section 405.01: Acceptability and Delivery Tolerance for the Mortgage Loan’s first scheduled monthly payment date.- Ensure your MSFMS submission includes<ul style="list-style-type: none">▪ complete and accurate wiring instructions for the Security, and▪ the correct amount to be wired.- Address all MSFMS system business rules by validating the data to identify any errors or discrepancies between the entered data and the allowable terms.• For a Cash Mortgage Loan, you must:<ul style="list-style-type: none">- Comply with Part IV, Chapter 5: Purchase unless this Chapter specifies otherwise.- Submit the required data in C&D.- Comply with Part IV, Chapter 4: Delivery, except you must not complete the:<ul style="list-style-type: none">▪ Collateral page - enter all property, underwriting, and rent roll data in MSFMS; or▪ “hedge” tab - enter cap data into MSFMS.• Include the Fannie Mae payee code for your Cash Mortgage Loan proceeds. |
| 5 | <p>Coordinate with your counsel and Fannie Mae’s outside counsel to timely Deliver</p> <ul style="list-style-type: none">• individual transactions, and• fully executed Structured Transaction Loan Documents. |



Guidance

On the **Book-Entry Date**, Fannie Mae will electronically issue and deliver the **MBS** through the Federal Reserve book-entry system using

- 1 of the delivery scenarios per **Part IV, Chapter 5: Purchase, Section 503: Third Party MBS Investor Delivery Scenarios**, and
- your wiring instructions.

You cannot change the wiring instructions in **MSFMS** after the **MBS** has been submitted for securitization.

604.02 MSFMS Data Errors

Operating Procedures

To address **MSFMS** errors:

| Timing | Action |
|-------------------|--|
| Before Submission | <p>If you believe</p> <ul style="list-style-type: none">• the data is correct, or• a message is related to information Fannie Mae approved,<ul style="list-style-type: none">- select the “submit for review” system status, and- explain the issue. <p>Multifamily Structured Acquisitions will review the submission and will</p> <ul style="list-style-type: none">• override the error, or• return it to you to revise and resubmit with a “submitted” status. |
| After Submission | <p>Email Multifamily Structured Acquisitions with the subject line “Deal Name – MSFMS Data Change Request,” if you</p> <ul style="list-style-type: none">• made an error, or• believe the data is incorrect after the MSFMS status is “submitted”. |



Section 605 MBS Disclosure

Operating Procedures

MSFMS automatically flags all MBS in Structured Transactions for [Additional Disclosure](#). You must disclose all required information per [Part IV, Chapter 5: Purchase, Section 504: MBS Mortgage Loan Disclosure](#).

Section 606 Features and Activities

606.01 Process

Operating Procedures

When adding, releasing, or substituting collateral:

- do not create a new transaction in [MSFMS](#) (the activity will occur under the original [MSFMS Deal ID](#)); and
- comply with the [Structured Transaction Approval](#) timing requirements.

| Features and Activities | | |
|--|--|---|
| Activity | You must... | Process |
| Collateral Addition: adding new collateral to an existing Structured Transaction | Submit a request to the Fannie Mae Deal Team . | <p>Step 1: Fannie Mae Deal Team will</p> <ul style="list-style-type: none"> • determine if the Property addition complies with the Structured Transaction Loan Documents, and • send you a response. <p>Step 2: If you receive a Structured Transaction Approval, you must</p> <ul style="list-style-type: none"> • comply with Part IV, Chapter 6: Structured Transactions, Section 604: Delivery, and • pay any applicable fees per the Structured Transaction Loan Documents or the Structured Transaction Approval. |



| | | |
|---|--|---|
| <p>Collateral Release: releasing collateral from an existing Structured Transaction</p> | <p>Submit a request to Multifamily Structured Asset Management per Part V, Chapter 4: Asset Management: Loan Document Administration, Section 416: Credit Facilities and Bulk Deliveries .</p> | <p>Step 1: Multifamily Structured Asset Management will</p> <ul style="list-style-type: none"> • determine if the Property release complies with the Structured Transaction Loan Documents, and • send you a response. <p>Step 2: If you receive a Structured Transaction Approval, you must:</p> <ul style="list-style-type: none"> • change the MSFMS collateral status to “release requested”; • pay any applicable fees per the Structured Transaction Loan Documents or the Structured Transaction Approval within 1 Business Day after closing and releasing the collateral; and • notify Multifamily Structured Asset Management and Multifamily Structured Acquisitions if you need to change the release date. |
| <p>Collateral Substitution : adding and releasing collateral in an existing Structured Transaction</p> | <p>Submit a request to Multifamily Structured Asset Management per Part V, Chapter 4: Asset Management: Loan Document Administration, Section 416: Credit Facilities and Bulk Deliveries .</p> | <p>Step 1: Fannie Mae Deal Team will</p> <ul style="list-style-type: none"> • determine if the Property substitution complies with the Structured Transaction Loan Documents, and • send you a response. <p>Step 2: If you receive a Structured Transaction Approval, you must comply with both the Collateral Addition and Collateral Release processes in this table.</p> <p>Step 3: If Fannie Mae permits a delayed substitution per the Structured Transaction Loan Documents, you must:</p> <ul style="list-style-type: none"> • Provide acceptable substitute collateral (such as cash, a Letter of Credit, or other permitted replacement collateral per the Structured Transaction Loan Documents). • Add the substitute collateral within 90 days or other approved timeframe per the Structured Transaction Approval or the Structured Transaction Loan Documents. |



| | | |
|---|---|--|
| <p>Conversion to Fixed Rate: converting an ARM Mortgage Loan to a fixed rate Mortgage Loan</p> | <p>Submit a request to in Multifamily Structured Asset Management DUS Gateway.</p> | <p>If Fannie Mae approves the conversion, you must comply with Part IV, Chapter 7: Variable Rate Conversions and Renewals Part IV, Chapter 7: Variable Rate Conversions and Renewals, Section 703.01: Rate Lock and Commitment .</p> |
| <p>Borrow-Up: funding additional loan proceeds without adding collateral</p> | <p>Submit a request to in Multifamily Structured Asset Management DUS Gateway per Part V, Chapter 4: Asset Management: Loan Document Administration, Section 416: Credit Facilities and Bulk Deliveries .</p> | <p>If Fannie Mae approves the borrow-up, you must</p> <ul style="list-style-type: none"> • comply with Part IV, Chapter 6: Structured Transactions, Section 604: Delivery, and • pay any applicable fees. |

606.02 Asset Management Activities

Operating Procedures

Per [Part V, Chapter 4: Asset Management: Loan Document Administration, Section 416: Credit Facilities and Bulk Deliveries](#), for certain asset management activities you may need to deliver documents or data to Fannie Mae. To complete these activities:



| Asset Management Activities | |
|--|--|
| Activity | You must... |
| Delivering new or modified Structured Transaction Loan Documents | Comply with Part IV, Chapter 6: Structured Transactions, Section 604: Delivery. |
| Processing any Transfer/Assumption | Submit new deal participant data per Part IV, Chapter 6: Structured Transactions, Section 604.01: Delivery Process. |
| Renewing, replacing, or modifying an Interest Rate Cap | <ul style="list-style-type: none">• Enter the new data in MSFMS per Part IV, Chapter 6: Structured Transactions, Section 604.01: Delivery Process.• Comply with the terms and conditions per the Structured Transaction Approval. |
| Performing any other activities for a Structured Transaction | <ul style="list-style-type: none">• Contact Multifamily Structured Acquisitions.• Comply with the terms and conditions per the Structured Transaction Approval. |



Chapter 7

Variable Rate Conversions and Renewals

Section 701

Conversion Process

Requirements

For a [Mortgage Loan](#) originated using Fannie Mae form [Loan Documents](#) that automatically converts to a variable rate or a fixed rate per the [Loan Documents](#), you must comply with the [Loan Documents](#).

For a [Mortgage Loan](#) originated using non-Fannie Mae form [Loan Documents](#) with a conversion option or other interest rate change (automatic or otherwise), you must

- comply with the [Loan Documents](#), and
- contact [Multifamily Acquisitions](#).

You must use the following table to determine the conversion process.

| For conversion of... | You must... |
|---|---|
| An ARM Loan or a SARM Loan to fixed rate | Comply with this Chapter. |
| A variable rate Mortgage Loan in a Structured Transaction to fixed rate | Comply with Part IV, Chapter 2: Rate Lock and Committing . |
| A Hybrid ARM Loan to the adjustable rate term | Comply with Part III, Chapter 12: Hybrid Adjustable Rate Mortgage (Hybrid ARM) Loans . |
| A variable rate Credit Enhancement Mortgage Loan to fixed rate | Comply with Part III, Chapter 18: Bond Transactions and Credit Enhancement Mortgage Loans . |

Guidance

For information about the [ARM Loan](#) and [SARM Loan](#) conversion process, refer to [Frequently Asked Questions \(FAQs\) Exercising the Fixed Rate Conversion Option for an Adjustable Rate Mortgage Loan \(ARM Loan\) or a Structured ARM Loan \(SARM Loan\)](#).

Section 702

ARM Loan and SARM Loan Conversions



702.01 Governing Documents

Requirements

For interest rate conversions, you must comply with the following documents and order of priority:

- Interest Rate Conversion Agreement;
- Loan Documents; and
- this Chapter.

702.02 Minimum Conversion Debt Service Ratio

Requirements

| To convert... | You must... |
|--|--|
| A Mortgage Loan to a fixed rate | Confirm the Minimum Conversion Debt Service Ratio (per the Interest Rate Conversion Agreement) is met. |
| A Supplemental Mortgage Loan to a fixed rate | Confirm the Minimum Conversion Debt Service Ratio is met using the sum of <ul style="list-style-type: none">• the current annual combined debt service of all Pre-Existing Mortgage Loans (using the maximum interest rate for any variable rate Pre-Existing Mortgage Loan), plus• the annual debt service of the converted fixed rate Supplemental Mortgage Loan. |

702.03 Conversion Criteria

Requirements

You must comply with the following table.

| Criteria | You must... |
|----------------|--|
| DUS Gateway | Enter delegated and non-delegated conversions in DUS Gateway . |
| Effective Date | Ensure the conversion is effective on a payment date (i.e., the 1st day of the month). |



| Criteria | You must... |
|---------------------|--|
| Conversion Timeline | <ul style="list-style-type: none"> • For an ARM Loan, exercise the conversion <ul style="list-style-type: none"> - after the 1st Loan Year, and - up to, and including, the last day of the 5th Loan Year. • For a SARM Loan, exercise the conversion <ul style="list-style-type: none"> - after the 1st Loan Year, and - up to, and including, the 1st day of the 3rd month before the Maturity Date. |
| Loan Term | <p>Convert to a fixed rate Mortgage Loan with a loan term</p> <ul style="list-style-type: none"> • greater than or equal to 7 years, and • less than or equal to 10 years. |
| Underwriting | <p>Underwrite the conversion as follows:</p> <ul style="list-style-type: none"> • Base actual DSCR on the trailing 12-month period from the most recent supportable actual operations per the Borrower's Property financial statements. • Ensure actual DSCR meets the minimum required DSCR for a fixed rate Mortgage Loan at the same Pricing and Underwriting Tier as the original ARM Loan or SARM Loan. • Comply with the Loan Documentation Requirements (Form 6000). |

702.04 Guaranty Fee and Servicing Fee

Requirements

You must calculate the Gross Note Rate using the current Guaranty Fee and Servicing Fee for a fixed rate Mortgage Loan in effect at Rate Lock.

702.05 Interest-Only

Requirements

If an interest-only ARM Loan or SARM Loan converts during the



interest-only period and the new loan term is less than the original term, you must ensure

- the interest-only period does not carry over, and
- fixed rate amortization begins immediately.

Guidance

If an interest-only [ARM Loan](#) or [SARM Loan](#) converts during the interest-only period and the new loan term is greater than or equal to the original term, you may allow the remaining interest-only period to carry over to the fixed rate [Mortgage Loan](#).

702.06 Fixed Rate Amortization

Requirements

You must comply with the following table.

| For ARM Loans and SARM Loans with... | The fixed rate amortization term will be... |
|--|---|
| Full-term interest-only | 360 months. |
| <ul style="list-style-type: none"> • Partial interest-only or amortization, • a fixed rate term greater than or equal to the original ARM Loan or SARM Loan term, and • a most recent Property Condition Rating of 1 or 2 | 360 months. |
| Other characteristics | equal to <ul style="list-style-type: none"> • the original ARM Loan or SARM Loan amortization term (in months), minus • the number of monthly payments (P&I or interest-only) since the Mortgage Loan Origination Date. |

702.07 Fixed Rate Debt Service Payments



Operating Procedures

To calculate the fixed rate monthly P&I payments, you must:

1. Determine the amount required to repay the [Mortgage Loan UPB](#).
2. Divide the amount into equal monthly installments.
3. Include interest accrued at the fixed rate over the amortization term per [Part IV, Chapter 7: Variable Rate Conversions and Renewals, Section 702.06: Fixed Rate Amortization](#).
4. Use a 30/360 interest accrual method, regardless of whether the [Mortgage Loan](#) uses a 30/360 or an actual/360 interest accrual method.

702.08 Fixed Rate MBS Trade Premium

Requirements

For premiums on fixed rate [MBS](#) trades, you must comply with the [Pricing Memo](#).

702.09 New Property Condition Assessment (PCA)

Requirements

For any non-[MAH Property](#), you must obtain a new full [PCA](#) per [Form 4099](#) if the conversion extends the term of the fixed rate [Mortgage Loan](#) beyond the original term of the [ARM Loan](#) or [SARM Loan](#).

You must obtain a full [PCA](#) every 5 years for an [MAH Property](#) per [Part V, Chapter 4: Asset Management: Loan Document Administration, Section 408.04E: New Property Condition Assessments](#).

You must obtain the [PCA](#) by the earlier of

- the final [Loan Year](#) of the [ARM Loan](#) or [SARM Loan](#) if it had not been converted, or
- [Loan Year 10](#).

Section 703 Commitment and Delivery

703.01 Rate Lock and Commitment

Operating Procedures



When you receive the Borrower's conversion notice for an ARM Loan or a SARM Loan:

- Perform your standard due diligence before obtaining a Rate Lock.
- Ensure the quoted fixed rate is less than or equal to the maximum fixed rate used to determine Net Cash Flow.
- Rate Lock with the Borrower for the quoted fixed rate by the 10th day of the month before the Conversion Date.
- Submit your Commitment request in ~~C&D~~:
 - DUS Gateway for a Credit Facility; or
 - C&D for any other transaction.
- Obtain a confirmed Commitment for the fixed rate Mortgage Loan.

703.02 Conversion Delivery

703.02A Deliver Loan Document Amendments

Operating Procedures

Step 1: Execute and deliver the Rate Conversion Amendment.

- Obtain the Borrower's signature on the Rate Conversion Amendment.
- If you have a Limited Power of Attorney with Fannie Mae (per Part V, Chapter 4: Asset Management: Loan Document Administration, Section 403: Execution of Documents by Servicer – Limited Power of Attorney), you must
 - execute the Rate Conversion Amendment as Fannie Mae's attorney-in-fact, and
 - include the executed document in the Mortgage Loan Delivery Package.
- If you do not have a Limited Power of Attorney, you must:
 - deliver the Rate Conversion Amendment to Multifamily Acquisitions who will execute and retain the original with the Mortgage Loan Delivery Package; and
 - retain the returned, executed copy in your Servicing File.

Step 2: Determine if state law requires a Security Instrument



amendment for a change in the [Mortgage Loan Maturity Date](#).

If an amendment is needed, you must:

- obtain the [Borrower's](#) signature;
- either:
 - execute the amendment if you have a [Limited Power of Attorney](#) with Fannie Mae (per [Part V, Chapter 4: Asset Management: Loan Document Administration, Section 403: Execution of Documents by Servicer – Limited Power of Attorney](#)); or
 - deliver the amendment to [Multifamily Acquisitions](#) who will execute and return to you; and
- ensure the executed amendment is recorded in the appropriate land records.

703.02B Deliver Mortgage Loan Delivery Package

Operating Procedures

Step 1: Prepare the [Mortgage Loan Delivery Package](#), including all documents listed in [Form 6000](#) as “Required upon Conversion” for an [ARM Loan](#) or a [SARM Loan](#).

Step 2: [Deliver the Mortgage Loan Delivery Package to Multifamily Certification and Custody](#)

- within 10 days after receiving the confirmed [Commitment](#), and
- by the [Delivery](#) deadline.

Step 3: [Deliver the data and documents per Part IV, Chapter 4: Delivery](#).

Step 4: Upload [Form 4662](#) and relevant underwriting due diligence to [DUS DocWay](#).

703.03 Conversion Activities

Operating Procedures

You must coordinate with Fannie Mae to ensure the following conversion activities occur.



| You must... | Fannie Mae will... |
|--|---|
| <ul style="list-style-type: none">• Issue a new fixed rate MBS Pool after completing the conversion process.• Deliver the converted fixed rate Mortgage Loan to Fannie Mae under the new confirmed Commitment.• Ensure the MBS trade has a Book-Entry Date no later than:<ul style="list-style-type: none">- the 17th day of the month of the Conversion Effective Date for an MBS ARM Loan or SARM Loan; or- the 10th day of the month of the Conversion Effective Date for a Cash ARM Loan or SARM Loan.• Deposit the funds from the MBS trade into your applicable P&I Custodial Account. | <ul style="list-style-type: none">• Issue the new fixed rate MBS.• For a variable rate Cash Mortgage Loan, place it into the MBS trade assignment account.• Transfer the MBS to the MBS Investor per your instruction on either the 10th or the 17th day of the month (as applicable) of the Conversion Effective Date. |

703.04 Pay Off

Requirements

You must confirm, report, and remit funds to pay off the MBS ARM Loan or SARM Loan.

Operating Procedures

1. Request MBS payoff amount verification by submitting your calculation in the Fannie Mae Payoff Calculator per Part V, Chapter 2: Reporting and Remitting, Section 210: Full Prepayments.
2. Send the payoff amount to Fannie Mae per the standard monthly remittance process in Part V, Chapter 2: Reporting and Remitting.
3. For an MBS ARM Loan or SARM Loan,
 - report a \$0 balance for the MBS on the 1st or 2nd day of the month in which the Conversion Effective Date occurs, and



- Fannie Mae will draft the funds due to the MBS Investor.

Section 704 ARM 5/5 Optional 5-Year Adjustable Rate Term Renewal

704.01 Eligibility

Operating Procedures

To renew an ARM 5/5 Loan for a second 5-year adjustable rate term:

| Timing before the initial Maturity Date | You must... |
|---|---|
| At least 180 days | <ul style="list-style-type: none">• Notify Multifamily Asset Management that the ARM 5/5 Loan will be renewed for the second 5-year adjustable rate term.• Confirm the ARM 5/5 Loan complies with Part III, Chapter 10: Adjustable Rate Mortgage (ARM) Loans, Section 1004: ARM 5/5 Loan Optional 5-Year Adjustable Rate Term Renewal Eligibility.• Include preliminary DSCR and LTV calculations.• Estimate the starting interest rate for the second 5-year adjustable rate term, including the new Investor spread. |
| At least 30 days | Provide Multifamily Asset Management with: <ul style="list-style-type: none">• an updated ARM 5/5 Loan eligibility confirmation;• current DSCR and LTV calculations; and• an estimate of the starting interest rate for the second 5-year adjustable rate term, including the new Investor spread. |

704.02 Underwriting

Requirements

If an ARM 5/5 Loan is renewed for an additional 5 years, you must:

- Use the same [Guaranty Fee](#) and [Servicing Fee](#) as the first 5-year adjustable rate term.



- Adjust the **Investor** spread for the second 5-year adjustable rate term based on current market conditions.
- Adjust the monthly **Replacement Reserve** deposit to include required capital improvements during **Loan Years 6** through **10**, plus 2 additional years, per the original **PCA Report**.
- Not charge a **Prepayment Premium**.

704.03 Prepayment Terms

Requirements

If an ARM 5/5 Loan is renewed for an additional 5 years:

- no voluntary prepayment will be permitted during the 6th **Loan Year** (i.e., the 1st **Loan Year** of the second 5-year adjustable rate term); and
- the **ARM Loan** may be prepaid after the 6th **Loan Year** with a 1% **Prepayment Premium**, but no **Prepayment Premium** is due
 - during the last 3 months of the loan term, or
 - if the **ARM Loan** converts to a fixed rate **Mortgage Loan**.

The following table describes various situations and the applicable prepayment provisions for the second 5-year adjustable rate term for an ARM 5/5 Loan; see **Part V, Chapter 2: Reporting and Remitting, Section 213: Prepayment Premium Sharing for Prepayment Premium** calculations and sharing between you and Fannie Mae.

| Situation | Prepayment Provisions |
|---|--|
| ARM 5/5 Loan is renewed for a second 5-year adjustable rate term. | Borrower does not owe a Prepayment Premium . |
| Borrower attempts to make a voluntary prepayment during the 6th Loan Year . | Borrower may not make a voluntary prepayment during the 6th Loan Year (i.e., a voluntary prepayment is locked out). |
| ARM 5/5 Loan converts to a fixed rate Mortgage Loan after the 6th Loan Year . | Borrower does not owe a Prepayment Premium . |



| Situation | Prepayment Provisions |
|---|-------------------------------------|
| Borrower makes a voluntary prepayment after the 6th Loan Year and before the 3 months prior to the extended Maturity Date for any reason other than a casualty or condemnation. | Borrower owes a Prepayment Premium. |