Committing & Delivery of Unfunded Forwards
Multifamily Acquisitions
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committing Process</td>
<td>3</td>
</tr>
<tr>
<td>Navigating to C&amp;D</td>
<td>3</td>
</tr>
<tr>
<td>Deal Registration</td>
<td>4</td>
</tr>
<tr>
<td>Commitment</td>
<td>5</td>
</tr>
<tr>
<td>MBS Forward</td>
<td>5</td>
</tr>
<tr>
<td>Cash Forward</td>
<td>7</td>
</tr>
<tr>
<td>Credit Enhancement Forward</td>
<td>8</td>
</tr>
<tr>
<td>Conversion</td>
<td>8</td>
</tr>
<tr>
<td>Cash to MBS</td>
<td>9</td>
</tr>
<tr>
<td>Extension</td>
<td>12</td>
</tr>
<tr>
<td>Collapse</td>
<td>12</td>
</tr>
<tr>
<td>Fees</td>
<td>12</td>
</tr>
<tr>
<td>Delivery</td>
<td>14</td>
</tr>
<tr>
<td>Appendix A (Conversion Timeline)</td>
<td>15</td>
</tr>
<tr>
<td>Terminology</td>
<td>16</td>
</tr>
<tr>
<td>Contact Information</td>
<td>17</td>
</tr>
</tbody>
</table>

*Note: Click on the relevant section in the Contents table above to be navigated there.*
Committing Process
The commitment process section will detail how to navigate to C&D™ and register a deal within the application. It will also give step-by-step instructions on completing a commitment for an Unfunded Forward of an MBS, Cash or Credit Enhancement Execution Type as well as converting the forwards to a permanent commitment.

Navigating to C&D
   Click on the “Business Partners” dropdown then select “Multifamily.”

2. Click on the Delivery Section.

3. Under Applications, click on “C and D.”
4. Click on the “Launch App” button, this will open the C&D application and prompt the user for a username and password. After those fields are entered, click “Sign On” and the application will open.

![C&D Application Screenshot]

**Deal Registration**

1. In order to submit a commitment, deal registration needs to occur. In the dropdown, select “Create New Deal.” This will take you to the deal registration page.

![Deal Registration Screenshot]

2. Once in the deal registration page, fill out all applicable fields. Fields that have the symbol “+” next to the text boxes and dropdowns are required to be completed. If left blank the system will not allow deal registration. After information is entered, click “Register Deal” and “Validate this Page”.

   **Note:** The email entered in the “Seller Contact Email” field will be receiving any and all system notifications pertaining to the commitment of the deal.

   The definition for each field can be obtained by hovering the mouse cursor over the data field name.
3. After successful Validation of deal registration, click on the “Commitments” button. Click on the dropdown next to “Add Commitment.” This will display six different options. The options relevant to Forward Transactions are: Cash Forward, MBS Forward & Credit Enhancement Forward. Select the appropriate execution type.

Commitment
For Forward transactions, C&D requires two commitments – a Forward Commitment and a Permanent Commitment. The Forward Commitment is submitted prior to the construction phase and the Permanent Commitment is submitted prior to final delivery when converting.

MBS Forward
1. The first section of the commitment is the “Commitment Information” section. The “Fannie Mae Pre-Review” dropdown field should always be “Pre-Review.” The Commitment Expiration Date represents the last day of when the lender must deliver the Mortgage Loan for purchase by Fannie Mae, this is typically a 24 or 30 month period (not including delegated extension).

2. Lender should populate all required fields in the “Forward Commitment Information” section.

3. In the Pricing Attributes section; Other Attributes of “Substantial Rehab” or “New Construction” must be selected. Substantial Rehab can be defined as building(s) being renovated or rehabilitated. New Construction can be defined as “building(s) are under construction where no previous building(s) existed.”
4. Fill out all required and applicable fields in the Commitment Details Section.

5. Select the applicable Loan Term/Yield Maintenance Term from dropdown. Upon selection, the system will prompt the Prepayment Protection Types and Defeasance section. Select the appropriate Declining Premium Schedule.

6. Please see the "Fees" section of this document for all information pertaining to transaction fees.

7. Fill out the applicable fields in the Lender Certificate section.

8. Any additional important information regarding the deal that may be of use to the Fannie Mae Analyst should be entered in the Lender Comments text box. After the page is complete, click "Save."
9. Click on the Collateral Tab, in the drop down select “Property.” The system will automatically take you to the Property Collateral page. Complete the Short Property information. Click “Save” and “Validate Short Property Collateral.”

![Property Collateral page]

10. Return to the Commitment page, in the “Property Association” section, select the checkbox to associate the collateral record with the Commitment.

![Commitment page]

11. Upon completion of the commitment, click “Save” then “Validate This Page.” The system should display an errors and the type of error (waivable/non-waivable). Work with Fannie Mae Analyst to have errors corrected, then the commitment should be submitted. When Fannie Mae confirms the commitment, a notification email will go out to the address provided in the registration tab of confirmation.

![Commitment page]

**Cash Forward**

Many of the data fields to be completed in the initial Cash Forward in C&D are identical to those fields in the initial MBS Forward Commitment. Below are the sections and fields that are specific to a Cash Forward. The other steps should be identical.

1. **Purchase Price** – The price in which Fannie Mae agreed to pay for the mortgage loan expressed as a percentage.

![Cash Forward page]
Credit Enhancement Forward

Many of the data fields to be completed in the initial Credit Enhancement Forward commitment in C&D are identical to those fields in the initial MBS Forward Commitment. Below are the sections and fields that are specific to a Credit Enhancement Forward. The Unfunded Forward Type must be “Standby” since the Execution Type is Credit Enhancement. The other steps should be identical.

1. Credit Enhancement Type dropdown will be “Credit Enhancement Instrument / Closed Indenture.” Credit Enhancement Payment Type will be either “Direct Pay” or “Standby.”

   Direct Pay - Fannie Mae has contracted to make payments directly to the Bond Trustee on a specified date.

   Standby - Construction Lender makes payments to the Bond Trustee and Fannie Mae is in a stand-by position in the event a payment is not made.

2. In the Commitment Details Section, there are three fields specific to a Credit Enhancement, “Credit Enhancement Fee Rate (%)” is a required field and must be populated, and the others are “Credit Enhancement Liquidity Fee Rate” and “Credit Enhancement Principal Reserve Fund Fee Rate” if a variable rate transaction.

Conversion

This is available to Lender Analyst and Lender Manager Roles only when the initial Forward Commitment is in “Confirmed” state. Before the lender can convert the initial forward commitment to a permanent commitment in C&D, they must obtain a Conversion approval letter. At least ten days prior to the conversion date, the lender will need to upload the following Forward Commitment Loan Documents in DUS Gateway: 4212 (Conversion Loan Analysis Work Sheet), 4618 (Conversion Analysis Summary) & 4243 (Certification to Project Rent Rolls & Instructions). After these documents have been uploaded in Gateway, notify Credit Risk Management via DUS Gateway. If there is approval for conversion after Credit Risk Management’s review of the documents, lender will receive a Conversion approval letter. Forward this letter to Fannie Mae Acquisition analyst. After this, follow the below steps on the conversion process within C&D. (For more information on the timeline of the conversion process, refer to Appendix A at the end of this document.)

1. After logging in C&D, the Transaction Listing: By Deal/Summary by Deal screen displays.
2. To display a list of all commitments, click on the By Commitment tab. The Summary By Commitment screen displays a list of all commitments.
3. To select a forward commitment to convert to permanent, click the Commitment Number hyperlink in the Commitment Number column for a Forward Commitment in the Confirmed state. The Commitment screen will appear, displaying all previously confirmed data.
4. To begin the conversion process, click the “Convert to Permanent” button.
NOTE: Within the new commitment, the Conversion Type is defaulted to Forward Conversion (funded or unfunded) and the Old Forward Commitment Number is populated.

5. The Commitment screen redisplay containing a new draft commitment with relevant information copied from the Forward Commitment.

NOTE: Within the new commitment, the Conversion Type is defaulted to Forward Conversion (funded or unfunded) and the Old Forward Commitment Number is populated.

6. Complete any data that did not get carried over from initial commitment, these include as follows:

- Additional Disclosure Indicator, Comments and Contact information. For Additional Disclosure guidance, referenced the Form 4098.

- In the Pricing Attributes section, the Green Financing Type and Additional Debt indicator will need to be selected. Also, select the check boxes in “Other Attributes” that are applicable to the deal.

- In the Commitment Details section, populate the fields “Date of Trade (mm/dd/yyyy)” and “Original Book Entry Date.” Since Short property data on the collateral tab was completed during the initial forward commitment submission, this does not need to be adjusted, collateral association to the permanent commitment should already be complete.

7. Save, Validate, and submit the new draft commitment.

Cash to MBS

The following steps provide an overview of the processes needed to convert an Unfunded Cash Forward Commitment to a permanent MBS:

1. Obtain approval from Credit Risk Management to convert your Unfunded Cash Forward Commitment to a permanent MBS at least ten days prior to conversion date.
2. An authorized trader for your lending organization must contact the Multifamily Desk (Desk) to create an MBS ticket at least 3 business days prior to closing with the borrower. Upon calling, the Desk will confirm the details of the Cash Forward converting and Settlement Date/Book Entry Date of the MBS.
   - The authorized trader must also send an e-mail to the Desk with conversion confirmation and settlement information for inclusion in the trade package.

3. Perform the following activities by 9:00AM EST at least 3 Business Days prior to closing with the borrower:
   - Create a permanent Cash Commitment, to do so, access the Unfunded Cash Forward Commitment in C&D™. Click the “Convert to Permanent” button on the Commitment page to create a permanent Cash Commitment. A new permanent Commitment Number will be generated.
   - Click Save to save the Commitment, but do not submit it.
   - Send an e-mail to the Forwards team mailbox (mf_forwards_team@fanniemae.com) notifying your Fannie Mae Analyst that your Cash Forward Commitment is converting to a permanent MBS.
   - Send your conversion approval letter via e-mail to the Forwards team mailbox (mf_forwards_team@fanniemae.com).

4. Your Fannie Mae Analyst will:
   - Access C&D to retrieve the permanent Commitment that has been created.
   - Complete a change request in C&D to change the permanent Commitment execution type from Cash to MBS.

5. Fannie Mae will contact lender to confirm that data change of execution type is MBS and to complete the submission of the new MBS Commitment. Do not submit permanent commitment until instructed from Acquisition Analyst.

6. Complete the following additional fields on the permanent Commitment page of C&D:
   - Fannie Mae Pre-Review (yes)
   - Additional Disclosure (if yes, complete AD comments, AD Seller Contact Name and AD Seller Contact E-mail)
   - Trader (Investor)
7. Submit the permanent Commitment for confirmation in C&D.
Extension
An extension pertaining to an Unfunded Forward pertains to the failure to deliver/convert to a Permanent Mortgage Loan before the commitment expiration date and requires additional time to meet Fannie Mae guidelines for conversion.

Lender must submit a request to the Credit Risk Management team in DUS Gateway 30 calendar days prior to the Forward commitment expiration date. Once the Lender has Fannie Mae approval to extend the deal, at least 1 business day prior to the commitment expiration date, the Lender must ensure all conditions to the extension agreement have been met. This includes the execution of the extension agreement, receipt by Fannie Mae of any fees, and delivery of any amended collateral. Please see Fee section of this document for information regarding extension fees and how that is carried out within C&D.

When it has been determined and approved that an extension will occur for an unfunded forward, a change request must be submitted in C&D to adjust the new Commitment Expiration Date. After successful submission of the change request, the Acquisition analyst will notify the lender when the change has been completed in C&D.

Collapse
A collapse is a Forward transaction that failed to deliver/convert to a Permanent Mortgage Loan within the commitment period (also known as a "failed delivery").

- Lender must submit a request to the Credit Risk Management team 30 calendar days prior to the Forward commitment expiration date.
- For Bond transactions, Fannie Mae Counsel will coordinate the collapse process.

Lender to reach out to the Acquisition analyst for instructions on how to withdraw the deal in C&D.

Fees
1. To enter a fee into C&D, navigate to the Transaction Fees section of the commitment page and select “Add New Row.”

   ![Fee Table Image]

2. Select the appropriate Fee Type:
   - Delivery Fee – If applicable, this fee will have been determined by Fannie Mae.
   - Due Diligence – If applicable, this fee will have been determined by Fannie Mae.
   - Excess Origination – This would only be applicable for the permanent commitment, see FNMA Response letter for possible stipulation.
   - Forward Commitment – This fee is also known as the Good Faith Deposit, this fee is refunded to the lender at delivery. Fee Payment Method is FNMA to Draft, for bonds this fee is wired. The commitment fee can also be in the form of a Letter of Credit. If a forward fails to convert to a permanent commitment, the commitment fee is retained by Fannie Mae. If an LOC is used, adhere to the following steps:
     - Navigate to the Collateral Tab in C&D
     - Click on the “Add New” dropdown, select “Letter of Credit”
Fill out the collateral information, save and validate. Work with Acquisition analyst to resolve any system edits.

Note: LOC Provider rating requirements are minimum rating of an “A” with a positive outlook.

Return to the Commitment page, in the Transaction Fees section, click “Add New Row.” Fee Type should be “Forward Commitment.” Under Fee Payment Method, select the LOC.

Reach out to the Acquisition Analyst for where the LOC should be mailed to. This should be mailed in after rate lock.

- Forward Standby – Otherwise known as the Upfront Fee payable at commitment, see FNMA response letter for exact amount.
- Forward Extension – In the case that an extension is used, the FNMA Response Letter will indicate the fee amount (in basis points) of the extension.
- Large Loan – This would only be applicable for the permanent commitment, see FNMA Response letter if Large Loan fee is applicable for the specific deal.
3. Enter the Actual Fee Amount.

4. The Y/N indicator for “Full or Partial Fee Waiver” should be No.

5. Fee Payment Method should be “FNMA to Draft” for MBS Execution Type.

**Delivery**

Submission of the data and documents must occur as follows:

- Lender to submit pool for securitization and send documents overnight to Certification Team at least 7 business days prior to the Book Entry/Settlement date in order to meet the SLA.

- Lender enters additional required data (loan, collateral, participant and pool data) into C&D and addresses any system edits (warnings, overridable and non-overridable). Reach out to Fannie Mae Acquisition Analyst for assistance in clearing any system edits.

- Lender submits cash loan for purchase, pool for securitization or Bonds for credit enhancement in C&D.

- Lender sends required documents overnight, on the same day as the data submission in C&D, to the attention of the Fannie Mae Multifamily Certification & Custody team (13150 Worldgate Drive, Herndon, VA 20170)

- Lender uploads underwriting documents to DUS DocWay™

- Fannie Mae reviews documents and data for certification.
  
  - Multifamily Certification & Custody Team (MF C&C) performs a quality control review of property data elements, comparing data in Multifamily C&D against data on Underwriter Narrative Form (Form 4662). MF C&C Team works with Lender to resolve data and document discrepancies, if applicable. MF C&C Team performs a review of the data and documents for certification.

- Fannie Mae generates purchase advice and prepares transaction for funding or closes pool to issue security on Book Entry Date (MBS).

- After the loan purchase/securitization, Fannie Mae will return any applicable fees to the Lender.

- Acquisitions Team closes the pool. Pool data is sent to third-party data vendors and to the Federal Reserve.

- Disclosure Operations Team performs final review of draft disclosure documents and publishes the pool to DUS Disclose.
## Appendix A (Conversion Timeline)

<table>
<thead>
<tr>
<th>Schedule of Activities</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction Period</strong></td>
<td>Lender monitors the construction loan, lease-up status, evaluates inspections and change orders and provides Fannie Mae quarterly updates by completing and submitting Form 4211 to the National Affordable Housing Team. The Lender should inform the National Affordable Housing Team of any risk to the timeliness of conversion and delivery.</td>
</tr>
<tr>
<td><strong>90 days prior to Final Delivery Date</strong></td>
<td>Lender initiates contact with National Affordable Housing Team and provides status of project development and anticipated conversion and delivery. The National Affordable Housing Team may forward a “Reminder Letter” to the Lender listing Forward Commitments issued to such Lender expiring within the next 90 days and requiring the Lender to provide written notification of the status for each listed forward.</td>
</tr>
<tr>
<td><strong>60 days prior to Final Delivery Date</strong></td>
<td>Lender responds to any “Reminder Letter” and provides status of development and extension request (if applicable).</td>
</tr>
<tr>
<td><strong>30 days prior to Final Delivery Date</strong></td>
<td>Lender coordinates closing with Construction Lender.</td>
</tr>
<tr>
<td><strong>No more than 20 and no less than 10 Business Days prior to Final Delivery Date</strong></td>
<td>If there are any Fannie Mae imposed conditions which require submission of evidence of compliance, the Lender must provide the National Affordable Housing Team with such evidence during this time period. A completed Form 4212 and Form 4618, must be submitted to the National Affordable Housing Team. Once the National Affordable Housing Team has received appropriate evidence that all Fannie Mae imposed conditions are met (if any), the National Affordable Housing Team will notify the Lender. Lender must submit the Commitments for the permanent Mortgage loan on C&amp;D. DUS Lender sends Notice of Conversion to Fannie Mae’s Multifamily Operations and the National Affordable Housing Team. The conversion to the permanent commitment should be submitted at least 3 days before closing with the borrower.</td>
</tr>
<tr>
<td><strong>7 Business Days prior to Final Delivery Date</strong></td>
<td>Lender submits permanent Mortgage Loan data via C&amp;D, orders the MBS (for MBS financing only) and delivers the permanent Mortgage Loan Delivery Package.</td>
</tr>
</tbody>
</table>
Terminology

**Forward** - A commitment to purchase or securitize a Mortgage Loan for a newly constructed or substantially rehabilitated Multifamily Affordable Housing property.

**Forward Commitment** - Fannie Mae’s present obligation to purchase and the Lenders’ obligations to sell, or Fannie Mae’s present obligation to securitize and the Lender’s obligation to deliver, a specific Mortgage Loan at a specified interest rate (except in the case of unfunded commitments or ARM Mortgage Loan commitments). This is evidenced by a Forward commitment confirmation, upon completion of construction, lease up and stabilization of the property and satisfaction of the conditions to closing.

**Funded Forward** - Commitments where Fannie Mae advances funds (cash) or credit enhances (Bonds) during the construction period.

**Unfunded Forward** - 1) Cash loans whereby no funds are advanced during the construction period, 2) Bonds that Fannie Mae does not credit enhance or 3) MBS transactions.

**MFFA** - The Multifamily Forward Financing Agreement (MFFA) is an agreement between Fannie Mae and the Construction Lender detailing the cash financing structure and defined terms.

**CPFA** - The Construction Phase Financing Agreement (CPFA) is an agreement between Fannie Mae and the Construction Lender detailing the bond financing structure and defined terms.

**Letter of Credit** - Used to secure repayment of the construction advance loan and/or commitment fee.

**Forward Commitment Fee** - A fee is due and payable to Fannie Mae within 48 hours after commitment confirmation in the Acquisitions system (Committing & Delivery for Cash/MBS or Bonds). The commitment fee is drafted from the Lender’s account (Bond fees are wired). The commitment fee can also be in the form of a Letter of Credit or Note. If a Forward fails to convert to a Permanent Mortgage Loan the commitment fee is retained by Fannie Mae.

**Funding Date** - The date that the Lender requires Fannie Mae to advance funds to the Construction Lender (Funded Cash transactions only).

**Commitment Expiration Date** - The date that the Forward commitment expires.

**Final Delivery Date** - The final date for delivery of the Permanent Mortgage Loan to Fannie Mae and the final maturity date of the construction advance loan as such date may be accelerated or extended in accordance with the terms of the MFFA, as set forth in the Forward commitment confirmation.

**Conversion** - After construction completion, the Lender delivers the Permanent Mortgage Loan to Fannie Mae for purchase (conversion). The loan delivery is subject to satisfaction of certain requirements per the DUS Guide.

**Collapse** - A Forward transaction that failed to deliver/convert to a Permanent Mortgage Loan within the commitment period (also known as a “failed delivery”).

**Extension** - Additional time needed for a Forward transaction to convert to a Permanent Mortgage Loan before the commitment expiration date.

**Extension Fee** - This is the fee assessed by Fannie Mae to extend the final delivery date, if applicable.
## Contact Information

<table>
<thead>
<tr>
<th>Team</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multifamily Acquisitions (Conventional &amp; Affordable)</td>
<td><a href="mailto:mf_acquisitions@fanniemae.com">mf_acquisitions@fanniemae.com</a></td>
</tr>
<tr>
<td></td>
<td><a href="mailto:mf_forwards_team@fanniemae.com">mf_forwards_team@fanniemae.com</a></td>
</tr>
<tr>
<td>Data Change Team</td>
<td><a href="mailto:SU_Requests@fanniemae.com">SU_Requests@fanniemae.com</a></td>
</tr>
<tr>
<td>Certification &amp; Custody Team</td>
<td><a href="mailto:MultifamilyCertification-Group-FWD@fanniemae.com">MultifamilyCertification-Group-FWD@fanniemae.com</a></td>
</tr>
<tr>
<td>Multifamily Disclosure</td>
<td><a href="mailto:mfmbs_disclosureqa@fanniemae.com">mfmbs_disclosureqa@fanniemae.com</a></td>
</tr>
<tr>
<td>DUS DocWay</td>
<td><a href="mailto:DUSDocWay_Support@fanniemae.com">DUSDocWay_Support@fanniemae.com</a></td>
</tr>
<tr>
<td>Capital Markets Operations</td>
<td><a href="mailto:capmktsopts_settlements@fanniemae.com">capmktsopts_settlements@fanniemae.com</a></td>
</tr>
</tbody>
</table>