



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of September 8, 2025

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



TABLE OF CONTENTS

Part III Section 506 Medicaid Funds 3

 506.01 Dependency and Medicaid Transition Reserve 3

 506.02 State Medicaid 3

GLOSSARY 5



Section 506 Medicaid Funds

506.01 Dependency and Medicaid Transition Reserve

Requirements

You must analyze the EGI to determine the percentage derived from payments under a Medicaid provider agreement with a government authority or managed care organization (Medicaid Funds).

Operating Procedures

If more than 20% of the EGI is derived from Medicaid Funds, Fannie Mae may require that you

- establish a Medicaid transition reserve account, and/or
- enter into an account control agreement with the Borrower.

If Fannie Mae requires a Medicaid transition reserve, you must:

- determine the appropriate amount of the reserve by considering the
 - reimbursement rates of the government authority or managed care organization, and
 - percentage of Medicaid-supported residents at the Property;
- ensure that the Borrower sufficiently funds the reserve; and
- use the Modifications to Multifamily Loan and Security Agreement (Medicaid Transition Reserve) ([Form 6237.SRS](#)) and Modifications to Multifamily Loan and Security Agreement – Addenda to Schedule 2 – Summary of Loan Terms (Medicaid Transition Reserve) ([Form 6102.21.SRS](#)).

If Fannie Mae requires an account control agreement, you must

- require the Borrower to deposit the Medicaid Funds into a controlled account,
- include in the agreement an acknowledgement of Fannie Mae's first Lien on, and control over, the Medicaid Funds, and
- obtain Fannie Mae's approval if you elect not to use Fannie Mae's form.

506.02 State Medicaid



Requirements

The Property must be located in a state that has a

- Medicaid waiver in place, or
- Medicaid plan that allows for the payment of services and housing costs from Medicaid Funds.

You must document the Medicaid waiver or plan and demonstrate that it allows for the payment of services performed, and housing costs incurred, at the Property.



Glossary

B

Borrower Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

L

Lien Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind.

Synonyms

- Liens

M

Medicaid Funds Funds paid to a provider by governmental authorities or managed care organizations, under Medicaid provider agreements.

P

Property Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

Synonyms

- Properties
- Property's

S



Security

MBS, PFP MBS, or REMIC.

Synonyms

- Securities