



Multifamily Selling and Servicing Guide

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Chapter 3 Custodial Account Requirements

Section 301 Custodial Accounts

301.01 General

The Servicer must establish and maintain Custodial Accounts to deposit funds collected in connection with Mortgage Loans in accordance with the requirements of the Loan Documents, and must maintain strict control of all such funds in its custody. All Custodial Accounts and related records must be maintained in accordance with sound accounting and cash management practices, and in such a manner as will permit representatives of Fannie Mae, at any time, to examine and audit such accounts and records. The requirements for Custodial Accounts apply to the establishment and maintenance of all Custodial Accounts, including P&I Custodial Accounts, T&I Custodial Accounts, Collateral Agreement Custodial Accounts, and Drafting Accounts. Separate requirements apply for a Clearing Account used by the Servicer as a Custodial Account.

301.02 Custodial Account Types, Investments, and Depositories

301.02A Custodial Account Requirements and Investments

All Custodial Accounts must be either demand deposit accounts or money market accounts established and maintained at an Eligible Depository.

Other than the earnings typically derived from a demand deposit account or money market account (e.g., interest), funds in Custodial Accounts are not permitted to be invested.

301.02B Eligible Depositories

If the Servicer is a depository institution, it can establish the account within its own institution so long as:

- it meets Fannie Mae's criteria for an Eligible Depository; and
- does not use its general ledger or internal operating account for the Custodial Accounts.

If the Servicer does not comply with the above requirements, it must establish the account in an Eligible Depository.

301.02C Verifying Depository Ratings

When determining the eligibility of a depository institution, the



Servicer must use the most recent financial ratings issued within the past 3 months, and must confirm these ratings every 3 months thereafter. If the Servicer learns that a depository institution or its holding company no longer satisfies the rating requirement for an Eligible Depository, the Custodial Account must be transferred to an Eligible Depository within 30 days.

301.02D Fannie Mae's Rights in Custodial Accounts

The Loan Documents grant to Fannie Mae a security interest in all Custodial Accounts associated with a Mortgage Loan. In exercising its rights under the Loan Documents, Fannie Mae, in its sole discretion, reserves the right to require the Servicer at any time to:

- transfer funds out of an institution (even if it is an Eligible Depository) to a Custodial Account in another Eligible Depository;
- move funds to a trust account;
- ensure the funds in a Custodial Account are fully insured by the FDIC or NCUSIF or other governmental insurer or guarantor as may be acceptable to Fannie Mae; and/or
- remit more frequently to Fannie Mae while allowing funds to remain in the existing Custodial Account.

Specific actions may vary depending on the size of the accounts, the risks involved, and other factors as determined by Fannie Mae.

301.03 Required Custodial Accounts

Subject to Custodial Account co-mingling constraints set forth in this Chapter, for all Mortgage Loans, the Servicer must establish and maintain:

- one or more P&I Custodial Accounts for Cash Mortgage Loans and Pooled from Portfolio ("PFP") Mortgage Loans;
- one or more P&I Custodial Accounts for Securitized Mortgage Loans, but excluding PFP Mortgage Loans;
- either:
 - a T&I Custodial Account for the deposit of T&I escrow funds for all Cash Mortgage Loans and Securitized Mortgage Loans; or
 - multiple T&I Custodial Accounts for Cash Mortgage Loans and multiple T&I Custodial Accounts for Securitized Mortgage Loans; and
- Custodial Accounts for the deposit of funds for which the



Borrower is required to make deposits to the Servicer pursuant to a Collateral Agreement.

301.04 Servicer Liability

301.04A Responsibility of Servicer

The Servicer is responsible for the safekeeping at all times of the deposits held in Custodial Accounts. The Servicer must establish appropriate methods for monitoring the financial viability of the depositories that hold custodial funds.

301.04B Servicer Liable for Losses

Fannie Mae will hold the Servicer liable for all losses of funds deposited in Custodial Accounts, including any damages Fannie Mae suffers because of delays in obtaining such funds, regardless of whether the Servicer has complied with the requirements of the Guide.

301.04C No Reimbursement for Losses

Any losses incurred by the Servicer will not be reimbursed by Fannie Mae nor permitted to be applied by the Lender in the calculation of any Mortgage Loan loss claim.

301.04D Overdrafts Not Permitted

A Custodial Account must not be overdrawn at any time. If an overdraft occurs, the Servicer must immediately advance the Servicer's own funds to cure the overdraft.

Section 302 Establishment of Custodial Accounts

302.01 Notification Requirements

302.01A Establishment of a Custodial Account

Whenever the Servicer establishes a Custodial Account, the Servicer and the depository institution maintaining such account must execute the following forms, as applicable:

- a Letter of Authorization for Multifamily P&I Custodial Account ([Form 2050](#));
- a Letter of Authorization for Multifamily T&I Custodial Account ([Form 2052](#)); or
- a Letter of Authorization for Multifamily Collateral Agreement



Custodial Account ([Form 2051](#)).

The executed form should be sent to:

Fannie Mae
ATTN: Multifamily Lender Oversight
1100 15th Street, NW
Washington, DC 20005.

302.01B Changes to a Custodial Account

The Servicer and the depository institution must execute and forward the appropriate [Form 2050](#), [Form 2051](#), or [Form 2052](#) to Fannie Mae, within 30 days after the event, if it:

- changes the Eligible Depository for any Custodial Account (note that the Servicer must provide Fannie Mae with a new Letter of Authorization for any Custodial Account moved to a different Eligible Depository); or
- changes account information on an existing Custodial Account.

302.01C Termination of a Custodial Account

The Servicer must execute and forward the appropriate [Form 2050](#), [Form 2051](#), or [Form 2052](#) to Fannie Mae, within 30 days after it closes or ceases to use any Custodial Account for which an executed Letter of Authorization is on file with Fannie Mae.

302.02 Titling of Custodial Accounts

The Servicer must send Fannie Mae the account title of each Custodial Account at the time the Custodial Account is established or changed. A copy of a signature card, bank statement, or system generated screen print must be submitted with the appropriate Letter of Authorization (see [Part V, Chapter 3: Custodial Account Requirements, Section 302.01A: Establishment of a Custodial Account](#)). Custodial Accounts must be titled as follows:

Custodial Account Type	Required Title
P&I Accounts	[Name of Servicer], as agent, trustee, and/or bailee for Fannie Mae and/or payments of various mortgagors and/or various owners of interests in mortgage-backed securities (Custodial Account)



T&I Accounts	[Name of Servicer], as agent, trustee, and/or bailee for Fannie Mae and/or payments of various mortgagors and/or various owners of interests in mortgage-backed securities (Custodial Account)
Collateral Agreement Accounts	[Name of Servicer], as agent, trustee, and/or bailee for Fannie Mae and/or payments of various mortgagors and/or various owners of interests in mortgage-backed securities (Custodial Account)

302.03 Daily Cutoff

The Servicer must establish a reasonable daily cutoff of its work to ensure that collections are credited to the appropriate Custodial Account no later than the Business Day following receipt of such collections.

Section 303 P&I Custodial Accounts

303.01 Purpose of P&I Custodial Accounts

P&I Custodial Accounts are for the deposit of all Borrower payments of P&I due and owing on a Mortgage Loan, including any unscheduled payments of principal, interest, or the recovery of any Delinquency Advances made by the Servicer. The Servicer must deposit any funds received for such purpose in a P&I Custodial Account as soon as practicable, but no later than the second Business Day (including any time during which funds are in a Clearing Account or general ledger account) after receipt by Servicer.

303.02 P&I Commingling Restrictions

303.02A Maintain Multiple P&I Custodial Accounts

The Servicer is required to maintain multiple P&I Custodial Accounts, at least one for each of the following products or executions, for which the Servicer makes P&I collections:

- Cash Mortgage Loans, including:
 - Cash Mortgage Loans originated under the Guide, the DUS Guide, or the NT Guide; or
 - PFP Mortgage Loans originated under the Guide, the DUS Guide, or the NT Guide;
- MBS Mortgage Loans (including MBS Mortgage Loans originated under the Guide, the DUS Guide, or the NT Guide, but excluding Prior Approval Loans);



- Prior Approval Loans;
- Muni Mae Loans;
- Credit Enhancement Mortgage Loans or transactions involving Credit Enhancement Instruments;
- Real Estate Mortgage Investment Conduit (“REMIC”) transactions originated under the NT Guide; and
- other Securitized Mortgage Loans.

303.02B No Commingling Permitted

The Servicer must deposit all P&I collections for Mortgage Loans into the P&I Custodial Accounts specifically established for each product or execution type as described in this Section, and may not commingle funds for any other product or execution, except as permitted above. For example, P&I funds for Cash Mortgage Loans may not be commingled with P&I funds for MBS Mortgage Loans, but Cash Mortgage Loans originated under the Guide may be commingled with P&I funds for Cash Mortgage Loans originated under the NT Guide.

303.03 Withdrawals from P&I Custodial Accounts

The Servicer may withdraw funds from the P&I Custodial Account only for the following purposes:

- to remit funds to Fannie Mae;
- to reimburse the Servicer for a Delinquency Advance that is recovered from subsequent collections from or on behalf of the Borrower for the Mortgage Loan for which the Delinquency Advance was made;
- to remove funds that were deposited to the account in error;
- to transfer interest or other investment earnings applicable to demand deposit accounts or money market accounts;
- to pay the Guaranty Fee (unless the Servicer has received notice that an event of default by the guarantor of any Security Trust Indenture has occurred);
- to remove fees, charges, or other such amounts that are deposited on a temporary basis in the account, such as late charges, Servicing Fees, or unsecuritized excess spread due the Servicer (i.e., when the Pass-Through Rate on a specific Mortgage Loan is greater than the Pass-Through Rate of the MBS Pool backed by that Mortgage Loan); or
- to clear and terminate the account or transfer any funds to one or more other Custodial Accounts as may be permitted in this



Guide.

303.04 Use as a Clearing Account Not Permitted

The Servicer may not use any P&I Custodial Account as a Clearing Account. The Servicer must establish a separate account in an Eligible Depository for this purpose.

Section 304 Tax and Insurance Custodial Accounts

304.01 Purpose of T&I Custodial Accounts

T&I Custodial Accounts are for the deposit of all Borrower payments for taxes, assessments, ground rents, insurance premiums, and any Servicing Advances made by the Servicer for such items.

304.02 T&I Commingling Restrictions

Funds in T&I Custodial Accounts must not be commingled with funds in P&I Custodial Accounts or Collateral Agreement Custodial Accounts. The Servicer may establish:

- a single T&I Custodial Account for all T&I deposits; or
- separate T&I Custodial Accounts, with all Cash Mortgage Loans segregated in a single T&I Custodial Account, and all Securitized Mortgage Loans segregated in another.

Separate T&I Custodial Accounts for individual Mortgage Loans or individual Borrowers may be allowed, but only with Fannie Mae's prior consent.

304.03 Prohibited Use of T&I Custodial Account Funds

Funds in any T&I Custodial Account must not be used to:

- supplement the Borrower's monthly payment obligation to Fannie Mae;
- reimburse the Servicer for any Servicing Advances unless the Servicing Advance is recovered from subsequent collections from or on behalf of the Borrower for the Mortgage Loan for which the Servicing Advance was made; or
- supplement a shortfall in any Borrower's tax or insurance obligation by using another Borrower's tax or insurance deposits. Use of a Borrower's tax or insurance deposits for a shortfall in either a tax or insurance obligation of that Borrower is permitted so long as the Servicer adjusts future deposits as



required by the Guide.

Section 305 Collateral Agreement Custodial Accounts

305.01 Purpose of Collateral Agreement Custodial Accounts

If required by the Loan Documents, the Servicer must establish Collateral Agreement Custodial Accounts for deposits to be made by the Borrower:

- into a Completion/Repair Escrow;
- into a Replacement Reserve;
- into an escrow required to fund operating deficits; and
- into any other escrow required by any Collateral Agreement.

305.02 Commingling Restrictions

Collateral Agreement Custodial Account funds must not be commingled with either P&I or T&I funds. The Servicer may establish one account for all of its Collateral Agreement deposits, or establish a separate Custodial Account for each:

- Mortgage Loan;
- type of Collateral Agreement;
- Borrower; or
- individual Collateral Agreement.

The Servicer must notify its Fannie Mae Representative, as provided by [Part V, Chapter 3: Custodial Account Requirements, Section 302.01C: Termination of a Custodial Account](#), when any Collateral Agreement Custodial Account is closed due to a disbursement of all funds and satisfaction of all responsibilities under the applicable Collateral Agreement.

Section 306 Interest-Bearing Accounts

306.01 Interest-Bearing Account Requirements

The Custodial Accounts may be interest-bearing, provided that:

- the Custodial Account complies with all applicable local, state, and federal laws and regulations for accounts containing Borrower's funds; and
- funds in the Custodial Account are available for withdrawal on



demand and without prior notice or early withdrawal penalty.

Custodial Accounts that limit the number of withdrawals may be maintained, but the Servicer is responsible for any excess withdrawal penalties.

306.02 Loan Documents May Require Interest-Bearing Accounts

If the Loan Documents require that the deposits into the particular Completion/Repair Escrow, Replacement Reserve, or other Collateral Agreement Custodial Account be held in an interest-bearing account, then the Servicer must fully comply with such requirement.

Section 307 Clearing Accounts

307.01 Clearing Accounts Permitted

If deposits and disbursements cannot be made directly to or from the Custodial Accounts, the Servicer may use a Clearing Account. When a Clearing Account is used, a separate account must be established for collections and disbursements.

307.02 Custodial Account Requirements Applicable to Clearing Accounts

Any Clearing Account used by the Servicer for the deposit and transfer of funds collected in connection with a Mortgage Loan must be established at an Eligible Depository. The titles of the accounts must reflect that they are custodial in nature and the depository in which the accounts are maintained must be informed in writing that they are Custodial Accounts. While a Clearing Account is not required to be titled in Fannie Mae's name, the Servicer's records must clearly identify Fannie Mae's interest in any funds deposited in a Clearing Account.

307.03 Clearing Account Activity Guidelines

Clearing Account activity must follow the guidelines set forth below.

307.03A Timing for Crediting to Custodial Account

Collections deposited to the Clearing Account must be credited to the applicable Custodial Account by the first Business Day after the Servicer receives them unless transfer of funds occurs via ACH, in which case an additional Business Day is permitted to complete the transfer. Fannie Mae's allowance of this additional day to deposit funds into the Custodial Account does not extend the date by which the Servicer must remit funds to Fannie Mae.



307.03B Debit and Credit Memos Permitted

Debit and credit memos may be used to transfer funds between the Clearing Account and the Custodial Account.

307.03C Using Checks

Checks that transfer funds from a Custodial Account (other than a P&I Custodial Account) to a disbursement Clearing Account must be deposited to the disbursement Clearing Account concurrent with, or prior to, the issuance of any check drawn on the Clearing Account.

307.03D Insufficient Funds Checks

Checks returned for "insufficient funds" may be netted against another day's collections, or a check may be drawn on the Custodial Account to reimburse the Clearing Account.

307.03E Records and Audit Trails

Adequate records and audit trails must be maintained to support all credits to, and charges from, the Borrower's payment records and the Clearing Accounts.

Section 308 Drafting Accounts

308.01 Establishing Drafting Accounts

To simplify the transfer of funds to Fannie Mae, the Servicer may use Drafting Accounts. Any Drafting Account must be established at an Eligible Depository, and the title of the Drafting Account must reflect that it is custodial in nature. The depository must be given written notification that the Drafting Account is a Custodial Account established for the benefit of Fannie Mae.

308.02 Consolidated Custodial Account

A Letter of Authorization ([Form 2050](#)) must be submitted to Fannie Mae when establishing a consolidated Custodial Account for drafting purposes.

308.02A Distinct Custodial Accounts for Securitized Mortgage Loans (Other Than PFP MBS)

Separate consolidated Custodial Accounts must be used for drafting P&I remittances for Securitized Mortgage Loans (other than PFP MBS), and other separate consolidated Custodial Accounts must be used for remittances for all other products and executions.



308.02B Timely Remittance

If the Servicer establishes one or more consolidated Custodial Accounts for drafting funds to Fannie Mae, the Servicer must move all funds due Fannie Mae into the consolidated Custodial Account in time to meet Fannie Mae's remittance requirements.

308.02C Commingling of P&I Funds Permitted for Cash Executions

A Servicer that services multiple Multifamily Mortgage Business products and executions for Cash Mortgage Loans may commingle temporarily P&I funds for all such products and executions under its master five-digit Servicer number into one Drafting Account that has been designated as a consolidated Drafting Account for such Cash Mortgage Loans.

308.02D Commingling of P&I Funds Permitted for Securitized Mortgage Loans

A Servicer that services multiple Multifamily Mortgage Business products and executions for Securitized Mortgage Loans may commingle temporarily P&I funds for all such products and executions under its master five-digit Servicer number into one Drafting Account that has been designated as a consolidated Drafting Account for such Securitized Mortgage Loans.

308.02E Separate Accounts for P&I Funds Permitted

The Servicer may designate one Drafting Account for P&I funds for each product and execution that the Servicer services under each of its nine-digit Servicer numbers.

308.02F Corporate/General Lender Accounts Not Permitted

The Servicer's corporate, general ledger, or other internal operating account may not be designated as a Drafting Account.

308.02G Timing of Commingling

When the Servicer commingles funds, the funds must not be commingled earlier than the Business Day preceding the Business Day on which the funds are to be drafted.

308.02H Election of Cash Remittance System or Automated Drafting System Required

The Servicer must use either the Cash Remittance System or the Automated Drafting System (the system used for remittances related to Securitized Mortgage Loans). When the Servicer establishes a consolidated Custodial Account for the Cash Remittance System, the Servicer cannot



establish a separate consolidated Custodial Account under the Automated Drafting System.

308.02I Required Records

The Servicer must maintain records on an individual Mortgage Loan level basis regarding the sources of the commingled funds.

Section 309 Custodial Account Reconciliations

The Servicer must perform a monthly analysis and reconciliation of each of the following Custodial Accounts maintained by the Servicer:

- P&I;
- T&I; and
- Collateral Agreement.

At a minimum, the reconciliation must include:

- a depository reconciliation;
- composition of cashbook balance; and
- an explanation of line items.

Fannie Mae may review the Servicer's reconciliation, including an explanation of any adjustments made by the Servicer, the specific cashbook balances, and any individual components.

While Fannie Mae does not prescribe a record keeping method for the Servicer to use to generate a cashbook balance, the Servicer must:

- maintain the integrity of the Custodial Account balances that it reports on the reconciliation forms; and
- be able to substantiate each of the cashbook components.

At a minimum, the Servicer must retain sufficient detail to perform the following cashbook computation:

Function	Beginning Cashbook Balance
+	Receipts
-	Disbursements
+/-	Cashbook Adjustments
=	Ending Cashbook Balance



Section 310 Taxes, Assessments, Insurance Premiums, and Other Charges/Obligations

310.01 Taxes and Insurance and Other Custodial Accounts

The Servicer must ensure that all applicable real estate taxes, special assessments, insurance premiums, ground rents, and other charges or obligations that could become Liens against the Property are paid on a timely basis. If the Servicer is collecting T&I Payments, the Servicer must pay any penalty or late fee incurred for failing to make timely payments.

310.02 Collections for T&I and Other Obligations

310.02A T&I and Other Obligations

Unless precluded by the Loan Documents, the Servicer must collect monthly payments from the Borrower for T&I to ensure that adequate funds will be on deposit to timely pay all of the following (the “T&I Obligations”):

- real estate taxes;
- special assessments;
- water and sewer assessments which, if unpaid, would give rise to a Lien against the Property;
- insurance premiums;
- Ground Lease payments (if applicable); and
- any other similar charges or obligations.

The Servicer may engage qualified third parties to manage the:

- collection of funds deposited into the T&I Custodial Account; and
- payment of T&I Obligations, provided that the Servicer adequately manages and monitors the vendor.

310.02B Collections for T&I Obligations

All collections by the Servicer from the Borrower for the payment of T&I Obligations must be deposited in a T&I Custodial Account meeting the requirements for a Custodial Account described in [Part V, Chapter 3: Custodial Account Requirements, Section 301.02: Custodial Account Types, Investments, and Depositories](#).

310.02C No Financing for T&I Obligations



The Servicer must not provide financing to the Borrower, or otherwise permit the Borrower to obtain financing, in order to pay any T&I Obligation.

310.03 Interest Earned on T&I and Other Custodial Accounts

The Servicer must comply with any applicable law, regulation, or other legal requirement that obligates the Servicer to pay to the Borrower interest earned on the T&I Custodial Account, otherwise the Servicer may retain such interest.

310.04 Accounting for T&I Custodial Accounts

The Servicer is responsible for maintaining and administering all funds collected from the Borrower and held in a T&I Custodial Account on a Mortgage Loan basis. At a minimum, the Servicer must account for the following in connection with each Mortgage Loan:

- the amounts of, and payment deadlines for, all T&I Obligations that must be funded from the T&I Custodial Account;
- the monthly funds due for deposit into the T&I Custodial Account;
- the funds actually received and deposited in the T&I Custodial Account;
- all withdrawals made from the T&I Custodial Account; and
- any amounts advanced by the Servicer as Servicing Advances for T&I Obligations.

310.05 Commingling of Funds in T&I Custodial Accounts

The Servicer may use a single T&I Custodial Account to hold funds collected from multiple Borrowers for the aggregate T&I Obligations of such Borrowers.

310.06 T&I Account Shortfalls

The Servicer must not use funds collected from one Borrower to pay obligations of another Borrower. Any shortfall in the T&I Custodial Account for a particular Borrower must be paid by that Borrower, or by the Servicer in the form of a Servicing Advance. The Servicer is responsible for any misuse of funds and shortfalls in the T&I Custodial Account.

310.07 Periodic Analysis of Borrower's T&I Obligations and Custodial Account Collections

310.07A Timing of Analysis



The Servicer must analyze its T&I Custodial Account records:

- annually for each Mortgage Loan; and
- when a change occurs in the T&I Obligations for any Borrower.

The Servicer must determine whether the Borrower's funds held in the T&I Custodial Account, together with the Borrower's required monthly deposit into the T&I Custodial Account, are sufficient to make timely payments for all upcoming T&I Obligations for that Borrower.

310.07B Insufficient Borrower Funds

If the Borrower's funds held in the T&I Custodial Account are insufficient to timely pay all T&I Obligations, the Servicer must:

- bill the Borrower for any shortage; and/or
- increase the Borrower's monthly payment into the T&I Custodial Account to ensure that funds are available to timely pay all T&I Obligations due.

Provided the amount of the Borrower's future deposits are adjusted as required above, the Servicer may use:

- a Borrower's deposits for taxes in the T&I Custodial Accounts for a shortfall in that Borrower's insurance T&I Obligation; or
- a Borrower's deposits for insurance in the T&I Custodial Accounts for a shortfall in that Borrower's tax T&I Obligation.

310.07C Custodial Account Surplus

The Servicer must ensure the Borrower's funds held in the T&I Custodial Account are sufficient to timely pay all applicable T&I Obligations due. However, the Servicer may not maintain a surplus in the T&I Custodial Account equal to more than 2 monthly T&I payments for any Borrower. At the time of the T&I Custodial Account analysis, provided that no event of default by the Borrower or any other party under any of the Loan Documents beyond any applicable grace or cure period has occurred, the Servicer must either:

- refund the amount of the surplus in excess of the 2 monthly T&I payments to the Borrower; or
- reduce the amount of the Borrower's required monthly deposit into the T&I Custodial Account to ensure that the surplus will be reduced by the amount exceeding 2 monthly T&I payments within 12 months.

If an event of default by the Borrower or any other party under any



of the Loan Documents beyond any applicable grace or cure period has occurred, no surplus from the T&I Custodial Account may be refunded to the Borrower.

310.08 Annual T&I Custodial Account Statements

By January 31st of each year, the Servicer must provide the Borrower with either a written statement, or notice and access to an electronic statement, detailing all activity relating to the Borrower's T&I Custodial Account during the preceding calendar year. The statement must include:

- the balance of the Borrower's funds on deposit in the T&I Custodial Account at the beginning of the preceding calendar year;
- the total deposits made by the Borrower into the T&I Custodial Account during the preceding calendar year;
- the total withdrawals made by the Servicer during the preceding calendar year, and an itemization of the amounts of the specific T&I Obligations and other charges (e.g., real estate taxes, insurance premiums, etc.) that were paid with such withdrawals;
- the balance of the Borrower's funds on deposit in the T&I Custodial Account at the end of the calendar year; and
- the amount of interest, if any, paid or credited to the Borrower on the Borrower's funds on deposit in the T&I Custodial Account.

The Servicer's monthly statement to the Borrower may be used as a substitute for the annual statement of the Borrower's funds on deposit in the T&I Custodial Account so long as such monthly statements are itemized and reflect cumulative deposits and withdrawals. The Servicer may be required to submit copies to Fannie Mae of the statements of any or all Borrower funds on deposit in the T&I Custodial Accounts.



Glossary

A

Automated Drafting System System used for processing remittances to Fannie Mae.

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

Business Day Any day other than a

- Saturday,
- Sunday,
- day on which Fannie Mae is closed,
- day on which the Federal Reserve Bank of New York is closed, or
- for any MBS and any required withdrawal for remittance thereunder, a day on which the Federal Reserve Bank is closed in the district where any funds are held for the MBS.

Synonyms

- Business Days

C

Cash Remittance System Multifamily web application allowing a Lender to enter the amounts to be drafted from its bank accounts via ACH for monthly remittances due to Fannie Mae, or any such successor system.



Clearing Account

Lender account at an Eligible Depository used either for

- receiving funds for various loans and for the benefit of multiple investors, and from which segregated funds are transferred to specific Custodial Accounts held solely for the benefit of Fannie Mae, or
- disbursing funds after transfer from a Fannie Mae Custodial Account.

Synonyms

- Clearing Accounts

Collateral Agreement

Agreement under which collateral (other than the Property) may be pledged, transferred, or otherwise provided to secure the Borrower's obligations under a Mortgage Loan.

Synonyms

- Collateral Agreements

Collateral Agreement Custodial Accounts

Custodial account established by the Servicer for depositing funds received from the Borrower for Collateral Agreements.

Completion/Repair Escrow

Custodial Account established by the Lender and initially funded by an escrow deposit from the Borrower on the Mortgage Loan Origination Date to complete Completion/Repairs or other capital improvements at the Property.

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

D



Delinquency Advance

For Primary Risk Mortgage Loans and Secondary Risk Mortgage Loans, an amount advanced by a primary servicer in respect of regularly scheduled monthly interest or principal due on 1 or more Mortgage Loans, to the extent required under its Lender Contract. For Secondary Risk Mortgage Loans only, in addition to the above, any amount advanced by a primary servicer in respect of all accrued but unpaid interest and principal due on 1 or more Mortgage Loans at the applicable Maturity Date of each relevant Mortgage Loan.

Synonyms

- Delinquency Advances

Drafting Account

Custodial Account established by the Lender for the benefit of Fannie Mae and for which Fannie Mae has authority to transfer funds.

Synonyms

- Drafting Accounts

DUS

Delegated Underwriting and Servicing

E



Eligible Depository	<p>Any Federal Reserve Bank, Federal Home Loan Bank, or other depository institution that:</p> <ol style="list-style-type: none">1. has its accounts insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or such other governmental insurer or guarantor as may be acceptable to Fannie Mae;2. is rated as “well capitalized” by its applicable federal or state regulator or, if not rated by a federal or state regulator, satisfies the capital requirements that would apply for categorization as “well capitalized” under federal or state regulations; and either3. for any depository institution with assets of \$20 billion or more, has a financial rating that meets or exceeds only 1 of the following criteria if the institution is rated only by S&P or only by Moody’s, provided that if the institution is rated by both S&P and Moody’s, it must satisfy both subsections (a) and (b) below:<ol style="list-style-type: none">a. a short-term issuer rating by S&P of “A-2” and a long-term issuer rating of “BBB” by S&P;b. a short-term bank deposit rating by Moody’s of “P-3” and a long-term bank deposit rating of “Baa2” by Moody’s; orc. satisfies any other standard determined by Fannie Mae, provided that such other standard is comparable to the rating requirements set forth above; or4. for any depository institution with assets of less than \$20 billion, has a financial rating that meets or exceeds at least 1 of the following criteria:<ol style="list-style-type: none">a. a short-term issuer rating by S&P of “A-2” and a long-term issuer rating of “BBB” by S&P;b. a short-term bank deposit rating by Moody’s of “P-3” and a long-term bank deposit rating of “Baa2” by Moody’s;c. a financial rating of 175 by IDC Financial Publishing, Inc., or its successor;d. a financial rating of C+ by Kroll Bond Rating Agency, Inc., or its successor; ore. satisfaction of any other standard determined by Fannie Mae, provided that such other standard is comparable to the rating requirements set forth above. <p>If a depository institution satisfies the standards in clauses 1 and 2 and has a rating that meets or exceeds at least 1 of the ratings specified in clause 3 or 4, as applicable, that depository institution will be considered an “Eligible Depository” even if another organization rates such depository institution below the minimum level specified in such clause.</p>
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F

Fannie Mae Representative	Fannie Mae personnel who assist you with various business matters (e.g., Fannie Mae Deal Team, pricing, delivery, servicing, asset management, etc.).
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FDIC	Federal Deposit Insurance Corporation
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G

Ground Lease	Contract for the rental of land, usually on a long term basis.
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Guaranty Fee Fee retained by Fannie Mae for credit enhancing a Mortgage Loan or assuming credit risk on a Mortgage Loan.

Synonyms

- Guaranty Fees

Guide Multifamily Selling and Servicing Guide and Delegated Underwriting and Servicing Guide, including any exhibits, appendices, or other referenced forms, as updated, amended, restated, modified, or supplemented by any lender memo; provided, however, if a topic is covered in the Multifamily Selling and Servicing Guide, that Guide shall control unless a Lender Contract specifically requires use of another Guide.

Synonyms

- DUS Guide

L

Lender Person approved by Fannie Mae to sell or service Mortgage Loans.

Synonyms

- Lenders
- Lender's

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

Synonyms

- Liens



Loan Documents All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

M

MBS Mortgage-Backed Security

MBS Pool MBS Security backed by MBS Mortgage Loans.

Synonyms

- MBS Pools

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

N

NCUSIF National Credit Union Share Insurance Fund administered by the National Credit Union Administration.

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	Gross Note Rate of the underlying Mortgage Loan, less the Guaranty Fee, less the Servicing Fee.
PFP MBS	MBS backed by a PFP Mortgage Loan.
Property	Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

Synonyms

- Properties
- Property's

R

REMIC	Real Estate Mortgage Investment Conduit
Replacement Reserve	Custodial Account established by the Lender and funded by deposits from the Borrower over the term of the Mortgage Loan to fund the replacement of capital items at the Property.

Synonyms

- Replacement Reserves

S

Security	MBS, PFP MBS, or REMIC.
Servicer	Primary Person responsible for servicing the Mortgage Loan (e.g., the originator, the selling Lender, or a third-party servicer).

Synonyms

- Servicers



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