Fannie Mae®

# Multifamily Selling and Servicing Guide

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## Section 204 Calculation of Interest Due

### 204.01 Generally

Generally the Borrower's monthly payment consists of P&I and deposits for insurance, taxes, replacement reserves and replacement hedges or some combination of such items. In some instances, the payment may include additional funds to be applied toward the UPB or to repay funds advanced by the Servicer. The Servicer must account for each portion of the Borrower's monthly payment in the Servicer's records. The Servicer must track both actual and scheduled Mortgage Loan balances (a.k.a., Security Pool and Security balances) and reconcile any outstanding difference (e.g., the Servicer advances for insufficient Borrower payments).

### 204.02 Calculating Interest Due

The interest calculation method is generally specified in the Loan Documents. Servicers are required to calculate interest due for each Mortgage Loan as required by the Loan Documents. If the Loan Documents do not contain any information regarding the interest calculation method, then Servicers should assume a 30/360 accrual method.

#### 204.02A Actual/360 Interest Calculation Method

Interest will accrue based upon the actual number of days in a calendar month and a 360-day year.

#### 204.02B 30/360 Interest Calculation Method

Interest will accrue based upon a 30-day month and a 360-day year.

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# Glossary

## B

| | |
|---|---|
| Borrower | Person who is the obligor per the Note.<br><br>**Synonyms**<br>• Borrowers<br>• Borrower's |

## L

| | |
|---|---|
| Loan Documents | All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.<br><br>**Synonyms**<br>• Loan Document<br>• Mortgage Loan Document<br>• Mortgage Loan Documents |

## M

| | |
|---|---|
| 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

| | |
|---|---|
| P&I | Principal and interest |

## R

| | |
|---|---|
| Replacement Reserve | Custodial Account the Borrower funds during the Mortgage Loan term for Replacements.<br><br>**Synonyms**<br>• Replacement Reserves |
| Replacements | Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required.<br><br>**Synonyms**<br>• Replacement |

# S

| | |
|---|---|
| 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

| | |
|---|---|
| UPB | Unpaid Principal Balance |

**Synonyms**
- UPBs