

[DRAFTING NOTE: FOR USE WITH 4000 SERIES LOAN DOCUMENTS. PLACE FINAL LETTER ON SERVICER LETTERHEAD. DELETE BRACKETS, DRAFTING NOTES, AND FORM TITLE WHEN PREPARING FOR DISTRIBUTION TO A BORROWER.]

[DATE]

Via EMAIL: [INSERT BORROWER CONTACT EMAIL ADDRESS]

Via Overnight Courier

[INSERT BORROWER NAME] ("Borrower")

[INSERT NOTICE ADDRESS FOR BORROWER]

Attention: [INSERT BORROWER CONTACT NAME]

Re: **NOTICE OF DEMAND (the "Notice")**

Property Name: [INSERT PROPERTY NAME]

Property Address: [INSERT PROPERTY ADDRESS]

Loan Number: [INSERT FANNIE MAE OR SERVICER LOAN NUMBER] (the "Loan")

Multifamily Note (the "Note") dated as of _____ in the original principal amount of _____, made by Borrower, payable to the order of _____ ("Original Lender"), which Note is secured by, *inter alia*, certain real property more particularly described in the [Multifamily Mortgage/Deed of Trust/Deed to Secure Debt], Assignment of Rents and Security Agreement dated as of even date therewith (the "Security Instrument"), which Note and Security Instrument, together with other loan documents including that certain Replacement Reserve and Security Agreement ("Replacement Agreement") dated as of even date with the Note (such Note, Security Instrument, Replacement Agreement, and other loan documents hereafter referred to as the "Loan Documents") were assigned ~~by from~~ Original Lender to Fannie Mae ("Fannie Mae"), and all of which covering certain real and personal property located at the address set forth above and more particularly described in the Security Instrument (the "Mortgaged Property" or the "Property"). Original Lender is now the servicer of the Loan and may be referred to herein as "Servicer." ~~Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Documents.~~

Dear Borrower,

Notice is hereby given that Borrower has failed to maintain the Mortgaged Property in accordance with the terms of the Loan Documents, including, but not limited to, Section 17 of the Security Instrument, which failure to maintain may constitute an Event of Default under the Loan Documents. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Documents.

On [INSERT DATE OF PCA INSPECTION], a Property Condition Assessment ("PCA") was conducted on the Mortgaged Property, whereby certain deficiencies were noted and identified. Enclosed herewith is a copy of the PCA and a schedule of needed repairs and replacements is attached hereto as Exhibit A.

The PCA contains specific information related to the current deficiencies in physical condition of the Mortgaged Property and should be reviewed by Borrower for more detail on the required repairs and replacements. All repairs and replacements identified on Exhibit A and in the PCA shall constitute Additional Replacements as defined in the Loan Documents. Please note, however, this may not be an exhaustive list and is subject to change pursuant to additional inspections that may be performed or required by Fannie Mae or Servicer.

Demand is hereby made for Borrower to correct its failure to maintain the Mortgaged Property and immediately implement corrective action to undertake repairs and replacements of the deficiencies noted in the PCA and on Exhibit A, as well as any other repair or replacement needed at the Mortgaged Property, to the satisfaction of Fannie

Mae in its sole discretion. Borrower must also perform the Additional Replacements within the dates listed on Exhibit A. Furthermore, Borrower must provide Fannie Mae or Servicer access, at such time and date requested by either, for inspection of the Mortgaged Property to determine the status of the required repairs and replacements and to confirm that such repairs and replacements have been completed to Fannie Mae's satisfaction, in its sole discretion.

Pursuant to Section 10 of the Replacement Agreement, Fannie Mae has determined the funds in the Replacement Reserve are insufficient to cover the costs of the Additional Replacements. Demand is further made for Borrower to deposit with Servicer, on behalf of Fannie Mae, within [ten (10)] [thirty (30)] [VERIFY TIME PERIOD IN REPLACEMENT AGREEMENT] days of the date of this letter an amount equal to [\$_____], which deposit will be held by Servicer, for the benefit of Fannie Mae, as additional security for the Loan. Failure to deposit the required amount shall constitute Borrower's failure to pay an amount due on the Loan and will be an Event of Default under the Loan Documents.

Additionally, Fannie Mae and Servicer have determined the amount of funds in the Replacement Reserve are insufficient to cover the on-going required repairs and Replacements identified in the PCA, even after completion of the Additional Replacements identified on Exhibit A. To ensure the necessary funds are available, Fannie Mae hereby notifies Borrower the monthly Replacement Reserve deposit is being increased by [\$_____] per month so that the total monthly Replacement Reserve deposit by Borrower shall be equal to [\$_____] per month. This increased deposit amount will commence with the payment due on [INSERT DATE OF FIRST MONTHLY PAYMENT 30 DAYS AFTER THIS NOTICE].

Each of the above constitutes separate obligations of Borrower under the Loan Documents and Borrower's failure to perform any of the above obligations may constitute a separate Event of Default under the Loan Documents.

The Servicer's or Fannie Mae's acceptance of any payment on the Loan should not be considered a waiver of any Event of Default or a novation, modification, or renewal of the Loan. Notwithstanding the acceptance of any payments or any other amounts at any time by the Servicer, Fannie Mae does not waive any Event of Default which may exist under the Loan Documents. Furthermore, acceptance of any payment shall not act as a waiver of, or prevent Fannie Mae from exercising any right, remedy, or power available to Fannie Mae, including, without limitation, all rights, remedies, and powers granted under the Loan Documents and/or at law or in equity, all of which are expressly reserved.

Sincerely,

[INSERT ASSET MANAGER NAME]

cc: [INSERT FANNIE MAE ASSET MANAGER NAME], Fannie Mae

Enclosures (PCA copy)

EXHIBIT A – (Example; Replace with Actual Schedule of Needed Repairs)

Repair Description	Immediate Repair	Life Safety	Completion Date
Microbial Growth	\$ -	\$ -	within (30) days of the effective date
Mechanical - Smoke Detectors	\$ -	\$ -	within (30) days of effective date
Mechanical - Carbon Monoxide Detectors	\$ -	\$ 3,750.00	within (6) months of the effective date
Mechanical - Electrical Subpanels	\$ -	\$ -	within (6) months of the effective date
Architectural - Roofs and Gutters	\$ 228,000.00	\$ -	within (6) months of the effective date
Architectural - Down Building 3163	\$ 94,470.00	\$ -	within (6) months of the effective date
Dwelling Units - Vacant Units	\$ 20,000.00	\$ -	within (6) months of the effective date
Site - Landscaping	\$ 41,500.00	\$ -	within (12) months of the effective date
Site - Asphalt Pavement	\$ 44,000.00	\$ -	within (12) months of the effective date
Architectural - Stairs & Railings	\$ 29,750.00	\$ -	within (12) months of the effective date
Mechanical - Aluminum Branch Wiring	\$ 75,000.00	\$ -	within (12) months of the effective date
<i>Sub-total</i>	\$ 532,720.00	\$ 3,750.00	
Total Amount of Rehabilitation Reserve		\$ 536,470.00	