Fannie Mae®

Multifamily Selling and Servicing Guide

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TABLE OF CONTENTS

Part III Section 607 Replacement Reserve 3
GLOSSARY 4

Section 607 Replacement Reserve

☑ Requirements

If the Replacement Reserve determined by the Property Condition Assessment is more than $75 per MH Site, full funding of the Replacement Reserve is required per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: 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

M

Manufactured Housing Site	Developed lot within an MH Community on which a Manufactured Home can be located. **Synonyms** • MH Site • MH Sites

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
Property Condition Assessment	Assessment of the Property's physical condition and historical operation. **Synonyms** • PCA • PNA • Physical Needs Assessment • PCAs

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