



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## Section 701

### Conversion Process

#### Requirements

For a Mortgage Loan originated using Fannie Mae form Loan Documents that automatically converts to a variable rate or a fixed rate per the Loan Documents, you must comply with the Loan Documents.

For a Mortgage Loan originated using non-Fannie Mae form Loan Documents with a conversion option or other interest rate change (automatic or otherwise), you must

- comply with the Loan Documents, and
- contact Multifamily Acquisitions.

You must use the following table to determine the conversion process.

For conversion of...	You must...
An ARM Loan or a SARM Loan to fixed rate	Comply with this Chapter.
A variable rate Mortgage Loan in a Structured Transaction to fixed rate	Comply with <a href="#">Part IV, Chapter 2: Rate Lock and Committing</a> .
A Hybrid ARM Loan to the adjustable rate term	Comply with <a href="#">Part III, Chapter 12: Hybrid Adjustable Rate Mortgage (Hybrid ARM) Loans</a> .
A variable rate Credit Enhancement Mortgage Loan to fixed rate	Comply with <a href="#">Part III, Chapter 18: Bond Transactions and Credit Enhancement Mortgage Loans</a> .

#### Guidance

For information about the ARM Loan and SARM Loan conversion process, refer to [Frequently Asked Questions \(FAQs\) Exercising the Fixed Rate Conversion Option for an Adjustable Rate Mortgage Loan \(ARM Loan\) or a Structured ARM Loan \(SARM Loan\)](#).



# Glossary

## A

Adjustable Rate  
Mortgage Loan

Mortgage Loan with an interest rate that periodically adjusts based on an Index per the Note or Loan Documents.

### **Synonyms**

- ARM Loan
- Adjustable Rate Mortgage Loans
- ARM Loans

## C

Credit Enhancement  
Mortgage Loan

Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by

- a Credit Enhancement Instrument, or
- an MBS for Bonds.

### **Synonyms**

- Credit Enhancement Mortgage Loans

## H

Hybrid ARM Loan

Mortgage Loan with a total term of 30 years, comprised of an initial term when interest accrues at a fixed rate, and which automatically converts to a term where interest accrues at an adjustable rate.

### **Synonyms**

- Hybrid ARM Loans

## L



## Loan Documents

All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

### **Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## **M**

## Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by

- the Loan Documents, or
- a mortgage debt obligation with a Fannie Mae credit enhancement.

### **Synonyms**

- Mortgage Loans
- Mortgage Loan's

## Multifamily Acquisitions

Team that can be contacted at [mf\\_acquisitions@fanniemae.com](mailto:mf_acquisitions@fanniemae.com).

## **R**

## Rate Lock

Agreement between you and the Investor containing the terms of the Lender-Arranged Sale or Multifamily Trading Desk trade of the Mortgage Loan and the MBS terms and conditions relating to the underlying MBS, if applicable, which may be documented via a recorded telephone conversation.

### **Synonyms**

- Rate Locks