Fannie Mae®

Multifamily Selling and Servicing Guide

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Section 303 P&I Custodial Accounts

303.01 Accounts and Deposits

Requirements

You must:

- Maintain 1 separate P&I Custodial Account for each of these Mortgage Loan categories:
  - Cash Mortgage Loans and PFP Mortgage Loans;
  - MBS Mortgage Loans, including
    - MBS Mortgage Loans issued using a REMIC election after January 1, 2021, and
    - MBS for Bonds;
  - Credit Enhancement Mortgage Loans or transactions with Credit Enhancement Instruments;
  - REMIC transactions submitted in the Multifamily Negotiated Transactions (MFNT) application; and
  - any other Securitized Mortgage Loans.
- Not commingle P&I Custodial Account funds among the Mortgage Loan categories. For example, P&I funds for an MBS Mortgage Loan may not be commingled with P&I funds for a Cash Mortgage Loan, even for the same Borrower.
- Use P&I Custodial Accounts for all Borrower P&I Mortgage Loan payments, including any
  - unscheduled principal or interest payments,
  - Delinquency Advances, or
  - recovered Delinquency Advances.

Guidance

You may commingle P&I funds for all Mortgage Loans within the same Mortgage Loan category.

303.02 Withdrawals

☑ Requirements

You must only withdraw funds from the P&I Custodial Account to:

- Remit funds to Fannie Mae.
- Reimburse a Delinquency Advance recovered from subsequent collections.
- Remove funds erroneously deposited.
- Transfer interest or typical demand deposit or money market account earnings.
- Pay the Guaranty Fee (unless you received a notice of default from any Security Trust Indenture guarantor).
- Remove fees, charges, or other amounts deposited on a temporary basis, including
  - late charges,
  - Servicing Fees, or
  - unsecuritized excess spread (i.e., when a Mortgage Loan's Pass-Through Rate is greater than the MBS Pool's Pass-Through Rate).
- Clear and close the account.
- Transfer any funds to 1 or more other Custodial Accounts per this Chapter.

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

Cash Mortgage Loan	Mortgage Loan purchased by Fannie Mae in exchange for cash. **Synonyms** • Cash Mortgage Loans
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 • a Credit Enhancement Instrument, or • an MBS for Bonds. **Synonyms** • Credit Enhancement Mortgage Loans
Custodial Account	Account established by the Servicer for depositing P&I payments, T&I payments, and escrow, reserve, or other funds received from the Borrower per any Loan Document, including the: • Collateral Agreement; • Multifamily Loan Agreement; or • Security Instrument. **Synonyms** • Custodial Accounts

D

Delinquency Advance	Your required advances for scheduled monthly Mortgage Loan principal and/or interest per • your Lender Contract, or • the Guide. **Synonyms** • Delinquency Advances

G

Guarantor	Key Principal or other Person executing a • Payment Guaranty, • Non-Recourse Guaranty, or • any other Mortgage Loan guaranty. **Synonyms** • Guarantors

Guaranty	Payment Guaranty, Non-Recourse Guaranty, or other guaranty by a Guarantor for the Mortgage Loan.
Guaranty Fee	Fee retained by Fannie Mae for credit enhancing a Mortgage Loan or assuming credit risk on a Mortgage Loan, and which may be expressed as a percentage. **Synonyms** • Guaranty Fees
Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

I

Indenture	Bond issuer trust indenture or resolution listing Bond terms.

M

MBS	Mortgage-Backed Security
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

MBS Mortgage Loan	Mortgage Loan purchased by Fannie Mae in exchange for an issued MBS backed by the Mortgage Loan. **Synonyms** • MBS Mortgage Loans
MBS Pool	MBS Security backed by MBS Mortgage Loans. **Synonyms** • MBS Pools • MBS Pool's
Mortgage Loan	Mortgage debt obligation evidenced, or when made will be evidenced, by • the Loan Documents, or • a mortgage debt obligation with a Fannie Mae credit enhancement. **Synonyms** • Mortgage Loans • Mortgage Loan's

P

P&I	Principal and interest
P&I Custodial Account	Custodial Account for principal and interest deposits. **Synonyms** • P&I Custodial Accounts
Pass-Through Rate	Mortgage Loan Gross Note Rate minus: • for MBS Mortgage Loans, the Guaranty Fee, minus the Servicing Fee; and • for Cash Mortgage Loans, the Servicing Fee.

PFP Mortgage Loan	Mortgage Loan originally purchased as a Cash Mortgage Loan or held in Fannie Maes portfolio, but subsequently securitized as an MBS. **Synonyms** • PFP Mortgage Loans
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

R

REMIC	Real Estate Mortgage Investment Conduit

S

Securitized Mortgage Loan	Mortgage Loan backing an MBS, PFP MBS, or REMIC. **Synonyms** • Securitized Mortgage Loans
Security	MBS, PFP MBS, or REMIC. **Synonyms** • Securities

Servicing Fee	Fee a Servicer receives for collecting payments, managing operational procedures, and assuming your portion of credit risk for a Mortgage Loan, and which may be expressed as a percentage. **Synonyms** • Servicing Fees