



Fannie Mae®

---

# Multifamily Selling and Servicing Guide

Effective as of August 29, 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 1907.02 Principal Reserve Fund ..... 3

GLOSSARY ..... 4



## 1907.02 Principal Reserve Fund

### Operating Procedures

Topics	Principal Reserve Fund Process
Borrower Election	<p>Before Commitment, the Borrower must select 1 of the following options to redeem Bonds:</p> <ul style="list-style-type: none"><li>• Minimum Dollar Balance:<ul style="list-style-type: none"><li>- Required option for a non-single-asset entity Borrower.</li><li>- PRF deposits accumulate until the balance is at least \$100,000.</li><li>- Bonds eligible for redemption are redeemed in \$100,000 increments.</li></ul></li><li>• Minimum Percentage Balance:<ul style="list-style-type: none"><li>- PRF deposits accumulate until the balance is at least \$100,000 greater than 20% of the original Bond principal amount.</li><li>- Bonds eligible for redemption are redeemed in \$100,000 increments, but the redemption payments may not reduce the PRF balance below 20% of the original Bond principal amount.</li></ul></li></ul>
PRF Deposit Amount	<p>PRF deposits represent the principal amortization amount of the Credit Enhancement Mortgage Loan based on</p> <ul style="list-style-type: none"><li>• level P&amp;I payments throughout the Bond term, and</li><li>• amortization per <a href="#">Part III, Chapter 19: Bond Transactions and Credit Enhancement Mortgage Loans, Section 1907.01: Terms</a>.</li></ul>
PRF Deposit Schedule	<p>On the Mortgage Loan Origination Date, you must calculate and attach the Schedule of Deposits to the Principal Reserve Fund to the Reimbursement Agreement.</p>



# Glossary

## B

**Bonds** Tax-exempt or taxable multifamily revenue bonds, or other tax-exempt or taxable bonds, issued to finance 1 or more Credit Enhancement Mortgage Loan Properties.

### Synonyms

- Bond

**Borrower** Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## 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

**Credit Enhancement Mortgage Loan** Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by

- a Credit Enhancement Instrument, or
- an MBS for Bonds.

### Synonyms

- Credit Enhancement Mortgage Loans

## M



Mortgage Loan  
Origination Date

Date you fund a Mortgage Loan to the Borrower.

**Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

## P

P&I

Principal and interest

PRF

Account you hold accumulating principal amortization payments for variable rate Bond credit enhancements.

**Synonyms**

- Principal Reserve Fund

Principal

Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors](#).

**Synonyms**

- Principals