Multifamily Mortgage Business Lender Letter 15-13

August 12, 2015

To: Multifamily Lenders

From: Michele Evans, Senior Vice President and Multifamily Chief Operating Officer

Subject: Updates to Multifamily Required Trade Information for Cash or MBS (Form 4097) and Multifamily MBS Special Disclosure Guidance (Form 4098)

HIGHLIGHTS

Effective September 1, 2015, Fannie Mae is updating its MBS disclosure guidance.

- The Multifamily Required Trade Information for Cash or MBS Form (Form 4097) has been updated to reflect the revised term “Additional Disclosure” from “Special Disclosure”.
- Form 4098 has been renamed “Multifamily Additional Disclosure Guidance Form”, and updated to add, update, or eliminate additional disclosure characteristics.

Introduction

Fannie Mae is revising the required information that must be disclosed to potential Investors when trading MBS Mortgage Loans.

Additional Disclosure

Mortgage Loans with characteristics or terms that differ from the standard characteristics described in the Multifamily MBS Prospectus, Standard Prospectus Supplement Narrative, and Schedule of Pool and Loan Information may require transaction-specific information to be added to the standard disclosure documents. If a Mortgage Loan has non-standard characteristics, the Lender must indicate the needed “Additional Disclosure” by checking the Special Disclosure Indicator and adding Special Disclosure Comments in the Commitment and Delivery (C&D) system (Note that the “Special Disclosure Indicator” and “Special Disclosure Comments” fields in C&D will be renamed in the future to “Additional Disclosure Indicator” and “Additional Disclosure Comments”). Fannie Mae will review the information in C&D and the Mortgage Loan documents to determine whether Additional Disclosure is required.

Fannie Mae may determine that Additional Disclosure documents are not required and that the Standard Prospectus Narrative and Schedule of Pool and Loan Information may be used. If Additional Disclosure is required, Fannie Mae will prepare an Additional Disclosure Prospectus Supplement Narrative and/or add a footnote to the Schedule of Pool and Loan Information.

Form 4097 Updates

The Multifamily Required Trade Information for Cash or MBS Form specifies the minimum standard set of Mortgage Loan, Security, and Property Level trading information that the Lender is required to provide to each...
potential Investor (including the Multifamily Trading Desk) asked to provide a bid. Form 4097 has been updated to reflect the updated term “Additional Disclosure”.

The Required Trade Information applies to all Cash and MBS Mortgage Loans, and must be provided no later than at the time the Lender enters into the Rate Lock. The submitted Trade Information must match the corresponding information submitted by the Lender to Fannie Mae via C&D. Any significant changes to the Mortgage Loan terms that occur after Rate Lock must be communicated by the Lender to the Investor prior to the purchase of the Mortgage Loan by, and the delivery to, Fannie Mae.

Form 4097 Updates

Form 4097 sets forth guidance for determining when an MBS Mortgage Loan may require Additional Disclosure. Form 4097 has been renamed “Multifamily Additional Disclosure Guidance Form”, and in August, 2015 a new “Additional Disclosure Indicator” field will be added to the Multifamily Security Locator Service Download-All file.

Updated Additional Disclosure guidance in Form 4098 includes the following:

- an updated list of the most common non-standard Mortgage Loan characteristics requiring Additional Disclosure;
- the expansion of guidance for Split Mortgage Loans to include additional guidance for Bifurcated Mortgage Loans;
- the addition of the following as non-standard Mortgage Loan characteristics:
  - Near Stabilized Property; and
  - Tax Abatement for Multifamily Affordable Housing Properties;
- the removal of the following as non-standard Mortgage Loan characteristics:
  - Historical Loan Documents and Yield Maintenance with Specified US Treasury Security: Additional Disclosure is no longer required;
  - Defeasance: Prospectus Supplement Narrative was updated appropriately;
  - Manufactured Housing – Age Restricted: data element has been added to the Schedule of Pool and Loan Information; and
  - Properties with Income and/or Rent Restrictions: Prospectus Supplement Narrative was updated appropriately. (Please note that additional information regarding the delivery of Mortgage Loans secured by a Property with affordability restrictions is available in the job aid located on Fanniemae.com titled “Affordable Housing Data Guidance for Multifamily Housing Units with Income or Rent Restrictions”.

Effective Date

This Lender Letter is effective September 1, 2015.

Contact Us

Please contact Derrick Lindsey at 202-752-2426 (derrick_m_lindsey@fanniemae.com) or Patty Lafean at 202-752-6240 (patty_l_lafean@fanniemae.com) with any questions.
Associated Documents

The clean versions of Form 4097 and Form 4098 are available at fanniemae.com/multifamily.

- Multifamily Required Trade Information for Cash or MBS Form (Form 4097) (Redline Version)
- Multifamily Additional Disclosure Guidance Form (Form 4098) (Redline Version)