



Multifamily Mortgage Business Lender Letter 20-06

April 7, 2020

To: Multifamily Lenders
From: Te-Mika Warner, Associate General Counsel
Subject: Lender Letter 20-06 - Loan Document Update

Highlights

Fannie Mae is updating the Loan Documents for additional reserve escrows required by a recent update to Fannie Mae's Multifamily Underwriting Standards (Form 4660) in response to the ongoing COVID-19 national emergency.

Loan Document Updates for Additional Reserve Escrows

Fannie Mae announced an update to the Multifamily Underwriting Standards (Form 4660) which implemented new reserve escrow requirements for Tier 2 and Tier 3 Mortgage Loans, effective March 25, 2020. As provided in [Notification 20-06](#), these additional escrows are for Principal and Interest payments, Tax and Insurance escrow payments, and the Replacement Reserve deposit, for which Borrowers must execute two new Loan Documents:

- Form 6102.25 – Modifications to Multifamily Loan and Security Agreement – Addenda to Schedule 2 – Summary of Loan Terms (Additional Reserve Escrows); and
- Form 6268 – Modifications to Multifamily Loan and Security Agreement (Additional Reserve Escrows)

These forms are being republished for minor revisions and to provide clarity in the drafting notes for how the Replacement Reserve deposit is to be calculated when closing a Supplemental Mortgage Loan.

In addition, as a condition to closing a Supplemental Mortgage Loan for which these escrows are required, an additional Principal and Interest reserve escrow is required on the Pre-Existing Mortgage Loan. For this additional Principal and Interest reserve escrow, Borrowers must execute either an amendment to the Loan Agreement for each Pre-Existing Mortgage Loan (if the Pre-Existing Mortgage Loan was documented using the 6000 Series Loan Documents) or an Additional P&I Escrow Agreement (if the Pre-Existing Mortgage Loan was documented using the 4000 Series Loan Documents).



For Mortgage Loans that are subject to the new reserve requirements, these Loan Documents may be modified on a delegated basis to:

- include a higher amount of reserves than required by Fannie Mae, or as required by Fannie Mae for certain products, (except that the Principal and Interest reserve must not be greater than 10% of the unpaid principal balance of the Mortgage Loan and must have a final disbursement release within 36 months); or
- hold the escrows in a non-interest bearing account to the extent permitted by law.

In addition, for Mortgage Loans that are not subject to the new reserve requirements, these Loan Documents may be used and modified on a delegated basis as provided above, or to delete one or more of the escrows not required by Fannie Mae.

Effective Date

The new Loan Documents may be used immediately and must be used for all loans with an executed Borrower Commitment dated March 25, 2020 or later.

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 new Loan Documents and clean versions of the revised Loan Documents are available on the Loan Documents page on multifamily.fanniemae.com.

- Loan Document Requirements (Form 6000) ([blackline](#))
- Modifications to Multifamily Loan and Security Agreement – Addenda to Schedule 2 – Summary of Loan Terms (Additional Reserve Escrows) (Form 6102.25) ([blackline](#))
- Modifications to Multifamily Loan and Security Agreement (Additional Reserve Escrows) (Form 6268) ([blackline](#))
- Multifamily Mortgage Loan Delivery Package Table of Contents (Form 6502) ([blackline](#))
- Amendment to Mortgage Loan and Security Agreement (Additional P&I Escrow) (Form 6640) [6000 Series]
- Additional P&I Escrow Agreement (Form 6641) [4000 Series]