FORM OF BAILEE LETTER (WAREHOUSE BANK)

(MBS/DUS)

Fannie Mae

Multifamily Certification and Custody Team

13150 Worldgate Drive

Mail Stop: 5H-2W/01

Herndon, VA 20170

Re: Fannie Mae DUS Commitment Contract No.: \_\_\_\_\_\_\_

 Borrower: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Unpaid Principal Balance of Note

 as of \_\_\_\_\_\_\_\_\_\_\_\_, 20 : $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Date of Note: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Project Location: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Ladies and Gentlemen:

In compliance with the requirements of the Delegated Underwriting and Servicing Guide and the above referenced loan Commitment Contract (the "Commitment"), **[insert name of DUS Lender]** (the "DUS Lender") has requested that **[insert name of warehouse bank]** (the "Bank") deliver to Federal National Mortgage Association ("Fannie Mae") the original Multifamily Note (the "Note") evidencing the captioned loan, together with originals of certain other documents indicated in the Table of Contents for Mortgage Loan Delivery Package (the "Additional Documents") with respect to such loan. By this letter the DUS Lender and the Bank advise Fannie Mae that the DUS Lender has granted a security interest in the Note and Additional Documents to the Bank.

The Bank warrants to Fannie Mae that the Bank has not (a) assigned or transferred the Note and Additional Documents to any other party or (b) recorded its security interest in such Note and Additional Documents. During the period in which Fannie Mae holds the Note and Additional Documents as bailee, as described below, the Bank will not assign or transfer the Bank's interest in such Note and Additional Documents or record such security interest.

Fannie Mae holds the Note and Additional Documents as bailee for the benefit of the Bank until (i) Fannie Mae delivers the Mortgage Backed Security (as defined below) by wire transfer in accordance with the delivery instructions specified on Form 2014, a copy of which is attached, or (ii) Fannie Mae returns to the Bank, as set forth below, the Note and any Additional Documents delivered by the Bank. The Bank agrees that the Bank's security interest in the Note and Additional Documents shall terminate and be cancelled without further action upon delivery by Fannie Mae of the Mortgage Backed Security as described in (i) above. In the event that Fannie Mae does not issue the security in exchange for the Note, Fannie Mae will execute and deliver to the Bank an assignment, in recordable form, of the Mortgage (Deed of Trust) securing the Note and will endorse the Note in blank but without recourse (assuming the Note has been endorsed to Fannie Mae); and the Bank agrees that Fannie Mae's status as bailee for the Bank shall terminate and be cancelled without further action upon delivery to the Bank of the Note (endorsed as aforesaid) and Additional Documents, as described in (ii) above, together with such executed assignment of the Mortgage (Deed of Trust).

The "Mortgage Backed Security" means the Fannie Mae Guaranteed Mortgage Pass-Through Certificate in the amount that Fannie Mae, pursuant to the Commitment and the Delegated Underwriting and Servicing Guide, agrees to pay in consideration for the Note. The Bank and the DUS Lender recognize and agree that the amount of the Mortgage Backed Security may be less than the full principal amount of the Note, and that the DUS Lender may have paid or advanced other funds to Fannie Mae in connection with the Commitment that are not included in the Mortgage Backed Security.

The Bank and the DUS Lender agree that the standard of care to be exercised by Fannie Mae in holding the Note and Additional Documents shall be to exercise the same degree of care and skill as Fannie Mae exercises when it holds mortgage loan documents on its own behalf. The Bank and the DUS Lender understand that Fannie Mae is a bailee only and is not a representative, trustee or fiduciary or otherwise an agent, of or for the Bank or the DUS Lender with respect to the Note and the Additional Documents.

The DUS Lender has submitted Mortgage Backed Security delivery instructions to Fannie Mae on Form 2014, a copy of which is attached. No change in such instructions shall be requested by the DUS Lender, without the consent of the Bank, and no change shall be honored by Fannie Mae unless the Bank has consented to such change. Delivery of the Mortgage Backed Security by Fannie Mae pursuant to such instructions is acceptable to the Bank and will suffice to terminate the Bank's security interest as described above.

In recognition of the security interest held by the Bank in the Note and Additional Documents and Fannie Mae's status as bailee with respect thereto unless and until Fannie Mae has delivered the Mortgage Backed Security as described above, the Note and Additional Documents shall not be delivered by Fannie Mae to a third party.

In the event that Fannie Mae does not purchase the Note, the Note and Additional Documents should be returned to the Bank no later than seventy-five (75) days after the date of delivery of the Note to Fannie Mae, to the address set forth below:

 **[Insert name and address of warehouse bank]**

It is understood that delivery by the Bank to Fannie Mae (and by Fannie Mae to the Bank, if the Note and Additional Documents are not purchased) is without warranty, except as expressly stated herein, and without recourse.

If you have any questions please contact the undersigned, whose telephone number is .

 Very truly yours,

 **[Insert name of warehouse bank]**

 By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 [name]

 Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Attachment (Form 2014)

Agreed:

**[Insert name of DUS Lender]**

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_