



# Multifamily Selling and Servicing Guide

Effective as of August 1, 2019

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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 Mae's 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 [www.fanniemae.com/multifamily/eservicing](http://www.fanniemae.com/multifamily/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 Mae's 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.



### **203.03C** Cash Mortgage Loan – Reporting Remittance Amount

On the last Business Day before the designated Remittance Date, the Servicer must electronically report the remittance amount using the Cash Remittance System that is to be drafted by Fannie Mae on the Remittance Date. The Servicer may enter drafting information into the Cash Remittance System at any time until 4:00 p.m. Eastern Time, which is the designated cutoff time to enable Fannie Mae to draft the remittances on the next Business Day.

The Servicer may change the information for individual drafts at any time prior to the 4:00 p.m. Eastern Time cutoff time (and the Servicer's transmission of the information to Fannie Mae). After the remittance information is electronically transmitted to Fannie Mae, the Cash Remittance System will generate a report for the Servicer to confirm Fannie Mae's receipt of its drafting instructions. Fannie Mae will then draft the related funds on the following Business Day using an automated clearing house. The Servicer will be able to print reports of its drafting activity to facilitate recordkeeping and reconciliation of account information.

## **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 Servicer's 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 Mae's reporting deadline, Fannie Mae may estimate the Servicer's 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 Mae's estimate will be both the published Security Balance, and the beginning Security Balance used for the next month's 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 Servicer's 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** Reports Generated by Fannie Mae

### **203.07A** MBS Mortgage Loan Reports

On approximately the 10th of the month, the eServicing System provides P&I Draft Amount reports that the Servicer may download or view to verify the amount that will be drafted on the 18th of the month. The reports also include, if applicable, Prepayment Premium amounts that must be passed through to Fannie Mae (which include portions due to Fannie Mae and to the investor).

### **203.07B** Cash Mortgage Loan and MBS Mortgage Loan Reports

After Fannie Mae processes the Servicer's information in the eServicing System, reports are produced to highlight the reported activity. These reports are designed to assist the Servicer in reconciling the monthly information generated from the eServicing System with its internal records. These reports are available to the Servicer after the 22nd day of each month.



## **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:

<b>Function</b>	<b>Ending Principal Balance for the Mortgage Loan in Security Pool (from current month)</b>
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)
	<b>Adjusted Principal Balance for Security Pool</b>
MINUS	Ending Security Balance for Reporting Period
EQUALS	<b>Difference</b>

### **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 Servicer’s 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 Servicer’s certification includes the identification and selection of a deficiency reason, and a statement of how it should be resolved.





# Glossary

## 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 Mortgage Loan** Mortgage Loan purchased by Fannie Mae in exchange for cash.

**Synonyms**

- Cash Mortgage Loans

**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.

## D



**Delivery** Meeting all of the data delivery requirements in [Part IV A, Chapter 4: Delivery Procedures – Data](#), and submitting an acceptable Mortgage Loan Delivery Package per [Part IV A, Chapter 5: Delivery Procedures – Documents](#). A Mortgage Loan is “Delivered,” when all documents, data, and information are correct, accurate, and able to be certified by Fannie Mae, with all required documents properly completed, executed, and recorded (if applicable), and any deficiencies are resolved to Fannie Mae’s satisfaction.

**Synonyms**

- Deliver
- Delivered
- Deliveries

## **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.).

## **I**

**Investor** MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan.

**Synonyms**

- Investors

**Issue Date** First day of the month of issuance of a Security.

**Issue Date Principal Balance** For any Securitized Mortgage Loan, the UPB of the Note after crediting:

- the principal portion of any scheduled monthly installment due on or before the Security Issue Date, whether or not collected; and
- any unscheduled principal payment received on or before the Security Issue Date.



## L

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

### **Synonyms**

- Lenders
- Lender's

## M

MBS Mortgage-Backed Security

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

## P

P&I Principal and interest

P&I Custodial Account Custodial Account for principal and interest deposits.

### **Synonyms**

- 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 Mae's portfolio, but subsequently securitized as an MBS.

### **Synonyms**

- PFP Mortgage Loans



**Prepayment Premium** When a Mortgage Loan prepayment is made, amount required to be paid by the Borrower in addition to the principal amount being prepaid and accrued interest per the related Loan Documents.

**Synonyms**

- Prepayment Premiums

**Principal** Person who owns or controls specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors.

**Synonyms**

- Principals

**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**

**Remittance Date** Date the Servicer is required to make its Monthly Remittance to Fannie Mae for the Mortgage Loan.

## **S**

**Same Month Pooling** Delivery option permitting Mortgage Loans to be pooled, and an MBS backed by the pool to be issued, in the same month as the Mortgage Loan Origination Date.



Securitized Mortgage Loan Mortgage Loan backing an MBS, PFP MBS, or REMIC.

**Synonyms**

- Securitized Mortgage Loans

Security MBS, PFP MBS, or REMIC.

Security Balance For each MBS Pool, the Issue Date Principal Balance less any MBS principal distribution amounts included in previous MBS monthly remittances.

**Synonyms**

- Security Balances

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

**Synonyms**

- Servicers

## U

UPB Unpaid Principal Balance