



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of December 1, 2025

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Section 1101

Description

☒ Requirements

A SARM Loan is an ARM Loan with an external Interest Rate Cap.

Product Description	
Plan Number	04932 - 30-Day Average SOFR
Term	5 to 10 years
Funding Type	MBS or Cash
Index	30-Day Average SOFR
Rate Change Date	Date the interest rate changes based on changes in the selected Index.
Index Look-Back Period	1 Business Day before the Rate Change Date.
Interest Rate Floor	Must be equal to or greater than the sum of the <ul style="list-style-type: none">• Guaranty Fee,• Servicing Fee, and• Investor spread.
Lockout Period	1 st Loan Year
Prepayment Availability	After the lockout period, voluntary prepayments permitted per the selected prepayment option.
Minimum Loan Amount	\$25 million
Interest Rate	Equals the sum of the <ul style="list-style-type: none">• Index,• Guaranty Fee,• Servicing Fee, and• Investor spread.
Interest Rate Adjustment	<ul style="list-style-type: none">• Occurs everymonth.• Except for the Interest Rate Floor, has no limit on number or size of rate changes.



Product Description	
Interest Rate Cap	Required for the entire SARM Loan term.
Interest Accrual Method	Actual/360
Amortization	Amortizes with fixed monthly principal installments based on a calculated actual/360 fixed rate payment.
Conversion to Fixed Rate	Permitted per Part IV, Chapter 7: Variable Rate Conversions and Renewals, Section 702: ARM Loan and SARM Loan Conversions .
Investors	<ul style="list-style-type: none">• Third Party MBS Investor, or• Multifamily Trading Desk.
Rate Lock	<ul style="list-style-type: none">• Maximum 45-day Commitment.• No rate change permitted before Delivery.



Glossary

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30-Day Average SOFR Compounded average of SOFR over a specified interest period of 30 days.

B

Business Day Any day other than a

- Saturday,
- Sunday,
- day when Fannie Mae is closed,
- day when the Federal Reserve Bank of New York is closed, or
- for any MBS and required remittance withdrawal, day when the Federal Reserve Bank is closed in the district where any of the MBS funds are held.

Synonyms

- Business Days

C

Commitment Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan.

Synonyms

- Committed
- Commitments

D



Delivery

Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Mae's satisfaction.

Synonyms

- Deliver
- Delivered
- Deliveries

G

Guaranty Fee

Fee retained by Fannie Mae for credit enhancing a Mortgage Loan or assuming credit risk on a Mortgage Loan, and which may be expressed as a percentage.

Synonyms

- Guaranty Fees

I

Index

Basis for determining the Gross Note Rate of an ARM Loan, including any required alternative index that may be determined necessary by Fannie Mae because the Index is no longer widely accepted or has been replaced as the index for similar financial instruments.

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



Investor MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan.

Synonyms

- Investors
- Investor's

L

Loan Year Period beginning on the date of the Note and ending on the last day of the month that is 12 full months after the date of the Note, and each successive 12-month period thereafter.

Synonyms

- Loan Years

M

MBS Mortgage-Backed Security

Multifamily Trading Desk Team that quotes interest rate pricing for a Mortgage Loan and can be contacted at (888) 889-1118.

P

Plan Number Number identifying the applicable loan characteristics for any Mortgage Loan that accrues interest at a variable rate at any time during the loan term.

Synonyms

- Plan Numbers

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

S

Servicing Fee

Fee a Servicer receives for collecting payments, managing operational procedures, and assuming your portion of credit risk for a Mortgage Loan, and which may be expressed as a percentage.

Synonyms

- Servicing Fees

T

Third Party MBS Investor

MBS Investor for an MBS Mortgage Loan that is not the Multifamily Trading Desk.

Synonyms

- Third Party MBS Investor's