



Fannie Mae®

Multifamily Selling and Servicing Guide

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104.01B Principal Reserve Fund

Requirements

You must ensure no PRF withdrawal occurs without Fannie Mae's approval.

Operating Procedures

For each Credit Enhancement Mortgage Loan, you must:

- Review the Bond Trustee's reported PRF balance.
- Collect from the Borrower any amount withdrawn from the PRF, including withdrawals reimbursing Fannie Mae for amounts it paid per the
 - Credit Enhancement Instrument or MBS for Bonds, or
 - Loan Documents.



Glossary

B

Bond Trustee	Trustee for a Credit Enhancement Instrument.
Synonyms	
• Bond Trustee's	

Borrower	Person who is the obligor per the Note.
Synonyms	
• Borrowers	
• Borrower's	

C

Credit Enhancement Instrument	Agreement between Fannie Mae and a Bond Trustee where Fannie Mae provides credit enhancement of a Credit Enhancement Mortgage Loan, Bonds issued to finance a Credit Enhancement Mortgage Loan, or an Interest Rate Hedge Agreement; and if applicable, a Bond liquidity facility.
Synonyms	
• Credit Enhancement Instruments	

Credit Enhancement Mortgage Loan	Mortgage Loan financed by a Bond issuance where Fannie Mae provides credit enhancement by <ul style="list-style-type: none">• a Credit Enhancement Instrument, or• an MBS for Bonds.
Synonyms	
• Credit Enhancement Mortgage Loans	

L



Loan Documents

All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

M

MBS for Bonds

Fannie Mae MBS:

- issued to credit enhance tax-exempt Bonds; or
- exchanged for Bonds redeemed at MBS issuance.

Synonyms

- MBS Exchange
- MTEB
- MTEM

P

PRF

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

Synonyms

- Principal Reserve Fund