Fannie Mae®

Multifamily Selling and Servicing Guide

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Section 105 Replacement Reserve

105.01 Determining Replacement Reserve

☑ Requirements

The minimum Replacement Reserve amount must equal the greater of

- the amount calculated per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: Replacement Reserve, or
- $250 per unit per year.

105.02 Replacement Reserve Funding

☑ Requirements

You must ensure full funding of the Replacement Reserve.

Glossary

L

Lease	Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent. **Synonyms** • Leases

R

Replacement Reserve	Custodial Account the Borrower funds during the Mortgage Loan term for Replacements. **Synonyms** • Replacement Reserves
Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement