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 Additional Disclosure Guidance (Form 4098)

HIGHLIGHTS

Effective August 1, 2016, Fannie Mae is updating Form 4097 – Multifamily Required Trade Information and Form 4098 – Multifamily Additional Disclosure Guidance:

- A clarification statement is being added to the Multifamily Required Trade Information for Cash or MBS (Form 4097); and
- Changes are being made to reflect the renaming of fields to “Additional Disclosure” from “Special Disclosure” in the Multifamily Additional Disclosure Guidance (Form 4098).

Form 4097 – Multifamily Required Trade Information

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.

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 still includes the term Underwritten Net Operating Income which refers to the Underwritten Net Cash Flow in Fannie Mae’s acquisition systems. For pools issued after DUS Disclose is implemented, “Underwritten Net Cash Flow” will be disclosed instead of “Underwritten Net Operating Income”. An updated Form 4097 is expected to be published near year end in connection with the DUS Disclose implementation.

Form 4098 – Multifamily Additional Disclosure Guidance

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 Additional Disclosure Indicator and adding Additional Disclosure Comments in the...
Commitment and Delivery (C&D) system. Fannie Mae will review the information in C&D and the Mortgage Loan documents to determine whether Additional Disclosure is required. The Special Disclosure fields (Indicator and Comments) are being renamed Additional Disclosure.

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. An updated Form 4098 is expected to be published near year end in connection with the DUS Disclose implementation.

Superseded Lender Letters

This Lender Letter supersedes Lender Letter 15-13.

Effective Date

This Lender Letter is effective August 1, 2016.

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

Clean versions of Form 4097 and Form 4098 are available at www.fanniemae.com/multifamily.

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