



Multifamily Selling and Servicing Guide

Effective as of August 1, 2019

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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.



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

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

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

DUS

Delegated Underwriting and Servicing

E



Eligible Depository

Any Federal Reserve Bank, Federal Home Loan Bank, or other depository institution that:

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 either
3. 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:
 - 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; or
 - c. satisfies any other standard determined by Fannie Mae, provided that such other standard is comparable to the rating requirements set forth above; or
4. 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:
 - 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; or
 - e. satisfaction of any other standard determined by Fannie Mae, provided that such other standard is comparable to the rating requirements set forth above.

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.

G

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

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

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.



R

REMIC Real Estate Mortgage Investment Conduit

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