12 Month Notice to Borrower - (In Place Loans)

***Each Lender should consider tailoring this letter to special situations, such as a Borrower with multiple Fannie Mae Mortgage Loans.***

[Date]

[Address]

RE: Fannie Mae Mortgage Loan No.\_\_\_\_\_\_

 [Property Name and Address]

Dear [Borrower]:

As the Servicer on the referenced Fannie Mae Mortgage Loan, we are writing to remind you that this Mortgage Loan is scheduled to mature on [insert Mortgage Loan Maturity Date]. On or before this date, the unpaid principal balance of the Mortgage Loan, plus all accrued and unpaid interest, and all other sums due and payable under the Note and other Loan Documents must be refinanced or paid in full. Failure to do so constitutes a default and entitles Fannie Mae to pursue any of the default remedies provided in the Loan Documents.

Based on the most recent information available to us, it does not appear that the existing loan balance could be refinanced as a standard Fannie Mae loan because the minimum debt service coverage and loan-to-value ratios would not meet minimum requirements. If you feel this is not accurate, please provide us with updated Property operating information.

We encourage you to seek "take out" financing for your Fannie Mae Mortgage Loan from other investor sources that may have products better tailored to your situation [or the Lender may offer alternative programs it is aware of]. However, if this is not feasible, you may be able to refinance your loan under the Fannie Mae’s In Place Loan refinance guidelines. If the Property is in good condition, these guidelines relax certain underwriting requirements to allow a higher loan amount than is normally permitted, but with more restrictive loan covenants. Further, the new loan amount is restricted to the unpaid principal balance on the existing Mortgage Loan (e.g., no cash out is permitted). Please contact us if you wish further information on this refinance alternative.

Please keep us informed regarding your progress in securing financing to meet your balloon payment obligation. Be sure to allow enough time to investigate alternative refinance options, including Fannie Mae’s In Place Loan refinance option if necessary.

Please do hesitate to call us at [insert phone number] if you have any questions.

Sincerely,

[Lender]