# Fannie Mae's DUS Program
## Over 35 Years of Multifamily Risk Sharing

April 2025

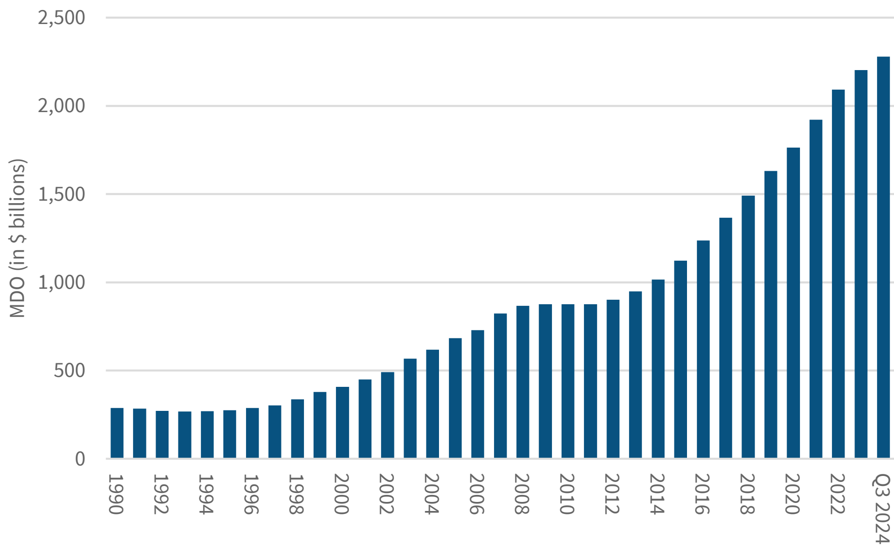
# Contents

Fannie Mae and the Multifamily Mortgage Market ..... 3
The DUS Program ..... 4
DUS Lenders ..... 5
DUS Loss-Sharing Arrangements ..... 6
Credit Quality of DUS Mortgage Loans ..... 6
DUS MBS ..... 7
Multifamily Megas ..... 8
Multifamily REMICs ..... 8
Interest Accrual Method for Payment of Interest ..... 9
Prepayment Premium ..... 9
Other Fannie Mae Multifamily MBS ..... 12
Appendix ..... 13

## Fannie Mae and the Multifamily Mortgage Market

Fannie Mae is the largest government-sponsored enterprise that provides financing for the multifamily market[1]. We support affordable multifamily housing by financing the acquisition and refinancing of individual properties or groups of properties.

### Figure 1: Multifamily Mortgage Debt Outstanding (MDO) from 1990 to Q3 2024*




DUS MBS offer Fannie Mae's guaranty of timely payment of principal and interest, lower-spread volatility relative to many other products, liquidity enhanced by the large number of dealers engaged in market making, stable cash flows that are easy to model, and superior call protection.

**Includes debt and commercial mortgage-backed securities.*

Since launching our Delegated Underwriting and Servicing (DUS®) program in 1988, we have played a central role in the multifamily mortgage market. We began by buying and holding loans. In 1994, we started securitizing them into DUS Mortgage-Backed Securities (MBS). These MBS are backed by our guaranty of timely principal and interest payments and offer benefits like lower spread volatility relative to many comparable products, stable and easily modeled cash flows, superior call protection, and enhanced liquidity supported by our active dealer network. In 2024, we issued approximately $55 billion in Multifamily DUS MBS.

We acquire multifamily loans mainly from our national network of DUS lenders. These loans are secured by multifamily properties, including apartment buildings, manufactured housing communities, seniors housing, dedicated student housing, military housing, and cooperatives with five or more individual units. Fannie Mae securitizes the loans into DUS MBS which lenders may keep for their own portfolios or sell to the market. We also buy and sell DUS MBS in the secondary market, allowing investors to create structured securities backed by these assets.

**Fannie Mae guaranteed approximately 21% of multifamily mortgages as of September 2024[1].**

DUS MBS offer Fannie Mae's guaranty of timely payment of principal and interest, lower-spread volatility relative to many other comparable fixed-income products, liquidity enhanced by the large number of dealers engaged in market making, stable cash flows that are easy to model, and prepayment protection.

A wide range of investors – including asset managers, commercial banks, credit unions, insurance companies, corporate pensions, endowments, and state and local municipalities – are attracted to Fannie Mae DUS MBS. This overview details the characteristics of DUS MBS, their performance, and key features of other Fannie Mae Multifamily securities.

[1] According to the Federal Reserve's September 2024 mortgage debt outstanding (MDO) release, Fannie Mae guaranteed approximately 21% or $477 billion of the $2.3 trillion total multifamily MDO.

## The DUS Program

The DUS program grants approved lenders the ability to underwrite, close, and sell loans on multifamily properties to Fannie Mae without prior Fannie Mae review. DUS lenders must adhere to rigorous credit and underwriting criteria and are subject to ongoing credit review and monitoring. They generally retain some of the risk in the loans they sell to Fannie Mae, ensuring an alignment of interests. DUS lenders can originate various loan structures, including fixed-rate, adjustable-rate, balloon, fully amortizing, and partial- and full-term interest-only multifamily mortgage loans. The most common final balloon maturities for fixed-rate multifamily loans are 5, 7, 10, 12, and 15 years, while adjustable-rate mortgage loans usually have final balloon maturities of 5, 7, or 10 years. Historically, the most common DUS MBS is a 10/9.5 fixed-rate loan (a 10-year balloon with 9.5 years of yield maintenance), followed by the 7/6.5 fixed-rate. These loans can be financed through MBS or Bond Credit Enhancement[2].

We also securitize affordable housing loans into DUS MBS, including those backed by Low-Income Housing Tax Credit (LIHTC) and Preservation LIHTC properties. A mortgage loan with affordable housing characteristics is generally secured by a mortgaged property with rent restrictions, income limitations, or other affordability requirements. These requirements are enforced through Housing Assistance Payments contracts, deed restrictions, or similar provisions that limit rents, impose income restrictions on tenants, or place other restrictions on the property in exchange for property tax assistance, interest reduction, or other subsidies from federal, state, or local agencies. While governmental entities generally impose these restrictions, we also support borrowers who voluntarily record these restrictions or forgo charging market rents to preserve the property as affordable housing.

**Table 1** shows the types of multifamily properties used as collateral for loans that may be securitized into DUS MBS.

### Table 1: Types Of Multifamily Mortgaged Properties Eligible for DUS MBS

| Property Type | Description |
|---|---|
| Multifamily | A multifamily loan secured by a residential property composed of five or more dwelling units and in which generally no more than 20% of the net rentable area is rented to, or to be rented to, non-residential tenants. |
| Cooperative | A multifamily loan made to a cooperative organization and secured by a first or subordinate lien on a cooperative multifamily housing project that contains five or more units. |
| Manufactured Housing | A multifamily loan secured by a residential real estate development with lots on which manufactured homes are located, together with amenities, utility services, landscaping, roads, and other infrastructure. |
| Seniors | A multifamily loan secured by a mortgaged residential rental property with any combination of independent living, assisted living, Alzheimer's/dementia care, or skilled nursing units. |
| Dedicated Student | A multifamily loan secured by multifamily rental properties in which 80% or more of the units are leased to undergraduate or graduate students. |
| Military | A multifamily loan secured by any multifamily rental property in which 40% or more of the units are occupied by individuals serving in, or employed by, the United States military. |

Multifamily MBS Prospectus documents on our website further detail multifamily mortgage loan and property types.

[2] Our Bond Credit Enhancement product provides credit enhancement for tax-exempt bonds issued by state and local housing finance agencies and is often used to finance Low-Income Housing Tax Credit (LIHTC) properties and preserve older, HUD-assisted properties.

## DUS Lenders

### Table 2: List of DUS Lenders[3]

| | |
|---|---|
| Arbor Commercial Funding I, LLC | KeyBank National Association |
| Basis Investment Group | Lument |
| Bellwether Enterprise Real Estate Capital, LLC | M&T Realty Capital Corporation |
| Berkadia Commercial Mortgage LLC | National Cooperative Bank[4] |
| Capital One, National Association | Newmark |
| CBRE Multifamily Capital, Inc. | Newpoint Real Estate Capital LLC |
| Citi Community Capital | NorthMarq Capital |
| Colliers Mortgage LLC | PGIM Real Estate Finance |
| Grandbridge Real Estate Capital, LLC | PNC Real Estate |
| Greystone Servicing Company, LLC | Regions |
| HomeStreet Capital Corporation | Walker & Dunlop, LLC |
| JLL Real Estate Capital, LLC | Wells Fargo Multifamily Capital |
| JP Morgan Chase and Co. | |

Each lender must maintain acceptable levels of capital and liquidity in relation to its Fannie Mae obligations. Generally, each lender must demonstrate real growth in its net worth and improvement in its liquidity as the size of its Fannie Mae servicing portfolio and its exposure relating to any other business activities increase. Lenders must also:

- Maintain an established business of originating and servicing multifamily mortgage loans.
- Hold a license or other authority to do business in each jurisdiction where required, and the license or other authority must not be suspended or revoked by any governmental body or regulatory entity.
- Employ qualified underwriting, originating, and servicing personnel, as it is the lender's responsibility to underwrite and service the mortgage loans it sells to Fannie Mae.
- Continue adequate internal audit and management control systems to evaluate and monitor the overall quality of its multifamily loan production and servicing activities.
- Have a financial status that meets Fannie Mae's standards.
- Maintain fidelity/surety bonds with errors and omissions insurance in amounts acceptable to Fannie Mae.

DUS lenders are also subject to quarterly and/or annual reviews to ensure that they continue to meet Fannie Mae's DUS lender eligibility requirements.

[3] For the most current list of DUS lenders, refer to our website.

[4] National Cooperative Bank is a non-DUS lender approved for cooperative property financing.

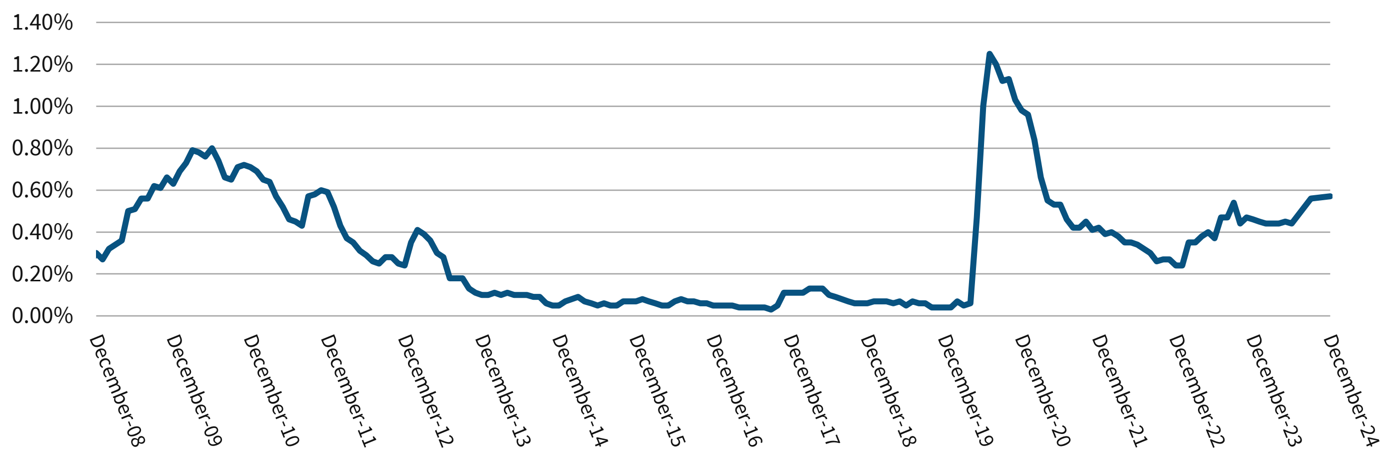
## DUS Loss-Sharing Arrangements

Fannie Mae delegates DUS loan underwriting and servicing to our DUS lenders.

Our loss-sharing arrangements with lenders vary. The most common arrangement is pari-passu, in which the lender bears one-third of the losses and Fannie Mae is responsible for the remaining two-thirds. Other arrangements could result in a DUS lender bearing a specified first-loss percentage for a transaction or the DUS lender having no loss-sharing obligation for a transaction.

Loss-sharing provides an incentive for DUS lenders to monitor and manage credit exposure on an active basis. As seen in **Figure 2**, the Fannie Mae multifamily serious delinquency rate (SDQ) reflects the company's strong standards with an SDQ rate of 0.57% as of December 31, 2024.

### Figure 2: Serious Delinquency Rates*




**Includes multifamily loans 60 days or more past due and is calculated based on the UPB of delinquent multifamily loans owned by Fannie Mae or underlying Fannie Mae-guaranteed securities, divided by the UPB of family loans owned by Fannie Mae or underlying Fannie Mae securities. SDQ rate includes loans that received a forbearance as a result of COVID-19-induced hardships.*

## Credit Quality of DUS Mortgage Loans

Eligible multifamily properties must be income-producing rental properties or cooperatives with at least five individual units. They must be existing, recently completed, or in need of moderate rehabilitation. Loan sizes typically range from $1 million to $50 million, with an average of $17 million as of December 31, 2024, and are generally "non-recourse"[5] to the borrower. DUS loans can usually be transferred to a new owner if Fannie Mae approves, and there's often a 1% transfer fee paid to Fannie Mae that is not passed on to MBS investors.

Each mortgage is underwritten to a three-tier credit structure based on debt service coverage ratio (DSCR) and loan-to-value ratio (LTV). **Table 3** provides general DSCR and LTV values for each tier for standard conventional multifamily loans. DSCR and LTV requirements are subject to change based on market conditions, and ranges can vary for affordable housing transactions.

Stricter underwriting standards may apply to other property types such as seniors housing, dedicated student housing, and manufactured housing. The prospectus published at MBS issuance will provide details about each transaction.

[5] Non-recourse: In the event of default, the lender agrees to take the pledged property as satisfaction for the debt and to have no claim on any other assets of the borrower.

### Table 3: Tier Level Credit Characteristics*

| Rating | Minimum DSCR | Maximum LTV |
|---|---|---|
| **Tier 2** | Not lower than 1.25 | Not higher than 80% |
| **Tier 3** | Within a range of 1.35 – 1.55 | Within a range of 65% - 55% |
| **Tier 4** | In excess of 1.55 | Below 55% |

** These figures provide general values only and are not an indication of the DSCR or LTV characteristics that will apply to any given MBS, regardless of tier. The DSCR, LTV, and tier for each MBS are disclosed in the prospectus and related Annex A for that MBS.*

In addition to tier assignments, each property underlying the multifamily MBS is subject to three assessments:

1. An **appraisal of the property** is performed by a licensed appraiser selected by the DUS lender. Appraisals must conform to Uniform Standards of Professional Appraisal Practice (USPAP) standards. As Fannie Mae does not approve specific appraisers, the DUS lender is responsible for selecting the appraiser and is solely accountable for their performance.
2. Either an **environmental assessment or an American Society for Testing and Materials (ASTM) screen** is required, and an ongoing operations and maintenance plan may also be required to ensure the property is operated in an environmentally sound manner.
3. A **physical needs assessment** must be completed by a qualified evaluator designated by the DUS lender. If tenant safety, marketability, or property conditions are compromised by unacceptable circumstances, repairs must be ordered. Generally, if the repairs are not completed by the time of closing, a reserve fund for payment of the repairs may be established.

Fannie Mae collects DSCR and Net Cash Flow (NCF) information and discloses it quarterly, or in some cases, annually. Actual transaction data may vary slightly from DUS Guide underwriting guidelines. A waiver or exception may be granted for a specific transaction if Fannie Mae determines it to be prudent.

## DUS MBS

DUS MBS carry Fannie Mae's guaranty of timely payment of principal and interest payments, which are paid to MBS investors monthly on the 25th calendar day (or the following business day if the 25th calendar falls on a non-business day). Upon maturity, the entire outstanding unpaid principal balance is paid to the investor on the 25th day of the month of maturity.

Fannie Mae makes on-time payments of scheduled principal and interest on our MBS. It's important to note that Fannie Mae DUS MBS and other issued securities are not debts or obligations of the United States or any of its agencies or instrumentalities other than Fannie Mae. Fannie Mae alone is responsible for making payments under its guaranty.

To align with the broader MBS market, Fannie Mae began making a Real Estate Mortgage Investment Conduit (REMIC) election for its fully guaranteed Multifamily MBS issued on or after January 1, 2021. The Multifamily MBS Trust Agreement and MBS Prospectus documents now include language referencing the REMIC election, though it does not alter the structure of the loans backing these securities. Our Multifamily MBS remain single-class, mortgage pass-through certificates, ensuring timely payments of principal and interest.

DUS MBS pools are classified by multifamily prefixes, which identify the underlying multifamily mortgage loan types. **Table 4** lists the top three most assigned multifamily pool prefixes from 2022 – 2024.

### Table 4: Top Three Most Commonly Assigned Multifamily Pool Prefixes from 2022 – 2024

| Prefix | Definition | At-Issuance UPB ($ billion) | % of total MBS/DUS |
|---|---|---|---|
| HY | Conventional, Balloon, Actual/360 interest day basis calculation; Multifamily; maturing or due in greater than seven years and less than 30 years. | $79.2 | 53% |
| HX | Conventional Short-Term, Balloon, Level-Payment Mortgages; Actual/360 interest day basis calculation; Multifamily; maturing or due in seven years or less. | $55.2 | 37% |
| HF | Conventional Adjustable-Rate Mortgages, Secured Overnight Financing Rate, Actual/360 interest day basis calculation; Multifamily. | $11.2 | 8% |

Typically, each DUS MBS pool contains one DUS loan but can also include multiple DUS loans from the same lender to the same or related borrowers. DUS MBS pools have no limits on the unpaid principal balance or the number of loans included in a single DUS MBS pool at issuance.

## Multifamily Megas

Fannie Mae began the DUS MBS Mega program in August 1996 to combine DUS MBS pools into a single, larger pool, enhancing geographic and collateral diversity while simplifying operations. These Fannie Megas® (Megas) are single-class, pass-through securities backed by groups of existing Fannie Mae DUS and/or Fannie Mae multifamily Megas. In a DUS MBS Mega, DUS MBS with the same prefix are pooled together. The combination of Fannie Mae MBS coupons is usually restricted to an inclusive 100-basis-point range from the highest to lowest Fannie Mae MBS coupon.

## Multifamily REMICs

Multifamily REMICs are multiclass mortgage-related securities that restructure principal and interest payments from underlying multifamily mortgages into separately traded securities. These REMICs primarily use DUS MBS as collateral and can be structured as:

- pass-through securities, where investors receive proportional cash flows, or
- sequential structures, featuring fixed-rate classes, floating-rate tranches, or inverse floaters.

Fannie Mae offers two specialized **Multifamily REMIC programs** to enhance liquidity and meet investor needs.

### Fannie Mae GeMS Program

Fannie Mae's Multifamily Capital Markets Desk creates Guaranteed Multifamily Structures™ (GeMS™), structured multifamily securities backed by selected multifamily MBS collateral from Fannie Mae's portfolio. GeMS are designed to attract institutional investors who seek:

- Larger, block-size transactions,
- diverse collateral pools for risk distribution,
- pricing close to par (through interest stripping) to ensure market stability, and/or
- customized cash flows to align with investment strategies.

### Alternative Credit Enhancement Securities (ACES)

Alternative Credit Enhancement Securities® (ACES®) allow dealers and investors to create customized, multiclass securities using DUS MBS as the primary collateral. ACES offer flexible structuring, including:

- Pass-through structures,
- fixed-rate and floating-rate classes, and
- inverse floaters for yield optimization.

Both GeMS and ACES REMICs enhance multifamily market liquidity, providing investors with structured options tailored to their risk tolerance and return objectives.

## Interest Accrual Method for Payment of Interest

The interest accrual method is how we calculate accrued interest and coupon payments. DUS MBS use one of two methods:

1) 30/360 — Uses 30 days for each month and a 360-day year.
2) Actual/360 — Uses the actual number of days in each month and a 360-day year; or

The difference is that the amount of each monthly payment allocated to interest will be based on 30 days in a month for the 30/360 method and on the actual number of calendar days during the month for the Actual/360 method. In a 31-day month, more of the payment goes to interest with the Actual/360 method. Loans using the Actual/360 method amortize more slowly and generate more interest than loans at the same note rate using the 30/360 method. As a result, a fully amortizing loan accruing interest on an Actual/360 basis is likely to have an outstanding principal balance on the stated maturity date of the loan.

Most of our loans use the Actual/360 accrual method. You can find the interest accrual method for each loan on DUS Disclose.

## Prepayment Premium

Each DUS loan usually has a fee, also called a prepayment premium, for early payoffs. For fixed-rate loans, this is often either a yield maintenance premium or a declining premium that decreases over time based on the remaining loan amount. For adjustable-rate loans, the prepayment premium is either a fixed percentage or a declining percentage of the remaining loan amount. There are also other ways to calculate these fees. The prospectus will explain the prepayment premium for the loan in the MBS and how it's calculated. It will also say if investors share in any prepayment premiums collected and how those fees are divided.

### Yield Maintenance

Yield maintenance is a common way to protect against early loan payoffs. Borrowers may pay off their loans early, but with an extra fee called a yield maintenance premium. This fee applies during a specific time period called the yield maintenance period. If a borrower voluntarily prepays a mortgage loan during this time, the fee is calculated using a standard method explained on **page 11**.

Fannie Mae will pass any remaining premium to the investor only after deducting its portion from the collected premiums. Fannie Mae does not guarantee these fees and will only pass on the investor's share if it collects the fee. If a borrower prepays a mortgage loan on or after the yield maintenance end date, no prepayment premium is due to the investor.

The yield on Treasury reference rates is used to calculate the yield maintenance prepayment premium and how much yield an investor is due compared to the pass-through rate they receive on their MBS. If the MBS rate is higher than the Treasury reference rate, the investor gets the present value of future cashflows (calculated using an annuity factor) based on the difference and the remaining loan amount. If the yield on the Treasury reference note or securities is calculated to be zero, the number 0.00001 may be deemed to be the yield on the Treasury reference note for the calculation.

If the borrower pays off the loan early after the yield maintenance period ends, they may be charged a 1% prepayment premium based on the amount of prepaid principal. These 1% prepayment premiums are not shared with MBS investors. Fannie Mae publishes monthly yield maintenance information on DUS Disclose, which investors can use to calculate their share of yield maintenance for MBS paying yield maintenance in the current month. More details are in the appendix of this document.

### Declining Premium

Another prepayment premium option is a variable schedule, known as a declining premium or a fixed premium. The declining premium is based on a percentage of the current unpaid principal balance; the percentage decreases over time.

This option can be used on fixed-rate or ARM loans. ARM loans with declining premiums usually have a prepayment lockout period for the first 12 months, meaning the borrower can't pay off the loan early during this time, except for payments resulting from casualty or condemnation. The prospectus will describe the lockout term and the schedule for the declining prepayment premium.

### Defeasance

Defeasance is an alternative to prepayment premium. The borrower chooses this at origination, allowing a property to be released from the mortgage lien early in exchange for Fannie Mae or U.S. Treasury securities as collateral.

Defeasance reduces the risk of reinvesting prepayment proceeds in an uncertain interest rate environment because it doesn't change the expected cash flow to investors.

Different prepayment protection methods on DUS loans provide compensation to investors and reduce the incentive for a DUS loan to pay off early. Voluntary partial prepayments are not usually allowed on DUS loans, but involuntary prepayments such as condemnation awards or insurance proceeds can happen. Investors can find the prepayment premium or yield maintenance formula for a loan by reading the prospectus for that MBS.

# Illustrative Example Calculation of the Yield Maintenance Fee for a 5-year DUS Loan With 4.5 years of Yield Maintenance

### Characteristics of multifamily loan to be voluntarily prepaid:

- Fannie Mae multifamily mortgage loan note rate = 5.51%.
- MBS pass-through rate = 4.67%.
- $8,458,000.00 of principal prepaid voluntarily.
- Expected actual paydown date of March 26, 2025.
- Yield maintenance end date = August 31, 2029.
- Remaining term of yield maintenance = 4.4167 years[6].

### Constant maturity treasury (CMT) rate calculation:

For this example, the CMT rate date for this example is February 19, 2025, which is 25 business days prior to the payoff date of March 26, 2025. The rate is calculated for the remaining term of yield maintenance by interpolating between two CMT rates. Here, this means interpolating a 4.4167-year period between the 3-year CMT rate and the 5-year CMT rate.

CMT rate data comes from the U.S. Treasury Statistical Release H.15 (Selected Interest Rates), which can be found online: [FRB H15: Data Download Program - Choose]

If the Federal Reserve Board stops publishing this report, Fannie Mae will choose another source to determine the yield rate.

### Constant Maturity Treasury (CMT) rate calculation:

Where: [((a-b)/(x-y))*(z-y)]+b (rounded to three decimal places)

a = yield for the longer U.S. Treasury constant maturity

b = yield for the shorter U.S. Treasury constant maturity

x = term for the longer U.S. Treasury constant maturity

y = term for the shorter U.S. Treasury constant maturity

z = number of years remaining until the yield maintenance end date (months divided by 12)

**Example:**

a = 4.37%, the yield for the 5-year U.S. Treasury constant maturity on February 19, 2025.

b = 4.30%, the yield for the 3-year U.S. Treasury constant maturity on February 19, 2025.

x = 5, the term for the longer U.S. Treasury constant maturity.

y = 3, the term for the shorter U.S. Treasury constant maturity.

z = 4.4167 (or 53/12), the number of years remaining until the yield maintenance end date (months divided by 12).

Yield rate = [((4.37-4.30)/(5-3))*(4.4167-3)]+4.30 = 4.35

### Yield Maintenance example using interpolated CMT rate:

Since the borrower voluntarily prepays during the yield maintenance period, they owe the greater of:

(a) 1% of the amount of principal being prepaid

= 1% x $8,458,000.00 = $84,580.00 **OR**

(b) the result of multiplying

(1) the amount of principal being repaid

= $8,458,000.00 ***by***

(2) the result of

(a) the interest rate on the mortgage loan minus the yield rate (interpolated CMT)

= 5.51% – **4.35%** = 1.16% ***by***

(b) the present value factor calculated by using the present value formula.

$$\frac{1-(1+r)\ (-n/12)}{r}$$

where r = yield rate on the interpolated CMT and where n = number of months remaining between (a) the effective date of prepayment (last day of the month in which the loan is being prepaid) and (b) the prepayment end date

= [1-(1+**4.35%**)(-53/12)]/**4.35%** = 3.9411

**Total** = $8,458,000.00 x 1.16% x 3.9411

= $386,673.34

The total yield maintenance prepayment premium due from the borrower is **$386,673.83**

### Investor Portion of yield maintenance:

The investor's share of the yield maintenance prepayment premium will then equal the following:

1. The amount of principal being repaid (UPB at the date of prepayment), **multiplied by**
2. The difference between (A) the MBS pass-through rate and (B) the yield on the applicable U.S. Treasury constant maturity, **multiplied by**
3. The present value factor

= $8,458,000.00 x (4.67% - 4.35%) x 3.9411

**= $106,668.51**

In this example, the investor receives **$106,668.51** as compensation for prepayment.

[6] Calculated using March 31, 2025, as the effective paydown date, as interest accrues through the end of the month and needs to be excluded from the YM calculation.

## Other Fannie Mae Multifamily MBS

Besides the DUS MBS types already mentioned, Fannie Mae also issues these types of Multifamily MBS.

### Multifamily DUS Credit Facilities

Credit Facilities allow borrowers to include both variable- and fixed-rate loans with different maturity dates and flexible features after closing. This helps them manage complex and changing business strategies to reach their long-term goals. Often used by large REIT customers, these facilities provide both long-term and short-term flexible financing for a pool of cross-collateralized and cross-defaulted multifamily mortgage loans. Properties in the loan group can be substituted, added, or released based on certain criteria, and additional borrowing on existing properties may be permitted if certain conditions are met. Credit Facilities are typically $100 million or more in size and have a minimum term of five years.

### Multifamily Green Financing

Fannie Mae Green Mortgage loans are generally securitized into a single Green MBS. These securities follow our Multifamily Green Bond Framework and are either backed by a property with a Green Building Certification or a property with improvements to reduce energy and water use. Our Green MBS has all the benefits of our traditional DUS MBS, including transparency, superior call protection, stable cash flows, and more.

### Multifamily Social Financing

We also issue multifamily social bonds backed by certain types of multifamily loans that follow our Social Bond Framework. Fannie Mae social mortgage loans are generally securitized as a single Social MBS and adhere to one of the defined Social Impact Criteria defined in our Social Bond Framework, including restricted affordable housing, unrestricted affordable housing, and manufactured housing communities (MHC).

## EU and UK Investors

Investors located or managing funds raised in the European Union or the United Kingdom should note that Fannie Mae's MBS and fully guaranteed REMICs are not subject to the European Securitization regulations or the United Kingdom securitization regulations[7] (together the "EU/UK Securitization Regulations"). The EU/UK Securitization Regulations apply to securitizations that use credit tranching to allocate credit risk among two or more classes of securities. Fannie Mae has obtained an opinion of counsel that its guaranteed mortgage-backed securities (MBS) and guaranteed Real Estate Mortgage Investment Conduit (REMIC) securities do not meet the definition of a "securitization" for purposes of the EU/UK Securitization Regulations because there is no credit tranching in any of these securities due to Fannie Mae's guaranty of timely payment of principal and interest for all classes. As a result, Fannie Mae's guaranteed MBS and guaranteed REMIC securities are outside of the scope of the EU/UK Securitization Regulations.

---

[7] Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 ("EU Securitisation Regulation").
Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended) ("UK Securitisation Regulation").

# Appendix

## Multifamily MBS Disclosures

These documents explain many of the basic features of Fannie Mae Multifamily MBS, helping potential investors evaluate the risks and benefits of investing in Fannie Mae Multifamily MBS. Before investing, buyers should read and understand the disclosure documents published at issuance. Fannie Mae also provides ongoing disclosure about the performance of the loans backing the MBS. Disclosure documentation and other online resources are available on DUS Disclose.

## Multifamily Master Trust Agreement and Multifamily MBS Prospectus

Fannie Mae issues fixed-rate and adjustable-rate multifamily MBS under our Multifamily Master Trust Agreement. This agreement, along with its exhibits and supplements, defines the rights and responsibilities of Fannie Mae and the MBS certificate holders for each related MBS trust. In general, it sets the terms related to the MBS issuance, the loans or participation interests in the MBS pool, and the payment terms for the MBS certificates.

All Multifamily MBS are offered pursuant to our Multifamily MBS Prospectus. This document explains the general terms of the Multifamily MBS program, the main features of the Multifamily MBS, the policies for purchasing delinquent loans out of MBS trusts, and other important details. The related disclosure documents are available online.

## DUS Disclose

DUS Disclose, Fannie Mae's multifamily disclosure platform, allows investors to obtain comprehensive information about multifamily securities, including the performance of loans backing multifamily MBS and related delinquency statistics and financial information.

DUS Disclose provides:

- A user-friendly interface and an intuitive web experience.
- Industry-aligned at-issuance and ongoing disclosure.
- Detailed information for Credit Facility and Bulk Delivery transactions.
- Property financial statement disclosure that aligns with the industry.
- Transparent property, loan, and security-level information including interactive maps of the property location.
- Detailed affordable housing data, including a breakdown of units by Area Median Income (AMI) based on rent rolls submitted at acquisition. The units within this breakdown are categorized as either "Restricted" (encumbered by a regulatory or recorded agreement) or "Based on Rent Roll" (unrestricted by a regulatory agreement, based on rent rolls submitted at acquisition).
- Advanced search filter options such as the ability to select green and social bonds using Green or Social flag indicators.
- Portfolio creation options to allow advanced searches to be saved for future reference.
- Notification options to create alerts for changes in specific transactions or portfolios, such as new issuances based on search criteria, deal paydowns, delinquency increases, and more.
- Additional security, loan, and property information in a downloadable format.

Training materials, including videos, quick reference guides, and job aids, are found on the Learning Center page in DUS Disclose.

Investors can enter a pool number or CUSIP to quickly find at-issuance disclosure documents for a specific security. The advanced search allows investors to customize a downloadable search result, which includes extensive pool information such as factors, loan details, and weighted-average statistics. Investors can also search terminated pools using the advance search functionality.

The following example shows the new screen for Security Details and Loan Information backing the Multifamily DUS MBS 10/9.5 pool BZ0811 in DUS Disclose.

## Fixed pool example – BZ0811

**HY** MBS

| Transaction ID | CUSIP | Product | Int. Type | Status | Issuance UPB | Loans | Properties | Resecuritization |
|---|---|---|---|---|---|---|---|---|
| BZ0811 | 3140NU3V9 | DUS | Fixed | Active | $9,460,000.00 | 1 (1) | 1 (1) | Eligible |

+ Add to Portfolio | Download Data | Documents | Notifications | Security Detail

| Issue | Settlement | First Payment | Next Distribution | Maturity |
|---|---|---|---|---|
| 05/01/2024 | 05/01/2024 | 06/25/2024 | 02/25/2025 | 05/01/2034 |

### Security Details

**Current Balance & Rate** (updated on the 4th business day of the month)

| UPB | Factor | Paying PTR | WA Accruing Note Rate |
|---|---|---|---|
| $9,460,000.00 | 1.00000000 | 4.680% (4.680%) | 5.490% (5.490%) |

**Issuance**

| WA Loan Term | WA Amort. Term | WA Orig. I/O Term | WA LTV |
|---|---|---|---|
| 120 months | 0 months | 120 months | 61.40% |

**Current DSCR & Terms**

| WA NCF DSCR | WA Remaining Term |
|---|---|
| 1.66x | 111 months |

### Loan 1720012238

Loan Detail

| Loan Seller | Original UPB | Current UPB | Lien Position | Purpose |
|---|---|---|---|---|
| Walker & Dunlop, LLC | $9,460,000.00 | $9,460,000.00 | First | Refinance |

| Payment Status | Tier | Cross-Collateralized Loan(s) | Cross-Defaulted Loan(s) | Future Cross Eligible |
|---|---|---|---|---|
| Current | Tier 3 | | | N |

### Loan Timeline

| Note Date | First Payment | I/O Period End | Maturity |
|---|---|---|---|
| 04/12/2024 | 06/01/2024 | 05/01/2034 | 05/01/2034 |

**Loan Terms**

Fixed Rate

| Paying Note Rate | Paying PTR | Accrual Method |
|---|---|---|
| 5.490% (5.490%) | 4.680% (4.680%) | Actual/360 |

Term

| Original | Remaining | Amortization | Original I/O Term |
|---|---|---|---|
| 120 months | 112 months (120) | 0 months | 120 months |

**Prepayment Protection**

| Prepayment Type | Term | End Date |
|---|---|---|
| Yield Maintenance | 114 | 10/31/2033 |
| 1% Fixed Prepayment | 3 | 01/31/2034 |
| No Prepayment (Open) | 3 | 05/01/2034 |

**At Issuance DSCR & LTV**

| UW NCF DSCR | UW NCF DSCR (I/O) | LTV |
|---|---|---|
| 1.66x | 1.66x | 61.40% |

**DSCR History**

| Q3 2024 (YTD) | Preceding | 2nd Preceding | 3rd Preceding |
|---|---|---|---|
| 1.51x | | | |

## Fixed pool example – BZ0811, continued

**Properties**

HUNTERS POINT APARTMENTS 1422 HUNTERS POINT DR ZIONSVILLE, IN 46077 Indianapolis-Carmel-Anderson, IN MSA

Property Detail

| Property Value | Year Built | Total Units | Ownership Interest | General Property Type | Specific Property Type | Affordable Housing Type |
|---|---|---|---|---|---|---|
| $15,400,000.00 | 1989 | 112 | Fee Simple | Multifamily | Multifamily | |

Affordability Breakdown % of Units by Area Median Income (AMI) range. Data is at issuance and includes regulatory restrictions, where applicable, and rent roll data as of acquisition.

| AMI | Restricted | Based on Rent Roll |
|---|---|---|
| ≤ 50% | | 1.79% |
| > 50% - 60% | | 1.79% |
| > 60% - 80% | | 96.43% |
| > 80% - 100% | | 0.00% |
| > 100% - 120% | | 0.00% |
| > 120% | | 0.00% |

Units w/Income or Rent Restrictions

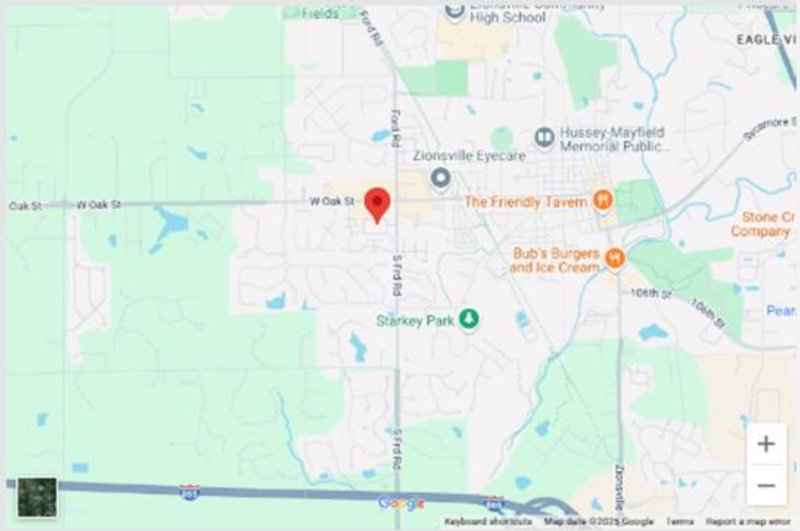
Age Restricted

No

Phases

| Year | Total Units per Phase Year |
|---|---|
| 1989 | 112 |

Property Condition Rating




Financial and Performance Data

Financial Summary | Operating Statements

| | Underwritten | Q3 2024 (YTD) | (Preceding) | (2nd Preceding) | (3rd Preceding) |
|---|---|---|---|---|---|
| EGI | $1,853,415.00 | $1,433,902.00 | | | |
| Operating Expenses | $939,553.64 | $803,340.00 | | | |
| NCF | $872,869.36 | $599,818.00 | | | |
| Physical Occupancy | 93.80% | 99.00% | | | |

**Documents**

Additional Disclosure No

ISSUANCE

Select All

- Original
- Trust Agreement PDF
- Prospectus PDF
- Annex A EXCEL

ONGOING

January 2025

Select All

- Bond Level File CSV
- Collateral Summary CSV
- Comparative Financial Status Excel
- Financial File CSV
- Loan Periodic Update CSV
- Operating Statement Analysis Excel
- Property File CSV

Download Selected Documents (.zip)

### Daily/Monthly New Issuance File

The New Issuance file, available on DUS Disclose, contains security, loan, property, and Credit Facility deal-level information on newly issued Fannie Mae Multifamily Mortgage-Backed Securities (MBS). It also provides security- and collateral-level information for newly issued Fannie Mae Mega securities. The daily file is a cumulative file of all the securities published that day. The monthly file is a cumulative file of all securities published for the month.

### Daily/Monthly Corrections File

The daily New Issuance Corrections file, available on DUS Disclose, communicates corrections to securities made within the first 90 days of issuance. The file contains security, loan, property, and Credit Facility deal-level informationon newly issued Fannie Mae Multifamily Mortgage-Backed Securities (MBS). The daily file is a cumulative file of all securities that had a correction for that day. The monthly file is a cumulative file of all securities that had a correction during the month.

### Monthly Ongoing File

The monthly Ongoing file is a collection of current security, loan, and property information to users. The file is available on DUS Disclose on or around the 23rd calendar day of each month.

### Ongoing Supplemental File

The Ongoing Supplemental file, available on DUS Disclose, contains additional security, Credit Facility deal, loan, and property information that Fannie Mae provides to users that is not available in the monthly Ongoing file.

## Multifamily DUS Prepayment History Information

DUS prepayment information, available in Data Dynamics®[8], includes a view of prepayment activity by either original balance or loan count and is presented with the ability to view the data by a single cohort or a combination of two cohorts (with additional filter selections to further isolate the loan population). This information shows active loans and liquidated loans acquired from January 2000 to the stated calendar quarter for each given category. It also includes the type of prepayment, like voluntary and involuntary, and loans that have paid at maturity.

Market participants use this information to analyze the performance of Multifamily MBS and whole loans including prepayment behavior, credit performance, and other multifamily market trends. This provides investors insight into the credit performance of the Multifamily DUS fixed-rate loan business and may help in analyzing the risks associated with an investment in Multifamily MBS.

## Multifamily Loan Performance Data

The Multifamily Loan Performance Data (MFLPD) provides information to market participants that can be used to further analyze our historical loan performance. MFLPD is available in Data Dynamics, where users can access the full dataset as well as a dashboard that helps users more easily analyze the loan performance data across several dimensions, and compare risk profiles and performance from delinquency, prepay, default, and loss perspectives.

Currently, the dataset contains 60 data attributes for Multifamily loans acquired on or after January 1, 2000, and is updated approximately two weeks after the end of each calendar quarter with the previous quarter's information. The dataset includes more than 68,000 loans, containing DUS and Non-DUS loans from active lenders, bulk delivery, and credit facility transactions. Each loan has a record for each month, identified by the "Reporting Period Date" attribute.

[8] Data Dynamics, Fannie Mae's free analytical tool, provides greater transparency to market participants with the ability to evaluate and analyze prepayment information for our multifamily securities.

## Fannie Mae Quarterly Financial Supplement

Fannie Mae publishes its Financial Supplement quarterly along with our 10-Q and 10-K filings. This provides detailed information about Fannie Mae's financial results and certain credit characteristics of single-family and multifamily securities.

## Tips: Bloomberg and Fannie Mae MBS/DUS[9]

1. To view security-level information for a DUS pool on Bloomberg, type in the following:

   **FN (pool number) <MTGE> <GO>** and then type in **<DES>** for data, including coupon, maturity date, current amount, and factor.


2. To view the Annex A for a DUS pool, perform Step 1 above and then select **Notes**. The Annex A (Schedule of Loan Information) includes notable at-issuance data, such as:

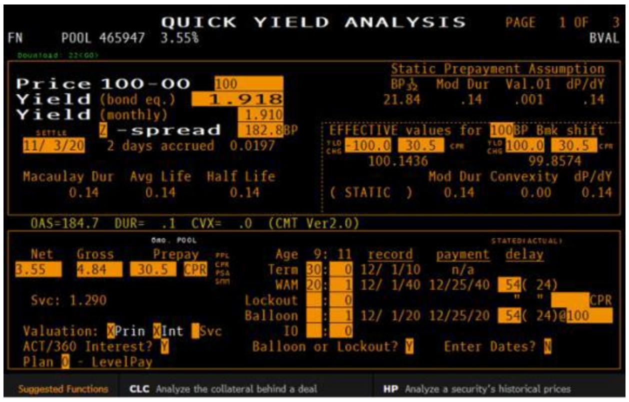
   - Property type
   - U.S. Treasury yield rate
   - Prepayment premium term
   - Interest day basis
   - Annual net operating income
   - Loan-to-value percent
   - Debt service coverage ratio
   - Tier
   - Property characteristics:
     - i. Property city/state/ZIP code
     - ii. Total number of units
     - iii. Appraised value
     - iv. Occupancy percent
     - v. Year built


---

[9] Fannie Mae is not responsible for the information appearing on the Bloomberg screens.

3. To run simple cash flow analysis, perform Step 1 above and then type in **<QY> <GO>**. This Bloomberg screen defaults to the appropriate delay and seasoning for the loan and provides simple price yield analysis to maturity. To price the security to call, Bloomberg allows you to shorten the balloon date to the end of the yield maintenance period.

   The Cash Flow Table **<CFT>** is a screen Bloomberg implemented to provide users a different approach to model cash flows over the **<QY>** screen.





4. Multifamily Green and Social pools can also be easily identified on Bloomberg with a green leaf indicator to denote Multifamily Green bonds and a blue circle over a heart indicator to denote Multifamily Social bonds.



## Other Multifamily MBS Resources for Market Participants

Information about Fannie Mae Multifamily MBS is easily obtainable from other sources as well.

Website: [fanniemae.com](fanniemae.com)

Email: [fixedincome_marketing@fanniemae.com](mailto:fixedincome_marketing@fanniemae.com)

Investor helpline: 1-800-2FANNIE

Mail: Fannie Mae

c/o Fixed-Income Securities Marketing

1100 15th Street, NW

Washington, DC 20005

## Disclaimer

This article is not an offer to sell any security or instrument or a solicitation of an offer to buy or sell any security or instrument. The information in this article is current as of the date hereof, but is subject to change, modification, or amendment from time to time without prior notice. The information in this article is intended to provide an introduction to Fannie Mae's Multifamily MBS and related securities and its DUS program. It does not include all or even most of the information that is included in the Prospectus relating to any issuance of Fannie Mae Multifamily securities. Not all Fannie Mae Multifamily securities will have the characteristics discussed in this article, and some may have characteristics not mentioned in this article. Fannie Mae Multifamily MBS are complex instruments intended for sale only to sophisticated investors who understand and assume the risks involved with the purchase thereof. Before investing in any Fannie Mae-issued security, you should read the Prospectus pursuant to which such security is offered. You should also determine, in consultation with your own investment, legal, tax, regulatory, and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory, and accounting characteristics and consequences, of investing in any such security. In addition, you should read our most current Annual Report on Form 10-K and our reports on Form 10-Q and Form 8-K filed with the U.S. Securities and Exchange Commission ("SEC"), available on the Investors page of our website at fanniemae.com and on the SEC's website at SEC.gov.

Fannie Mae provides a reliable source of affordable mortgage credit that supports homebuyers and renters across the country. Learn more.

## Contact us

For additional information or assistance, please contact the Fannie Mae Investor Marketing Helpline at 1-800-2FANNIE or by email.

Fannie Mae