



Notification 23-19: Form 4254.DEF

Effective: 08/31/23

Retired: 03/02/24

Summary of Changes

HIGHLIGHTS

Effective for Quarter 2 2023 Operating Statement submissions for SARM Loans:

- extended the submission deadline until **October 16, 2023**; and
- updated the Multifamily Analysis of Operations (Form 4254.DEF) to:
 - align with pending CREFC changes; and
 - revise the Fannie Mae Debt Service calculation if the Borrower:
 - receives income per an interest rate cap agreement; or
 - escrows for a replacement interest rate cap.

Primary Changes

Updated Form 4254.DEF to adjust the Fannie Mae Debt Service calculation as follows:

- for any income the Borrower receives from an interest rate cap agreement:
 - exclude it from Other Income; and
 - subtract it from the Fannie Mae Debt Service; and
- for any replacement interest rate cap escrow payments:
 - exclude them from Other Expenses; and
 - add them to the Fannie Mae Debt Service.

The resulting debt service for a SARM Loan with an interest rate cap agreement equals:

- Principal; plus
- Interest; minus
- income received from an interest rate cap agreement; plus
- replacement interest rate cap escrow.



You must note any interest rate cap income and expense adjustments, estimates, and amounts in the Comments section.

Questions

Please contact the Multifamily Operating Statements Team at mf_operatingstatements@fanniemae.com with any questions.