Multifamily Mortgage Business Lender Letter 19-03

March 11, 2019

To: Multifamily Lenders
From: Te-Mika Warner, Associate General Counsel
Subject: Loan Document Update

Highlights

Fannie Mae is revising Schedule 2 of the Loan Agreement—Summary of Loan Terms for adjustable rate loans to clarify that an adjustment factor may be applied in determining a new replacement index for LIBOR.

As widely reported, LIBOR is expected to be discontinued as banks will no longer be required to submit the index after 2021. To facilitate a smooth transition to a successor index, our loan documents provide that Lender can choose a replacement index taking into account general comparability to LIBOR and other factors. We are updating the definition of Index in Schedule 2 (Summary of Loan Terms) for adjustable rate loans to clarify that, in choosing a LIBOR replacement index, Lender may apply an adjustment factor to preserve the relative economic positions of Borrower and Lender.

Effective Date

The revised loan documents may be used immediately and must be used in connection with all loans committed on or after April 15, 2019.

Contact Us

If you have questions regarding this Lender Letter or the loan documents, please contact your Deal Team or Te-Mika Warner at (202) 752-7367 or te-mika_warner@fanniemae.com.

Associated Documents

The revised Form Loan Documents are available on the Loan Documents page on fanniemae.com.

- Multifamily Loan Agreement Schedule 2 - Summary of Loan Terms (Form 6102.ARM) (blackline only)
- Multifamily Loan Agreement Schedule 2 - Summary of Loan Terms (Form 6102.HYARM) (blackline only)
- Multifamily Loan Agreement Schedule 2 - Summary of Loan Terms (Form 6102.SARM) (blackline only)
- Multifamily Loan Agreement Schedule 2 - Summary of Loan Terms (Form 6102.ARM.SRS) (blackline only)
- Multifamily Loan Agreement Schedule 2 - Summary of Loan Terms (Form 6102.SARM.SRS) (blackline only)
- Multifamily Loan Agreement Schedule 2 - Summary of Loan Terms (Form 6102.ARM.IDOT) (blackline only)
- Multifamily Loan Agreement Schedule 2 - Summary of Loan Terms (Form 6102.SARM.IDOT) (blackline only)
- Multifamily Loan Agreement Schedule 2 - Summary of Loan Terms (Form 6102.ARM.ML) (blackline only)
- Multifamily Loan Agreement Schedule 2 - Summary of Loan Terms (Form 6102.SARM.ML) (blackline only)