



Fannie Mae®

Multifamily Selling and Servicing Guide

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Section 505

Replacement Reserve

Requirements

The minimum Replacement Reserve amount must equal the greatest of:

- the amount calculated per [Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: Replacement Reserve](#);
- \$300 per unit per year for a Property with no Skilled Nursing units; or
- \$450 per unit per year for a Property with any Skilled Nursing units.



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

P

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

R

Replacement Reserve

Custodial Account the Borrower funds during the Mortgage Loan term for Replacements.

Synonyms

- Replacement Reserves

S

Skilled Nursing

Seniors Housing Property with units that are highly regulated and provide 24-hour resident supervision and registered nursing care services.