



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## Section 304 T&I Custodial Accounts

### 304.01 Deposits

#### Requirements

You must:

- use T&I Custodial Accounts for
  - all Borrower payments for T&I Impositions per [Part V, Chapter 3: Custodial Accounts, Section 304.02: T&I Impositions](#), and
  - Servicing Advances you make for these items; and
- not commingle T&I Custodial Account funds with
  - P&I Custodial Account funds, or
  - Collateral Agreement Custodial Account funds.

#### Operating Procedures

You may establish:

- 1 T&I Custodial Account for all T&I deposits from all Mortgage Loans; or
- 2 separate T&I Custodial Accounts, with funds for all
  - Cash Mortgage Loans in 1 T&I Custodial Account, and
  - Securitized Mortgage Loans in the other T&I Custodial Account.

You must obtain Fannie Mae's consent to establish a separate T&I Custodial Account for an individual

- Mortgage Loan, or
- Borrower.

### 304.02 T&I Impositions

#### Requirements

Unless precluded by the Loan Documents, you must:

- collect monthly payments from the Borrower;



- ensure all T&I Impositions are timely paid, including:
  - real estate taxes;
  - special assessments;
  - water and sewer assessments;
  - PILOTs;
  - insurance premiums;
  - ground lease rents; and
  - all other charges or obligations that could become a Lien against the Property; and
- pay any penalty or late fee if you fail to make timely payments.

#### Guidance

You may:

- Charge the Borrower for any penalty or late fee incurred if the failure to timely pay was due to insufficient T&I Custodial Account funds.
- Use qualified third-party vendors (that you manage and monitor) to
  - collect T&I Custodial Account funds, and
  - pay T&I Impositions.

### **304.03** Shortfalls

#### Requirements

T&I Custodial Account shortfalls must be paid by

- the Borrower, or
- you (i.e., a Servicing Advance).

### **304.04** Prohibited Uses

#### Requirements

You must not use any T&I Custodial Account funds to:

- supplement a shortfall in the Borrower's monthly P&I payment to Fannie Mae;



- reimburse yourself for any Servicing Advance unless it is recovered from subsequent collections for that Mortgage Loan; or
- supplement a shortfall in a Borrower's taxes or insurance payment using another Borrower's tax or insurance deposits.

#### Guidance

You may use a Borrower's own tax or insurance deposits to cover a shortfall in the Borrower's tax or insurance obligation if you adjust future deposits per [Part V, Chapter 3: Custodial Accounts, Section 308.04B: Insufficient Funds](#).

### **304.05** No Financing for T&I Impositions

#### Requirements

To pay any T&I Impositions, you must not

- provide financing to the Borrower, or
- allow the Borrower to obtain financing.



# Glossary

## B

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

### Synonyms

- Borrowers
- Borrower's

## C

**Collateral Agreement** Agreement granting a security interest in Mortgage Loan collateral not covered by the Security Instrument.

### Synonyms

- Collateral Agreements

**Custodial Account** Accounts established by the Servicer for depositing P&I payments, T&I funds, Collateral Agreement deposits, and other similar funds.

### Synonyms

- Custodial Accounts

## L

**Lien** Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind.

### Synonyms

- Liens

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

### Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents



## M

### 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

### Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

#### **Synonyms**

- Properties
- Property's

## S



## Servicing Advance

All amounts required to be paid by the Borrower, for

- all taxes and assessments against each Property,
- all insurance premiums for insurance for each Property to insurance carrier(s) acceptable to Fannie Mae, in accordance with the Guide, and
- any other payment, as determined by Fannie Mae, necessary to preserve and protect the Property or to exercise any legal or equitable remedies (other than foreclosure) against the Borrower or the Property (including attorney, appraisal, or other professional fees) or any other obligations relating to the Property as set forth in the Loan Documents.

### **Synonyms**

- Servicing Advances

## **T**

## T&I Custodial Account

Custodial Account for the deposit of T&I and other impound escrow funds.

### **Synonyms**

- T&I Custodial Accounts

## T&I Impositions

Amounts for taxes, insurance, and other charges assessed against or owing on the Property which you deem necessary to protect the Property and/or prevent Liens imposed on it.

### **Synonyms**

- T&I Imposition