Multifamily Loan Performance Data

Credit Events and Loss Sharing

Quick Reference Guide

Additional Information on Credit Events and Losses

This document details the types of Credit Events, how losses are reported, how the losses are allocated, and the types of Loss Sharing reflected in Multifamily Loan Performance Data (MFLPD).

Credit Event Types

In MFLPD, Credit Events Types are:

- REO; and
- Non-REO.

REO credit events are foreclosures and deeds-in-lieu. The Credit Event Date is the date on which a foreclosed property was disposed via a Real Estate Owned sale.

Generally, Non-REO credit events include note sales, third party sales, discounted payoffs, and short sales. The Credit Event Date is the date the event occurred; for example, for a third party sale this would be the date of the sale.

Lifetime Net Credit Loss Amount Reporting

Lifetime Net Credit Loss Amount is the sum of the loan balances charged off in a liquidation event, the foregone interest accrued, and the net cash flow (e.g., total amount of expenses incurred, property income) used in efforts to mitigate losses on non-performing loans and Real Estate Owned; offset by the receipt of third party loss sharing benefits and insurance claims as of the current reporting period.

Credit Event Type	Foregone Interest Reporting	Begin Lifetime Net Credit Loss Reporting
REO	Through Foreclosure Date	At Disposition Date (recorded as Credit Event Date)
Non-REO	Through Credit Event Date	At Credit Event Date

Lifetime Net Credit Loss Amount losses may change due to the timeline of loss mitigation and recovery activities. Changes in Lifetime Net Credit Loss Amount would be updated in a subsequent release of the file.

Any gains that occur are reported as a negative Lifetime Net Credit Loss Amount.

Questions? Contact Fannie Mae's Fixed Income Securities Investor Helpline at 800-2FANNIE (800-232-6643) or submit your question or comment online here.

Loss Allocation

Properties with Supplemental Loans

For properties with one or more subordinated loans (i.e. Supplementals), losses are allocated to the lowest subordinated loan. If losses are greater than the subordinate loan UPB, the rest of the loss is allocated to the next lien position. Any property level gain is allocated to the first lien.

Cross Collateralized Loans

Losses are allocated to a property that is associated with the loan. Gains on one property can offset the loss on another property. Losses on one property are not allocated to another property.

Bifurcated Loans

Losses are allocated pro-rata based on liquidation UPB.

Note: There are a few cases where not all of a property's loans at the credit event are included in the dataset. However, the loans included in the dataset will contain allocated losses as explained above.

Loss Sharing Types

There are three Loss Sharing Types:

- **Pari Passu:** The lender bears 33.33% of losses, costs and/or expenses based on the unpaid principal balance and Fannie Mae bears any remaining losses.

- **Standard DUS:** Losses generally are allocated as follows: (i) the lender bears all losses up to the first 5% of the then outstanding unpaid principal balance of the mortgage loan; (ii) the lender bears 25% of any losses on the next 20% of the then outstanding principal balance of the mortgage loan and Fannie Mae bears the other 75%; and (iii) the lender bears 10% of any losses on the remaining then outstanding balance of the mortgage loan and Fannie Mae bears the other 90%, provided; however, that the lender's maximum loss obligation is capped at 20% of the original unpaid principal balance of the mortgage loan.

- **No Lender Loss Sharing**

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