Fannie Mae®

# Multifamily Selling and Servicing Guide

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# TABLE OF CONTENTS

Part V Section 203 Reporting Loan Activity and Security Balance ..... 3
203.01 Use of Fannie Mae eServicing System ..... 3
203.02 Reporting Specific Transactions ..... 3
203.03 Monthly Activity Reporting ..... 3
203.03A When to Begin Reporting ..... 3
203.03B Cutoff Dates for Loan Activity Reporting ..... 3
203.04 Monthly Securitized Mortgage Loan Security Balance Reporting ..... 3
203.04A Reporting Security Balances ..... 4
203.04B Same Month Pooling – Security Balance for First Reporting Cycle ..... 4
203.04C Security Balances Due by Second Business Day ..... 4
203.04D Failure to Meet Reporting Deadline ..... 4
203.05 Due Dates for Reports ..... 4
203.05A Removal Transactions ..... 4
203.05B All Other Transactions ..... 5
203.06 Mortgage Loan Activity Record ..... 5
203.06A Payment Collection ..... 5
203.06B Fee Collection ..... 5
203.06C Mortgage Loan Status ..... 5
203.07 Fannie Mae-Generated Monthly Reports ..... 6
203.07A MBS Mortgage Loan P&I Draft Report ..... 6
203.07B Cash Mortgage Loan P&I Draft Reports ..... 6
203.07C Month-End Report ..... 6
203.08 Monthly MBS Mortgage Loan Reconciliations - Pool-to-Security Balance Reconciliations (Not Applicable to PFP MBS) ..... 6
203.08A Reconciliation Required ..... 6
203.08B Rounding Adjustment ..... 7
203.08C Required Annual Adjustment to Correct Principal Balance vs. Security Balance Difference ..... 7
203.08D Pool-to-Security Reconciliation Certification ..... 7
GLOSSARY ..... 9

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# Section 203 Reporting Loan Activity and Security Balance

## 203.01 Use of Fannie Mae eServicing System

The Servicer must use Fannie Maes eServicing System to report Mortgage Loan level information on all Cash Mortgage Loans and Securitized Mortgage Loans. The Servicer must register to use the eServicing System prior to use. Information regarding registering for the eServicing System can be found on https://multifamily.fanniemae.com/applications-technology/eservicing. The Servicer must segregate its Cash Mortgage Loan servicing portfolio from its Securitized Mortgage Loan servicing portfolio for reporting purposes.

## 203.02 Reporting Specific Transactions

All reportable transactions will fall into one or more categories. Some transactions update the status of a Mortgage Loan or summarize collection activity, while others update the information in Fannie Maes records (e.g., Property addresses, Servicer Mortgage Loan identification numbers, Mortgage Loan terms, subservicing status, etc.).

## 203.03 Monthly Activity Reporting

### 203.03A When to Begin Reporting

The Servicer must use the eServicing System to report its monthly Mortgage Loan activity to Fannie Mae following the end of each Reporting Period, commencing with the month following the:

- date Fannie Mae acquired the Cash Mortgage Loan or PFP Mortgage Loan; or
- Issue Date for Securitized Mortgage Loans (other than PFP MBS).

### 203.03B Cutoff Dates for Loan Activity Reporting

The following are the cutoff dates for activity reporting on Mortgage Loans:

| Monthly Activity Cutoff Date | Monthly Activity Report Due Date |
|---|---|
| Servicer may establish as its cutoff date any day from the 25th of the month to the last day of the month. | Not later than the second Business Day of the month following the cutoff date for the Reporting Period. |

## 203.04 Monthly Securitized Mortgage Loan Security Balance Reporting

### 203.04A Reporting Security Balances

For each Security Pool serviced by the Servicer, the Servicer must submit a monthly Security Balance report that references:

- the Security Balance; and
- the Security Pool number.

### 203.04B Same Month Pooling – Security Balance for First Reporting Cycle

For Same Month Pooling Mortgage Loans, the Borrower will have made no payment as the monthly debt service payment will not yet have come due. Because the Servicers Security Balance report for the month following the Issue Date of the Security Pool under the Same Month Pooling Delivery option will not include an amount for principal curtailment for amortizing Mortgage Loans, the Servicer must report the Issue Date Principal Balance of the Mortgage Loan as the first reporting cycle Security Balance. As long as the Servicer reports the Issue Date Principal Balance of the Securitized Mortgage Loan in its first Security Balance report, there will be no impact on the Pool-to-Security balance reconciliation for that month.

### 203.04C Security Balances Due by Second Business Day

The Servicer must have transmitted all of its Security Balances (or corrections to balances reported in error) to Fannie Mae by 5:00 p.m. Eastern Time on the second Business Day of each month following the Reporting Period. If the Servicer anticipates a problem in meeting this reporting deadline or has a transmission problem that will result in late reporting, the Servicer must contact its Fannie Mae Representative.

### 203.04D Failure to Meet Reporting Deadline

If the Servicer fails to meet Fannie Maes reporting deadline, Fannie Mae may estimate the Servicers Security Balances so Fannie Mae can pass-through payments to Investors and publish Security Balances in a timely manner. When Fannie Mae does this, Fannie Maes estimate will be both the published Security Balance, and the beginning Security Balance used for the next months Security Balance report. Fannie Mae will send the Servicer written notification of any published estimated Security Balance within 10 days after publication by Fannie Mae.

## 203.05 Due Dates for Reports

The exact due date of the Servicers submission of its reports depends on the type of transaction being reported.

### 203.05A Removal Transactions

The Servicer must report removal activity (e.g., payoff, repurchase, liquidated-held for sale, and liquidated third-party sale/condemnation) by the second Business Day of the month following the cutoff date for the Reporting Period in which the activity occurred. The Servicer may correct any removal activity reporting error by resubmitting the corrected information in time to reach Fannie Mae by the second Business Day of the month following the Reporting Period. If the Servicer is unable to correct the error, the Servicer must notify its Fannie Mae Representative about the error.

### 203.05B All Other Transactions

The Servicer must make sure that all other transactions (which are the transactions that comprise the bulk of its reports) are transmitted in sufficient time for receipt by Fannie Mae by the second Business Day of the month following the cutoff date for the Reporting Period.

## 203.06 Mortgage Loan Activity Record

The Loan Activity Record is used to provide Mortgage Loan-level detail of amounts due to Fannie Mae or the Investor for each Mortgage Loan on the Servicer's trial balance.

### 203.06A Payment Collection

Payment collection relates to the receipt and application of the monthly payment. The information that must be reported includes:

- actual last paid installment ("LPI") date;
- actual UPB; and
- remittance amount (distributed between P&I).

Under the Same Month Pooling option, the Servicer must not report a principal distribution amount for the first reporting cycle following the Issue Date of the Security Pool because no payment will have come due from the Borrower. For the first reporting cycle, the actual UPB of the Mortgage Loan will equal the Issue Date principal balance, as no principal payment will be subtracted from the Security Balance or passed through to the Investor.

### 203.06B Fee Collection

Fee collection relates to any special fees that were collected from the Borrower during the Reporting Period.

### 203.06C Mortgage Loan Status

Mortgage Loan status relates to special actions that have occurred (e.g., a payoff or a repurchase). An action code and an action date (specifying when the reported action occurred or will occur) must be reported. The User Manual for the eServicing System provides detailed information regarding action codes and action dates.

## 203.07 Fannie Mae-Generated Monthly Reports

### 203.07A MBS Mortgage Loan P&I Draft Report

On approximately the 10th day of the month, reports are available in the eServicing System for Servicers to verify the amount to be drafted on the Remittance Date, including P&I and Prepayment Premiums due to Fannie Mae or the MBS Investor.

### 203.07B Cash Mortgage Loan P&I Draft Reports

3 Business Days before the Remittance Date, reports are available in the Cash Loan Drafting Application for Servicers to review, update, and certify the amount to be drafted on the Remittance Date, including Prepayment Premiums due to Fannie Mae. Amounts must be reviewed, updated, and certified by 4:30 p.m. ET 1 Business Day before the Remittance Date.

### 203.07C Month-End Report

By the 23rd day of the month, the Summary of Processed Activity and other reports are available in the eServicing System for the Servicer to reconcile with its internal records.

## 203.08 Monthly MBS Mortgage Loan Reconciliations - Pool-to-Security Balance Reconciliations (Not Applicable to PFP MBS)

### 203.08A Reconciliation Required

At the end of each Reporting Period, the Servicer must reconcile the actual ending Mortgage Loan balance for the Mortgage Loan in any given Security Pool to the ending Security Balance for that Security Pool. To perform this reconciliation, the Lender must use the following calculation:

| Function | Ending Principal Balance for the Mortgage Loan in Security Pool (from current month) |
|---|---|
| PLUS | Prepaid Principal (as of current month) |
| MINUS | Delinquent Principal (as of current month) |
| MINUS | Scheduled Principal (as of current month) |

| | |
|---|---|
| PLUS | Principal Portion of Last Installment for Liquidated Mortgage Loan (as of current month) |
| | **Adjusted Principal Balance for Security Pool** |
| MINUS | Ending Security Balance for Reporting Period |
| EQUALS | **Difference** |

## 203.08B Rounding Adjustment

Because the total amount of the Mortgage Loan that is issued for a Security Pool is rounded down to the next lowest whole dollar amount of the actual Issue Date Principal Balance of the Mortgage Loan, the Security Balance will be smaller than the actual UPB of the Mortgage Loan. The difference will never be greater than $0.99 for a single Security Pool. The Servicer must adjust for this difference in the first monthly accounting report it submits after the Issue Date of the Security, classifying it as an unscheduled principal adjustment.

## 203.08C Required Annual Adjustment to Correct Principal Balance vs. Security Balance Difference

Other differences may arise in the reconciliation between the UPB of the Mortgage Loan in a Security Pool and the outstanding Security Balance. These differences cannot exceed more than $0.25 for any Mortgage Loan in the Security Pool. At least once a year, the Servicer must make an adjustment to correct any differences.

**1. If Security Balance is Greater than UPB**

If the Security Balance is higher than the UPB of the Mortgage Loan, the Servicer must immediately deposit the funds in the scheduled/scheduled P&I Custodial Account for Security Pools so that the funds can be passed through to Fannie Mae (as an unscheduled principal collection) with the Servicers next monthly remittance.

**2. If Security Balance is Lower than UPB**

If the Security Balance is lower than the UPB of the Mortgage Loan, the Servicer may adjust a subsequent pass-through amount that includes an unscheduled principal collection to correct for this difference.

## 203.08D Pool-to-Security Reconciliation Certification

The eServicing System produces a Pool-to-Security Reconciliation on a monthly basis to assist Servicers with review. Servicers are required to review and certify any pool-to-security difference each month by month end. Differences occur when the MBS pool security balance does not match the sum of the scheduled UPB of the Mortgage Loan. Fannie Mae calculates

pool-to-security differences after monthly Mortgage Loan and Security reporting is complete.  For each pool with a difference, the Servicer must review the deficiency, research the difference, and determine the appropriate remedy.  The Servicers certification includes the identification and selection of a deficiency reason, and a statement of how it should be resolved.

# Glossary

## B

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|---|---|
| Borrower | Person who is the obligor per the Note.<br><br>**Synonyms**<br>• Borrowers<br>• Borrower's |
| Business Day | Any day other than a<br>• Saturday,<br>• Sunday,<br>• day when Fannie Mae is closed,<br>• day when the Federal Reserve Bank of New York is closed, or<br>• for any MBS and required remittance withdrawal, day when the Federal Reserve Bank is closed in the district where any of the MBS funds are held.<br><br>**Synonyms**<br>• Business Days |

## C

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|---|---|
| Cash Loan Drafting Application | Multifamily application or successor system, where you review, update, and certify amounts for Fannie Mae to draft from your bank accounts via ACH for monthly P&I and payoff remittances for:<br>• Cash Mortgage Loans; and<br>• PFP Mortgage Loans. |
| Cash Mortgage Loan | Mortgage Loan purchased by Fannie Mae in exchange for cash.<br><br>**Synonyms**<br>• Cash Mortgage Loans |



| | |
|---|---|
| Custodial Account | Account established by the Servicer for depositing P&I payments, T&I payments, and escrow, reserve, or other funds received from the Borrower per any Loan Document, including the:<br>• Collateral Agreement;<br>• Multifamily Loan Agreement; or<br>• Security Instrument.<br><br>**Synonyms**<br>• Custodial Accounts |

## D

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|---|---|
| Delivery | Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Maes satisfaction.<br><br>**Synonyms**<br>• Deliver<br>• Delivered<br>• Deliveries |

## F

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|---|---|
| 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.). |

## I

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|---|---|
| Investor | MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan.<br><br>**Synonyms**<br>• Investors<br>• Investor's |
| Issue Date | First day of the month a Security is issued. |

| | |
|---|---|
| Issue Date Principal Balance | For any Securitized Mortgage Loan, the UPB of the Note after crediting:<br>• the principal portion of any scheduled monthly installment due on or before the Security Issue Date, whether or not collected; and<br>• any unscheduled principal payment received on or before the Security Issue Date. |

## L

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|---|---|
| Last Paid Installment | Due date of the last payment received.<br><br>**Synonyms**<br>• LPI |
| Lender | Person Fannie Mae approved to sell or service Mortgage Loans.<br><br>**Synonyms**<br>• Lenders<br>• Lender's |

## M

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|---|---|
| MBS | Mortgage-Backed Security |
| MBS Investor | For MBS Mortgage Loans, either a Third Party MBS Investor for Lender-Arranged Sales, or the Multifamily Trading Desk. |
| MBS Pool | MBS Security backed by MBS Mortgage Loans.<br><br>**Synonyms**<br>• MBS Pools<br>• MBS Pool's |

| | |
|---|---|
| Mortgage Loan | Mortgage debt obligation evidenced, or when made will be evidenced, by<br>• the Loan Documents, or<br>• a mortgage debt obligation with a Fannie Mae credit enhancement.<br><br>**Synonyms**<br>• Mortgage Loans<br>• Mortgage Loan's |

# P

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|---|---|
| P&I | Principal and interest |
| P&I Custodial Account | Custodial Account for principal and interest deposits.<br><br>**Synonyms**<br>• P&I Custodial Accounts |
| PFP MBS | MBS backed by a PFP Mortgage Loan. |
| PFP Mortgage Loan | Mortgage Loan originally purchased as a Cash Mortgage Loan or held in Fannie Maes portfolio, but subsequently securitized as an MBS.<br><br>**Synonyms**<br>• PFP Mortgage Loans |
| Prepayment Premium | For a Mortgage Loan prepayment, amount the Borrower must pay in addition to the prepaid principal and accrued interest per the Loan Documents.<br><br>**Synonyms**<br>• Prepayment Premiums |

| | |
|---|---|
| Principal | Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors.<br><br>**Synonyms**<br>• Principals |
| Property | Multifamily residential real estate securing the Mortgage Loan, including the<br>• fee simple or Leasehold interest,<br>• Improvements, and<br>• personal property (per the Uniform Commercial Code).<br><br>**Synonyms**<br>• Properties<br>• Property's |

# R

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|---|---|
| Remittance Date | The 18th day of each month (or the preceding Business Day if the 18th is not a Business Day) on which you must submit your remittance to Fannie Mae for the Mortgage Loan. |

# S

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| Same Month Pooling | Delivery option permitting Mortgage Loans to be pooled and secure an MBS issued in the same month as the Mortgage Loan Origination Date. |
| Securitized Mortgage Loan | Mortgage Loan backing an MBS, PFP MBS, or REMIC.<br><br>**Synonyms**<br>• Securitized Mortgage Loans |

| | |
|---|---|
| Security | MBS, PFP MBS, or REMIC.<br><br>**Synonyms**<br>• Securities |
| Security Balance | For an MBS Pool, the Issue Date Principal Balance minus any MBS principal distribution amounts included in previous MBS monthly remittances.<br><br>**Synonyms**<br>• Security Balances |
| Servicer | Primary Person servicing the Mortgage Loan, including<br>• the originator,<br>• seller, or<br>• a third party.<br><br>**Synonyms**<br>• Servicers<br>• Servicer's |

# U

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|---|---|
| UPB | Unpaid Principal Balance<br><br>**Synonyms**<br>• UPBs |

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