



Multifamily Selling and Servicing Guide

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Section 305 Collateral Agreement Custodial Accounts

305.01 Purpose of Collateral Agreement Custodial Accounts

If required by the Loan Documents, the Servicer must establish Collateral Agreement Custodial Accounts for deposits to be made by the Borrower:

- into a Completion/Repair Escrow;
- into a Replacement Reserve;
- into an escrow required to fund operating deficits; and
- into any other escrow required by any Collateral Agreement.

305.02 Commingling Restrictions

Collateral Agreement Custodial Account funds must not be commingled with either P&I or T&I funds. The Servicer may establish one account for all of its Collateral Agreement deposits, or establish a separate Custodial Account for each:

- Mortgage Loan;
- type of Collateral Agreement;
- Borrower; or
- individual Collateral Agreement.

The Servicer must notify its Fannie Mae Representative, as provided by [Part V, Chapter 3: Custodial Account Requirements, Section 302.01C: Termination of a Custodial Account](#), when any Collateral Agreement Custodial Account is closed due to a disbursement of all funds and satisfaction of all responsibilities under the applicable Collateral Agreement.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

C

Collateral Agreement Agreement under which collateral (other than the Property) may be pledged, transferred, or otherwise provided to secure the Borrower's obligations under a Mortgage Loan.

Synonyms

- Collateral Agreements

Collateral Agreement Custodial Accounts Custodial account established by the Servicer for depositing funds received from the Borrower for Collateral Agreements.

Completion/Repair Escrow Custodial Account established by the Lender and initially funded by an escrow deposit from the Borrower on the Mortgage Loan Origination Date to complete Completion/Repairs or other capital improvements at the Property.

Custodial Account Accounts established by the Servicer for depositing P&I payments, T&I funds, Collateral Agreement deposits, and other similar funds.

Synonyms

- Custodial Accounts

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.).

L

Loan Documents

All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

M

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

R

Replacement Reserve

Custodial Account established by the Lender and funded by deposits from the Borrower over the term of the Mortgage Loan to fund the replacement of capital items at the Property.

Synonyms

- Replacement Reserves

S



Servicer

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

Synonyms

- Servicers