Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of September 28, 2026

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409.02D Adjusting Interest Rate Hedge Reserves for SARM Loans Using Form 6442 Series with an Effective Date of May 2024 or Later

Every 6 months the Servicer must adjust the required Interest Rate Cap escrow amount based on 110% of the current cost of the replacement Interest Rate Cap.

Glossary

I

Interest Rate Cap	Interest rate agreement between the Borrower and a provider for which the Borrower receives payments at the end of each period when the interest rate exceeds the Cap Strike Rate. The Interest Rate Cap provides a ceiling (or cap) on the Borrower's Mortgage Loan interest payments. **Synonyms** • Interest Rate Caps • Interest Rate Hedge • Interest Rate Hedges • Interest Rate Swap • Interest Rate Cap's

R

Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement

S

Servicer	Primary Person servicing the Mortgage Loan, including • the originator, • seller, or • a third party. **Synonyms** • Servicers • Servicer's

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