Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of October 26, 2026

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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

C

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: • Collateral Agreement; • Multifamily Loan Agreement; or • Security Instrument. **Synonyms** • Custodial Accounts

I

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: • 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 Fannie Mae approved to sell or service Mortgage Loans. **Synonyms** • Lenders • Lender's

M

MBS	Mortgage-Backed Security

MBS Pool	MBS Security backed by MBS Mortgage Loans. **Synonyms** • MBS Pools • MBS Pool's
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 • Mortgage Loan's

P

P&I	Principal and interest
P&I Custodial Account	Custodial Account for principal and interest deposits. **Synonyms** • P&I Custodial Accounts
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. **Synonyms** • Principals

S

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

U

UPB	Unpaid Principal Balance **Synonyms** • UPBs

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