



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## TABLE OF CONTENTS

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Part V Section 408 Administration of Collateral Agreements .....	4
408.01 General Administrative Requirements .....	4
408.01A Administration of Funds .....	4
408.01B Funds to be Held in a Custodial Account .....	4
408.01C Use of Funds .....	4
408.01D Funds as Additional Security for Mortgage Loan .....	4
408.01E Servicer's Fees and Costs .....	5
408.01F Waiver or Modification of Terms of Collateral Agreement .....	5
408.02 Achievement Agreement or Other Agreement for Additional Collateral .....	5
408.02A General .....	5
408.02B Releases or Reductions in Collateral .....	5
408.02C Draws on Letters of Credit or Application of Other Collateral .....	8
408.02D Releasing Additional Escrows for Principal and Interest, Taxes and Insurance, and Replacement Reserves .....	9
408.03 Completion/Repairs .....	10
408.03A General .....	10
408.03B Extensions for Completion/Repairs .....	10
408.03C Completion/Repair Loan Document Amendments .....	11
408.03D Servicer's Administrative Requirements .....	12
408.03E Processing Borrower Requisitions .....	13
408.03F Inspections .....	16
408.03G Fees .....	17
408.03H Completion/Repair Defaults .....	17
408.03I Green Rewards Efficiency Measure Verification .....	17
408.04 Replacement Reserve .....	21
408.04A General .....	21
408.04B Replacement Reserve Loan Document Amendments .....	21
408.04C Servicer's Administrative Requirements .....	21
408.04D Modifications to Replacement Reserve Deposits .....	22
408.04E New Property Condition Assessments .....	23
408.04F When Replacement Reserve Funding Was Partially or Fully Waived .....	24
408.04G Interest on Replacement Reserve Funds .....	24
408.04H Items Eligible for Funding from the Replacement Reserve .....	24
408.04I Items Not Eligible for Funding from the Replacement Reserve .....	25
408.04J Processing Borrower Requisitions .....	25
408.04K Inspections .....	27
408.04L Fees .....	27
408.04M Replacement Reserve Defaults .....	27
408.04N Return of Replacement Reserve Funds to Borrower .....	28
408.04O Alternative Funding of Replacement Reserves for Portfolio Mortgage Loans .....	28





## Section 408 Administration of Collateral Agreements

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### 408.01 General Administrative Requirements

#### 408.01A Administration of Funds

The Servicer must:

- administer and manage funds or collateral under all Collateral Agreements; and
- ensure that any disbursements of funds, or other collateral releases or reductions, are:
  - approved only for valid reasons;
  - appropriately documented; and
  - consistent with the provisions of the Collateral Agreement and this Section.

#### 408.01B Funds to be Held in a Custodial Account

The Servicer must deposit funds held under a Collateral Agreement in a Custodial Account that meets the requirements of [Part V, Chapter 3: Custodial Accounts](#).

#### 408.01C Use of Funds

Funds must be used only for the purposes stated in the Collateral Agreement, and must not supplement a partial P&I payment or cover any other Borrower obligation unrelated to the primary purposes of the Collateral Agreement.

#### 408.01D Funds as Additional Security for Mortgage Loan

All funds or other collateral held under a Collateral Agreement constitute additional security for the Borrower's obligations under the Note and the other Loan Documents. In the event of a default under the Loan Documents, Fannie Mae reserves the right to apply (or direct the Servicer to apply) the funds or other collateral held under any Collateral Agreement in any manner allowed under the terms of such Collateral Agreement. **Following a default, unless instructed by Fannie Mae, the Servicer must not:**

- **release any funds or other collateral held under a Collateral Agreement;**



- apply any funds or collateral to the repayment of the Mortgage Loan; or
- reimburse itself from such funds or collateral for any expenses or losses incurred by the Servicer.

#### **408.01E**    Servicer's Fees and Costs

If the Collateral Agreement contemplates the payment of fees or costs by the Borrower, the Servicer may collect and retain such fees or costs for its own account, adhering to any specific billing provisions of the Collateral Agreement. Any fees or costs retained by the Servicer must be reasonable in relation to the nature and scope of the services provided by or on behalf of the Servicer. The Servicer must not use any of the funds or other collateral held under the Collateral Agreement to cover such fees or costs. However, the Servicer may deduct such fees or costs from any disbursement of funds to the Borrower, provided such disbursements, fees, and costs are permitted under the Collateral Agreement, or if the Borrower otherwise agrees in writing.

#### **408.01F**    Waiver or Modification of Terms of Collateral Agreement

Except as noted in this Chapter, the Servicer must not waive or modify the terms of any Collateral Agreement.

### **408.02**    Achievement Agreement or Other Agreement for Additional Collateral

#### **408.02A**    General

The provisions of this Section govern Achievement Agreements and all Collateral Agreements, other than:

- Multifamily Loan Agreements, including the Completion/Repair Schedule and Replacement Reserve Schedule;
- Security Instruments;
- Replacement Reserve Agreements; and
- Completion/Repair Agreements.

The Servicer must maintain an effective system for monitoring the expiration date of any Achievement Agreement or other Collateral Agreement, and ensure that all actions required to be taken pursuant to any such agreement have been timely performed and, if not timely performed, immediately notify Multifamily Asset Management.

#### **408.02B**    Releases or Reductions in Collateral

Any request for a release or reduction of collateral must be



processed in accordance with this Section, unless these instructions conflict with the terms and conditions of the Achievement Agreement or other Collateral Agreement.

## **1. General**

If the Borrower has not satisfied the requirements for a release or reduction of collateral contained in the Achievement Agreement or other Collateral Agreement, the Servicer must not approve the Borrower request, and may decline the Borrower request without notice to Fannie Mae. If the Servicer determines that the Borrower has satisfied the requirements of the Achievement Agreement or other Collateral Agreement, the Servicer must recommend the release or reduction of collateral through the MAMP, accompanied by the supporting documentation listed below. Upon receipt and review of all pertinent information, Fannie Mae will approve or deny the request and notify the Servicer of its decision.

## **2. Supporting Documentation and Analysis**

The following documentation must be submitted through the MAMP, and maintained in the Servicing File, in connection with each request for a release or reduction of collateral

### **(a) Income and Expense Statements; Current Rent Roll**

Property income and expense statements and a current rent roll must be obtained from, and certified by, the Borrower. The statements must cover the applicable period required by the Achievement Agreement or other Collateral Agreement. Based on the Loan Documents, Parts I - III, the certified income and expense statements, and the current rent roll, the Servicer must develop a Net Cash Flow estimate to determine whether the release or reduction provisions of the applicable Achievement Agreement or other Collateral Agreement are satisfied. The income, vacancy, collection loss, and concession information should support the Effective Gross Income that the Servicer is relying on in assessing whether a release or reduction is warranted.

In deriving its estimate of Effective Gross Income, the Servicer must adjust for:

- income that was not allowed or recognized in the original underwriting;
- the effect of a partial year's performance when the shorter period reflects the short-term, positive impact from seasonal variations that do not reflect the Property's year-round performance; and



- non-monetary concessions, requiring the Servicer to deduct the pro-rata value of the concession from the monthly rent for the applicable unit.

The Servicer must ensure that all appropriate types of expenses, including underwritten Replacement Reserve deposits, are included, and that any inappropriate expenses (e.g., capital improvement costs, repair costs covered by funds set aside for Completion/Repairs, partnership costs, etc.) are excluded. To avoid unwarranted releases or reductions of collateral, the expense figures must reflect stabilized operating conditions, and must not be understated due to efficiencies or savings that could not be replicated by a different owner or manager, or that would not be recognized for underwriting purposes.

The Servicer must perform a line-by-line expense analysis, including a comparison of the original underwriting estimates with the actual expenses shown on the Borrower's income and expense statements. The Servicer must use the greater of the underwritten or the actual expense figure shown for each item on the Borrower's statement.

#### **(b) Servicer's Analysis**

The Servicer must provide an analysis and recommendation regarding the release or reduction of collateral, including any calculations required under the terms of the applicable Achievement Agreement or other Collateral Agreement.

#### **(c) Correspondence**

The Servicer must provide any correspondence with the Borrower that pertains to the release or reduction request.

### **3. Property Inspection**

Before approving any request for a release or reduction of collateral, the Servicer must perform a physical inspection of the Property to verify that:

- no deferred maintenance exists;
- necessary capital improvements have been made; and
- the general management and operations are acceptable and characteristic of a stabilized project.

The Servicer's inspection must occur no more than 90 days prior to the date of the submission to Fannie Mae of the release or



reduction request. The Servicer must document the results of its inspection by completing the MBA Standard Inspection Form.

## **408.02C** Draws on Letters of Credit or Application of Other Collateral

### **1. Draws Triggered by Adverse Events**

The Servicer must promptly notify Multifamily Asset Management when any of the following events occur, which could result in a draw on a Letter of Credit issued for an Achievement Agreement or other Collateral Agreement:

- a default under the Loan Documents, including the Achievement Agreement or other Collateral Agreement;
- the failure to renew or replace an expiring Letter of Credit at least 30 days prior to its expiration date, or other deadline specified in the Achievement Agreement or other Collateral Agreement; or
- the failure to replace a Letter of Credit by the replacement deadline when the Issuer is no longer acceptably rated.

The Servicer's notice to Fannie Mae must include a recommended course of action, and be accompanied by a copy of the executed Achievement Agreement or other Collateral Agreement.

### **2. Draw Resulting from Noncompliance with Issuer Rating Requirements or Expiration of Letter of Credit**

If a draw on the Letter of Credit occurs due to noncompliance with the rating requirements for the Issuer or because of an imminent expiration of the Letter of Credit, Fannie Mae will hold the Letter of Credit proceeds in its designated account until the earliest of the following:

- the Borrower presents a replacement Letter of Credit and Fannie Mae agrees, in its sole discretion, to accept the Letter of Credit;  
(NOTE: Any agreement by Fannie Mae to accept a replacement Letter of Credit will be conditioned upon the Borrower's payment of all administrative and legal costs incurred by the Servicer and Fannie Mae in connection with the replacement of the Letter of Credit.)
- the release or reduction provisions of the applicable Achievement Agreement or other Collateral Agreement are satisfied; or
- the Borrower pays all amounts due and payable under the Loan Documents, including any required Prepayment Premium, and Fannie Mae releases the Lien of the





Security Instrument.

### 3. Draws Occasioned by Borrower Request

If the Servicer receives a request from the Borrower to draw on the Letter of Credit and have the proceeds applied as a partial prepayment against the UPB, and the Loan Documents allow partial prepayments, the Servicer must immediately forward the request, along with an analysis and recommendation, including an estimate of the applicable Prepayment Premium, to Fannie Mae. If the Loan Documents do not allow partial prepayments, the Servicer must deny the Borrower request.

Fannie Mae will assess the Borrower request and determine if the proposed use of the Letter of Credit proceeds or other collateral would be in the best interest of Fannie Mae and/or the Investor in any Securitized Mortgage Loan. **Any decision to apply Letter of Credit proceeds or apply other collateral to a partial prepayment will be made by Fannie Mae in its sole discretion.** Fannie Mae will notify the Servicer of its determination and will provide appropriate follow-up instructions.

### 4. No Interest on Proceeds Held by Fannie Mae

Fannie Mae will not pay interest on the cash proceeds it holds resulting from a draw on a Letter of Credit.

## 408.02D Releasing Additional Escrows for Principal and Interest, Taxes and Insurance, and Replacement Reserves

Notwithstanding anything contained in this Chapter, if no Event of Default has occurred and is continuing under any of the Loan Documents (including Forbearance), the Servicer is delegated the authority to waive any Loan Document requirement prohibiting the Servicer from immediately approving a partial or final disbursement request of Additional Escrows for P&I, T&I, and Replacement Reserves required by:

- [Form 6268](#) – Modifications to Multifamily Loan and Security Agreement (Additional Reserve Escrows);
- [Form 6640](#) – Amendment to Multifamily Loan and Security Agreement (Additional P&I Escrow Agreement); or
- [Form 6641](#) – Additional P&I Escrow Agreement (4000 series Loan Documents).

The Servicer is delegated the authority to:

- determine whether the waiver requires a Loan Document amendment; and
- document any amendment in any form the Servicer determines



to be legally enforceable.

Servicers must document all disbursement requests, including any supporting documentation and analysis, in the Servicing File.

## **408.03** Completion/Repairs

### **408.03A** General

The Loan Documents for administering Completion/Repairs are:

- for Mortgage Loans documented with the 6000 series Loan Documents, the Multifamily Loan Agreement, plus the:
  - Completion/Repair Schedule;
  - Multifamily Loan Agreement and Modifications to Multifamily Loan and Security Agreement (Rehabilitation Reserve - Moderate Rehabilitation/Substantial Rehabilitation); or
  - another approved Modifications to Multifamily Loan and Security Agreement; and
- For Mortgage Loans documented with the 4000 series Loan Documents, the Completion/Repair Agreement.

The Servicer must administer the Loan Documents to ensure the timely implementation of all Completion/Repairs. Once the Completion/Repairs are completed and comply with the Guide, the Servicer must enter the final completion dates and close out the work items for the Mortgage Loan in the Completion/Repair module in the MAMP. Additional information may be required for any Mortgage Loan assigned to Loss Mitigation. If the Mortgage Loan does not have work items in the MAMP, no further action in the MAMP is required.

### **408.03B** Extensions for Completion/Repairs

The Servicer is delegated the authority to extend the time limits for making Completion/Repairs if:

- the Completion/Repairs subject to the extension request do not involve life safety issues; and
- the Mortgage Loan does not have a Fannie Mae risk rating of Substandard or Doubtful.

Notwithstanding the above, the Servicer is delegated the authority to grant a one-time extension of 30 days for a life safety issue if the Borrower is diligently pursuing completion of the related Completion/Repair.



The duration of any permitted non-life safety extension may not exceed:

- 1 year past the original completion date specified in the Loan Documents for that Completion/Repair, for a Mortgage Loan without loss sharing; and
- 2 years past the original completion date specified in the Loan Documents for that Completion/Repair, for any Mortgage Loan with loss sharing.

The Servicer must submit a Non-Monetary Default Borrower Request in the MAMP if the required Completion/Repairs are not completed with this timeframe.

The Servicer is delegated the authority to grant a one-time extension of up to 90 days past the original completion date for any Completion/Repairs that are Efficiency Measures which the Borrower agreed to implement to qualify as a Green Rewards Mortgage Loan. The Servicer is not delegated the authority to extend the time limit beyond 90 days.

The Servicer is delegated the authority to:

- determine whether the extension requires an amendment to the Loan Documents; and
- document a required amendment in any form the Servicer determines to be legally enforceable.

#### **408.03C** Completion/Repair Loan Document Amendments

Servicers are delegated the authority to move required Completion/Repairs from the Completion/Repair Schedule to the Replacement Reserve Schedule, or from the Completion/Repair Agreement to the Replacement Reserve Agreement, and the associated deposit from the Completion/Repair Escrow into the Replacement Reserve, provided:

- the Completion/Repair does not involve life safety issues;
- delaying the Completion/Repair will not materially negatively impact the Property; and
- the total amount of Completion/Repairs being transferred does not exceed the lesser of (i) 25% of the original Completion/Repair Escrow, or (ii) \$75,000.

Notwithstanding the above, the Servicer is not delegated the authority to move required Completion/Repairs to the Replacement Reserve Schedule for any Efficiency Measures that the Borrower agreed to implement in order to qualify as a Green Rewards Mortgage Loan.



The Servicer must:

- send the executed Loan Document amendment to Multifamily Certification and Custody within 15 Business Days;
- submit a copy of the Loan Document amendment through the MAMP for any Mortgage Loan with a Completion/Repair work item in the MAMP; and
- retain a copy in its Servicing File.

#### **408.03D** Servicer's Administrative Requirements

For all Completion/Repairs, the Servicer must:

- retain a copy of the executed Multifamily Loan Agreement and Completion/Repair Schedule or Completion/Repair Agreement in its Servicing File;
- hold all Completion/Repair Escrow funds in an account that meets the Custodial Account requirements of [Part V, Chapter 3: Custodial Accounts](#);
- ensure that all necessary permits are obtained, and that all required work is satisfactorily completed in a good and workmanlike manner by the completion dates stipulated in the Loan Documents;
- for a Green Rewards Mortgage Loan, ensure all Efficiency Measures are completed in a timely manner and no later than:
  - 12 months after the Mortgage Loan Origination Date; or
  - any shorter time period per [Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 404: Property Condition Assessment \(PCA\)](#) for capital improvements identified as Immediate Repairs by the PCA;
- process Borrower requisitions for funds in accordance with the terms and conditions of the Loan Documents;
- perform required inspections of completed work and, if appropriate, work in progress and, if necessary, arrange inspections by qualified professionals;
- ensure that the Completion/Repair work does not result in any mechanics' Liens, materialmen's Liens, or other Liens that have not been acceptably bonded over;
- promptly submit a Non-Monetary Default Borrower Request in the MAMP for any Completion/Repair Loan Document default;
- take appropriate steps to remedy or address any default under



the Loan Documents for Completion/Repairs; and

- perform all other administrative duties required by the Loan Documents for Completion/Repairs.

## **408.03E**    Processing Borrower Requisitions

### **1. General**

Completion/Repair Escrow funds are available to reimburse the Borrower for costs incurred for Completion/Repairs that are specifically identified in the Loan Documents. The Servicer may authorize the release of funds to cover the costs of other reasonable and necessary repairs, replacements, or improvements that are not specified in the Loan Documents only if the Loan Documents permit the disbursements, and all conditions are fully satisfied.

### **2. Required Documentation for Disbursement**

To obtain reimbursement, the Borrower must submit a written requisition specifying the Completion/Repairs for which reimbursement is being sought, including:

- the specific Completion/Repairs completed;
- the quantity and price of all materials (grouped by type or category) or specific replacement items (e.g., appliances) purchased in connection with the Completion/Repairs; and
- the cost of all contracted labor or other services involved in completing the Completion/Repairs.

The Borrower requisition for the specified Completion/Repairs for which reimbursement is being sought must be accompanied by:

- a Borrower certification that the specific Completion/Repairs have been completed:
  - in a good and workmanlike manner;
  - in accordance with any plans and specifications previously approved by the Servicer; and
  - in compliance with all applicable laws, ordinances, rules, and regulations of any governmental authority, agency, or instrumentality having jurisdiction over the Property; and
- if the invoice exceeds the lesser of \$25,000 or 1% of



the UPB:

- a copy of the invoice detailing the covered materials, labor, or services;
- payment evidence; and
- a Lien release from each contractor, subcontractor, or materialman.

### **3. Disbursement of Funds (Excluding Final Disbursement)**

The Servicer may disburse funds to the Borrower only if it has received all required documentation and determined that all applicable conditions for disbursement have been met, including (but not limited to) the following:

- all Completion/Repairs covered by the requisition have been completed in a good and workmanlike manner, as evidenced by the Borrower's submission and, if appropriate, an inspection of the completed work (see guidance on inspections below);
- all related invoices for items and services covered by the requisition have been paid, unless the Borrower has satisfied any applicable conditions of the Loan Documents for issuance of a joint check(s), made payable to the Borrower and the Person owed funds under such invoices;
- no mechanics' Liens, materialmen's Liens, or other Liens exist, unless acceptably bonded over;
- no default exists under any Loan Document;
- for each Green Rewards Efficiency Measure disbursement, the Efficiency Measure was reported as:
  - compliant on the Green Rewards Verification Inspection Form (Form 4221) per [Part V, Chapter 4: Asset Management: Loan Document Administration, Section 408.03I: Green Rewards Efficiency Measure Verification](#); or
  - noncompliant, and Fannie Mae has approved and closed the remediation in DUS Property Monitor; and
- for a Green Rewards Mortgage Loan with a Solar PV



System as an Efficiency Measure, Completion/Repair Escrow funds are only released after confirming commercial operation of the Solar PV System.

The amount disbursed to the Borrower for any requisition, other than the final requisition, may not exceed the actual cost of the Completion/Repairs, and may be less than the actual cost if, after disbursement, the amount of funds remaining in the Completion/Repair Escrow would be less than the anticipated cost of completing all remaining Completion/Repairs plus any holdback specified in the Loan Documents.

Notwithstanding the above, once 75% of the total dollar amount of Completion/Repairs is disbursed, the Servicer may release funds in the Completion/Repair Escrow, provided:

- funds are only released for Completion/Repairs that have been fully completed;
- the Servicer has complied with all other disbursement requirements;
- the Servicer completes an analysis showing that the remaining amount in the Completion/Repair Escrow is sufficient to complete all remaining Completion/Repairs;
- the Borrower affirms in writing its obligation to complete the remaining Completion/Repairs by the required completion dates; and
- the Completion/Repair Escrow is not for a Green Rewards Efficiency Measure that must be released per [Part V, Chapter 4: Asset Management: Loan Document Administration, Section 408.03I: Green Rewards Efficiency Measure Verification](#).

For Green Rewards Efficiency Measures included in a Moderate Rehabilitation Mortgage Loan, funds may be periodically disbursed from the applicable Completion/Repair Escrow or Rehabilitation Reserve Escrow as with a non-Green Rewards Mortgage Loan, rather than only after a compliant verification inspection of Efficiency Measures.

#### **4. Final Disbursement of Funds**

Before making the final disbursement of funds from the Completion/Repair Escrow, the Servicer must confirm and document the absence of any mechanics' and materialmen's Liens by requiring the Borrower to obtain an updated title report or a title policy endorsement showing that no such Liens exist. The Servicer may waive the updated





title report or endorsement when the total scope of work is less than \$75,000. If the Borrower fails to provide the required title documentation, the Servicer must obtain a title report or title policy endorsement, and may charge the Borrower for the cost.

The Servicer may make a final disbursement of all remaining funds upon satisfactory completion of all required Completion/Repairs, and satisfaction of all other applicable release conditions contained in the Loan Documents for Completion/Repairs.

## **5. Maintenance of Servicing File**

The Servicer must document the action taken with respect to each Borrower requisition for funds from the Completion/Repair Escrow in its Servicing File.

## **408.03F Inspections**

### **1. Use of Third Party**

The Servicer may inspect the Property, or have a qualified independent third party inspect the Property, to confirm that the Completion/Repairs covered by the requisition have been satisfactorily completed. The Servicer is responsible for monitoring the third-party's performance.

### **2. When Periodic Inspections Are Required**

Periodic inspections must be performed as the work progresses if the Completion/Repairs:

- exceed in the aggregate the lesser of:
  - \$500,000, or 20% of the UPB for any Mortgage Loan with loss sharing; or
  - \$250,000, or 10% of the UPB for any Mortgage Loan without loss sharing; and
- are likely to require more than 6 months to complete.

Inspections must occur at least every 6 months, or more frequently at the Servicer's discretion.

### **3. When a Final Inspection Is Required**

An inspection must be performed to ensure that all Completion/Repairs have been satisfactorily completed before approving and disbursing the final requisition when the Completion/Repairs exceed the lesser of:

- \$500,000, or 20% of the UPB for any Mortgage Loan with loss sharing; or





- \$250,000, or 10% of the UPB for any Mortgage Loan without loss sharing.

#### **4. Confirming Completion/Repairs if Inspection Is Not Required**

Even if an inspection is not required by this Section, the Borrower must provide evidence to the Servicer that all Completion/Repairs covered by the requisition have been satisfactorily completed. If not inspected sooner, the Servicer must confirm the satisfactory completion of the Completion/Repairs during the next regularly scheduled Property inspection.

#### **5. Documenting the Servicing File**

In all instances, the Servicer must document in its Servicing File whether all work was satisfactorily completed.

### **408.03G Fees**

Completion/Repair Escrow funds may not be used to cover any administrative or inspection fees due to the Servicer unless expressly permitted Loan Documents, or the Borrower agrees in writing. If permitted, the Servicer may charge the Borrower and deduct the following from any disbursement of funds:

- reasonable fees to cover the Servicer's costs of administering the Completion/Repairs; and
- additional fees to cover any reasonable inspection costs that are not adequately covered by general administrative fees collected from the Borrower.

### **408.03H Completion/Repair Defaults**

#### **1. Notification of Default to Fannie Mae**

The Servicer must immediately submit a Non-Monetary Default Borrower Request in the MAMP for any Completion/Repair Loan Document default.

#### **2. No Release of Funds to Borrower**

No funds may be released to the Borrower while the Borrower is in default under any of the Loan Documents.

### **408.03I Green Rewards Efficiency Measure Verification**

For all Green Rewards Mortgage Loans, the Servicer must ensure a Green Rewards Verification inspection is performed for all Efficiency Measures to confirm correct installation, and identify any errors that may



hinder the Property achieving the expected savings and benefits.

### 1. Green Rewards Verification Inspection

For a Green Rewards Verification inspection, the inspector must use the Green Rewards Verification Inspection Form ([Form 4221](#)) that is pre-populated with Property information and the Efficiency Measures identified as Green Rewards Repairs in the Completion/Repair Schedule. The Servicer must submit [Form 4221](#) within 60 days after the Green Rewards Verification inspection date, and timely resolve any issues identified by Fannie Mae.

### 2. Minimum Inspector Qualifications

Third-party or Servicer staff must attend Fannie Mae's Green Rewards Verification inspection training on the requirements, processes, and documentation before conducting Green Rewards Verification inspections.

The minimum inspector qualifications correspond to the applicable Efficiency Measure type, and may be held by the inspection project team, rather than by an individual inspector.

Efficiency Measures	Description	Minimum Inspector Qualification
Basic	Simple upgrades such as: <ul style="list-style-type: none"><li>• low-flow water fixtures; or</li><li>• lighting improvements.</li></ul>	Servicer must ensure the inspector is either a qualified third-party or Servicer staff per <a href="#">Part V, Chapter 5: Surveillance, Section 502.03: Property Inspection Protocol</a> and <a href="#">Part V, Chapter 5: Surveillance, Section 502.05A: Qualifications</a> .



Complex	Upgrades and changes to building systems, such as: <ul style="list-style-type: none"><li>• heat recovery ventilation systems;</li><li>or</li><li>• boiler controls.</li></ul>	<ul style="list-style-type: none"><li>• For Solar PV System Efficiency Measures, the Servicer must retain a<ul style="list-style-type: none"><li>- Solar Technical Consultant per <a href="#">Part III, Chapter 4: Green Mortgage Loans, Section 401.03: Technical Solar Report</a>, or</li><li>- qualified PCA High Performance Building Consultant per the Instructions for Performing a Multifamily Property Condition Assessment (<a href="#">Form 4099</a>).</li></ul></li><li>• For other Efficiency Measures, the Servicer must retain a qualified PCA High Performance Building Consultant per <a href="#">Form 4099</a>.</li></ul>
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### 3. Unit Inspection

The inspector must inspect a minimum number of occupied and vacant units as follows:

Total number of units	Minimum number of units to be inspected
Less than 20	3 units
20 - 55	5 units
56 - 99	10% of total units
100 - 200	10 units
201 - 600	5% of total units
More than 600	30 units

[Form 4221](#) calculates the required number of units and tracks the number of completed units based on the user's inputs. When unit inspections are required, the Servicer must:

- Determine the appropriate combination of vacant and occupied units for inspection.



- Determine which vacant and occupied units to inspect.
- Submit at least:
  - 1 representative photograph of each Efficiency Measure listed on [Form 4221](#); and
  - 1 photograph of each non-compliant Efficiency Measure.

For Partial Efficiency Measures, the Servicer must request a rent roll or other documentation identifying the units that received Partial Efficiency Measure installations, and conduct the Green Rewards Verification of those units.

#### **4. Determining Compliance**

An Efficiency Measure is compliant when the inspector:

- inspects each Efficiency Measure;
- verifies its proper installation within specifications using product information and field observation;
- confirms the Efficiency Measure installation meets the Multifamily Loan Agreement and Completion/Repair Schedule requirements; and
- documents it on [Form 4221](#).

#### **5. Remediating Noncompliance**

When an Efficiency Measure is noncompliant:

- The Servicer must:
  - provide a notice of the Efficiency Measure deficiencies to the Borrower and determine a course of action;
  - submit a remediation action plan through the DUS Property Monitor system that:
    - addresses the Property's Efficiency Measure deficiencies; and
    - provides a target date for remediation completion that is no more than 60 days after the Borrower receives the notice of deficiencies.
- The Borrower must correct or complete the Efficiency Measure installation during the remediation period.
- Fannie Mae may require the Servicer to inspect the remediated Efficiency Measures based on the severity of noncompliance.



## 6. Verification Inspection Form Review

The Servicer must internally review all Green Rewards Verification Inspection Forms ([Form 4221](#)), whether prepared by a third party or by the Servicer before submission.

### 408.04 Replacement Reserve

#### 408.04A General

The Loan Documents for administering Replacement Reserves are:

- Multifamily Loan Agreement and Replacement Reserve Schedule, for Mortgage Loans documented with the 6000 series Loan Documents; and
- Replacement Reserve Agreement, for Mortgage Loans documented with the 4000 series Loan Documents.

The Replacement Reserve funds must be held by the Servicer in a Custodial Account, and are intended to pay for necessary replacements of capital items or major maintenance work to the Property over the term of the Mortgage Loan.

#### 408.04B Replacement Reserve Loan Document Amendments

If the Servicer's Limited Power of Attorney delegates the authority to amend the Loan Documents to revise the terms governing the Replacement Reserves, only the changes expressly permitted by this Section can be made, and the delegation does not expand the Servicer's ability to change or modify any other term of the Loan Documents.

The Servicer must send the executed Loan Document Amendment to Multifamily Certification and Custody within 15 Business Days, and retain a copy in its Servicing File.

#### 408.04C Servicer's Administrative Requirements

For all Replacement Reserves, the Servicer must:

- retain a copy of the executed Multifamily Loan Agreement and Replacement Reserve Schedule or Replacement Reserve Agreement in its Servicing File;
- unless the Borrower has requested in writing a non-interest bearing account, hold all funds in an interest-bearing Custodial Account that meets the requirements of [Part V, Chapter 3: Custodial Accounts](#) and the Loan Documents;
- ensure that all required deposits are made to the Replacement



Reserve in accordance with the Loan Documents;

- process Borrower requisitions for funds in accordance with the terms and conditions of the Loan Documents;
- perform required inspections of completed work and, if appropriate, work in progress, and arrange, if necessary, for inspections by qualified professionals;
- ensure that work funded from the Replacement Reserve does not result in any mechanics' Liens, materialmen's Liens, or other Liens that have not been acceptably bonded over;
- promptly submit a Non-Monetary Default Borrower Request in the MAMP for any Replacement Reserve Loan Document default;
- take appropriate steps to remedy or address any default under the Loan Documents for Replacements, Repairs, or Restoration; and
- reassess the adequacy of the Replacement Reserve or the schedule of required deposits; and
- perform all other administrative duties required by the Loan Documents for the Replacement Reserve.

#### **408.04D** Modifications to Replacement Reserve Deposits

Based on the results of a Property inspection or a new Property Condition Assessment as required below, the Servicer may determine that the current level of Replacement Reserve funding and scheduled deposits will be insufficient to meet all projected capital item or major maintenance needs. The Servicer must then:

- adjust the Replacement Reserve Schedule or the Replacement Reserve Agreement and the Replacement Reserve funding to a sufficient level, if warranted, in accordance with the Loan Documents and Part III, by requiring the Borrower to:
  - deposit a lump sum into the Replacement Reserve; and/or
  - increase the monthly Replacement Reserve deposit; and
- give the Borrower at least 30 days advance written notice prior to implementing any of the foregoing changes.

Based on the results of the new Property Condition Assessment obtained during the underwriting and delivery of a Supplemental Mortgage Loan, the Servicer may:

- adjust the Replacement Reserve funding, scheduled deposits,



and Completion/Repair Schedule of all Pre-Existing Mortgage Loans to match the Supplemental Mortgage Loan underwriting; and

- amend the Loan Documents accordingly.

#### **408.04E** New Property Condition Assessments

##### **1. Timing and Waivers**

A new full PCA per [Form 4099](#) is required for:

- all MAH Properties every 5 years; or
- for any other Mortgage Loan with a term greater than 10 years, during the 10th Loan Year, and every 10 years thereafter, while the Mortgage Loan remains outstanding, or per the Loan Documents.

Notwithstanding the above, the Servicer is delegated the authority to waive the new PCA for non-MAH Properties as follows:

Remaining Loan Term	Servicer Delegation
Less than 1 Year	The new PCA may be waived for a Mortgage Loan with a: <ul style="list-style-type: none"><li>• Pass rating;</li><li>• Property inspection less than 1 year old; and</li><li>• most recent Property Condition Rating of 1, 2, or 3.</li></ul>
1 Year to 5 Years	The new PCA may be waived for a Mortgage Loan with a: <ul style="list-style-type: none"><li>• Pass rating;</li><li>• Property inspection report less than 1 year old; and</li><li>• most recent Property Condition Rating of 1 or 2.</li></ul>
More than 5 Years	The new PCA may be waived for 5 years for a Mortgage Loan with a: <ul style="list-style-type: none"><li>• Pass rating;</li><li>• Property Inspection report less than 1 year old; and</li><li>• most recent Property Condition Rating of 1 or 2.</li></ul>



After 5 years, a new PCA is required unless the Mortgage Loan continues to qualify for Servicer waiver delegation. A Property may only receive a PCA waiver twice (i.e., a Mortgage Loan with a 30-year term may obtain a PCA waiver after the 10th loan year and the 15th loan year, but a new PCA is required after the 20th loan year).

All PCA waivers must be documented in the Servicing File, and any PCA waiver may be rescinded by Fannie Mae or the Servicer at any time if the Property condition warrants a new PCA.

## **2. Delivery and Payment of Property Condition Assessment**

The Servicer must submit any new PCA to Fannie Mae through the MAMP and retain a copy in its Servicing File. Subject to the terms of the Loan Documents, the cost of the PCA may be paid from funds in the Replacement Reserve.

### **408.04F When Replacement Reserve Funding Was Partially or Fully Waived**

If Replacement Reserve funding was partially or fully waived at the Mortgage Loan Origination Date, the Servicer must monitor the condition of the Property to ensure the Borrower preserves and maintains the Property as required by the Loan Documents.

If the Servicer or Fannie Mae determines that the Borrower is not properly preserving and maintaining the Property, the Servicer must require the Borrower to begin making monthly deposits to the Replacement Reserve in accordance with either the funding schedule set forth in the Loan Documents, or an alternative funding schedule determined by the Servicer.

### **408.04G Interest on Replacement Reserve Funds**

If the Servicer holds the Replacement Reserve funds in an interest-bearing Custodial Account, none of the interest earned on the Replacement Reserve funds may be retained by the Servicer. Unless the Mortgage Loan is in default, all interest must be:

- added to the balance of the Replacement Reserve; or
- paid to the Borrower if applicable law requires or the Servicer agrees.

### **408.04H Items Eligible for Funding from the Replacement Reserve**

Replacement Reserve funds are available to reimburse the Borrower for costs incurred to replace capital items or maintain major items specifically identified in the Loan Documents.

Replacement Reserve funds also may be used for discretionary replacements of capital items or major maintenance items that are not specifically identified in the Loan Documents, but which the Servicer





determines are intended to be covered by a Replacement Reserve Schedule, such as those that would:

- correct or forestall a problem that may adversely affect the physical condition, livability, marketability, or value of the Property;
- directly contribute to the maintenance or enhancement of the Property's physical condition, livability, marketability, or value; or
- likely be noted in an updated Property Condition Assessment.

If Replacement Reserve funds are used for purposes not originally contemplated in the Loan Documents, the Servicer must monitor and adjust the monthly reserve deposits to ensure sufficient funds are available to make timely replacements of capital items or major maintenance items in the manner contemplated in the Loan Documents and/or the PCA.

#### **408.04I** Items Not Eligible for Funding from the Replacement Reserve

The Servicer must not use Replacement Reserve funds to reimburse the Borrower for any item specifically identified for reimbursement as a Completion/Repair, or for any routine maintenance item, routine repair, or cosmetic repair that would normally be characterized as an operating expense. Replacement Reserve funds must never be used for P&I, T&I, or any other purpose not specifically permitted by the Loan Documents, or the Guide.

#### **408.04J** Processing Borrower Requisitions

##### **1. General**

The Loan Documents specify the frequency, timing, and size of disbursements from the Replacement Reserve.

##### **2. Required Documentation**

Each Borrower requisition must be in writing and specify, at a minimum:

- the specific capital item replaced or major maintenance items for which reimbursement is being sought, and if any item is not specifically identified in the Loan Documents, an explanation of why the Replacement Reserve funds should be released for the item;
- the quantity and price of each type of capital item replaced (e.g., refrigerators);
- the quantity and price of all materials or parts (grouped by



type or category) purchased; and

- the cost of all contracted labor or other services.

Each Borrower requisition submitted to the Servicer must be accompanied by:

- a Borrower certification that the capital item replacements or major maintenance items covered by the requisition have been completed in compliance with all applicable laws, ordinances, rules, and regulations of any governmental authority, agency, or instrumentality having jurisdiction over the Property; and
- if the invoice exceeds the lesser of \$25,000 or 1% of the UPB:
  - a copy of the invoice detailing the covered materials, labor, or services;
  - payment evidence;
  - a Lien release from each contractor, subcontractor, or materialman; and
  - other relevant documentation required by the Loan Documents.

### **3. Disbursement of Funds**

The Servicer may release funds to the Borrower only if all required documentation is received, and all applicable release conditions have been met, including, but not limited to:

- all capital item replacements or major maintenance items covered by the requisition have been completed in a good and workmanlike manner;
- all related invoices for capital items and services have been paid, unless the Borrower has satisfied any applicable conditions of the Loan Documents for issuance of a joint check, made payable to the Borrower and the Person owed funds;
- no mechanics' Liens, materialmen's Liens, or other Liens are outstanding that have not been acceptably bonded over; and
- the Borrower is not in default under any Loan Document.

The amount disbursed to the Borrower must not exceed the actual cost of the capital item replacements or major maintenance items covered by



the Borrower's requisition.

#### **4. Maintenance of Servicing File**

The Servicer must ensure that the action taken with respect to each Borrower requisition for funds from the Replacement Reserve is appropriately documented in its Servicing File.

#### **408.04K Inspections**

The Servicer may use its discretion in deciding whether to conduct an on-site inspection before approving any specific requisition for Replacement Reserve funds. If the Servicer elects not to perform an on-site inspection when a requisition is submitted, the Servicer must inspect all capital item replacements or maintenance items covered by the requisition during its next scheduled Property inspection and confirm the satisfactory completion.

#### **408.04L Fees**

If the Loan Documents permit, the Servicer may collect and retain:

- a reasonable fee to cover the Servicer's routine costs of administering the Replacement Reserve; and
- additional fees to cover:
  - reasonable inspection costs, including the fees of any qualified professional used by the Servicer; and
  - any other reasonable costs incurred in connection with collecting, holding, investing, or disbursing Replacement Reserve funds but which are not adequately covered by the general administrative fees collected from the Borrower.

Subject to the Loan Documents, the Servicer may charge the Borrower a reasonable fee for any special inspection services provided in connection with a Replacement Reserve requisition; however, no fee may be charged if such inspection is made as part of a regularly scheduled Property inspection.

Replacement Reserve funds, including any interest, may not be used to cover fees due to the Servicer unless:

- the Loan Document specifically permits the Servicer to use Replacement Reserve funds to pay Servicer inspection fees; or
- the Borrower otherwise agrees in writing.

#### **408.04M Replacement Reserve Defaults**



### **1. Notification of Default to Fannie Mae**

The Servicer must immediately submit a Non-Monetary Default Borrower Request in the MAMP for any Replacement Reserve Loan Document default.

### **2. No Release of Funds to Borrower**

No funds may be released to the Borrower while the Mortgage Loan is in default.

#### **408.04N** Return of Replacement Reserve Funds to Borrower

No later than 30 days after the Mortgage Loan is paid in full, the Servicer must refund to the Borrower all remaining Replacement Reserve funds.

#### **408.04O** Alternative Funding of Replacement Reserves for Portfolio Mortgage Loans

The Servicer may amend existing the Schedule 5 to Multifamily Loan Agreement - Replacement Reserve Schedule or Replacement Reserve Agreement on Fannie Mae's behalf to match the alternative Replacement Reserve funding available for newly originated Mortgage Loans if the Borrower has a history of adequate property maintenance, and no other concerns are present (e.g., declining Property condition, declining rents, declining Net Cash Flow). The Servicer must send the executed Loan Document amendment revising the Replacement Reserve Schedule or Replacement Reserve Agreement to Multifamily Certification and Custody within 15 Business Days, and retain a copy in its Servicing File.

The Servicer must ensure the Property is properly maintained on an ongoing basis. If the Property is not being properly maintained, the Servicer must reinstate monthly deposits to the Replacement Reserve and the reimbursement requisition process.



# Glossary

## A

**Achievement Agreement** Agreement requiring the Borrower to provide a letter of credit, cash, or guaranty as additional collateral to support the Mortgage Loan amount and specifying the terms for releasing the collateral.

### Synonyms

- Achievement Agreements

## B

**Borrower** Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## C

**Collateral Agreement** Agreement granting a security interest in Mortgage Loan collateral not covered by the Security Instrument.

### Synonyms

- Collateral Agreements

**Completion/Repair Agreement** The 4000 series Completion/Repair Security Agreement (Form 4505), or Fannie Mae-approved agreement, evidencing:

- the Borrower's agreement to
  - fund the Completion/Repair Escrow, and
  - perform Completion/Repairs; and
- Completion/Repair Escrow disbursement terms.

### Synonyms

- Completion/Repair Agreements



## Completion/Repair Escrow

Custodial Account funded on the Mortgage Loan Origination Date for Completion/Repairs or capital improvements per the Loan Documents.

## Completion/Repair Schedule

The Required Repair Schedule to the Multifamily Loan Agreement ([Form 6001 series](#)) and the applicable parts of the Multifamily Loan Agreement, or other Fannie Mae-approved agreement, evidencing:

- the Borrower's agreement to
  - fund the Completion/Repair Escrow, and
  - perform Completion/Repairs; and
- Completion/Repair Escrow disbursement terms.

### Synonyms

- Completion/Repair Schedules

## Completion/Repairs

Repairs or capital item replacements and deferred maintenance:

- identified per the Property Condition Assessment; and
- required per the
  - Completion/Repair Schedule, or
  - Completion/Repair Agreement.

### Synonyms

- Completion/Repair

## 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

# D



## Delivery

Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Mae's satisfaction.

### **Synonyms**

- Deliver
- Delivered
- Deliveries

## DUS

Delegated Underwriting and Servicing

## E

### Effective Gross Income

On an annual basis or any specified period, the total of Net Rental Income plus other income per [Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis](#) and the applicable products and features in Part III.

### **Synonyms**

- EGI

### Efficiency Measures

Energy- and water-efficiency measures that the Borrower agrees to implement per the Multifamily Loan Agreement to qualify as a Green Rewards Mortgage Loan, and which project a reduction in the Property's annual energy or water consumption.

### **Synonyms**

- Efficiency Measure

## G



## Green Rewards Mortgage Loan

Mortgage Loan secured by a Property where the Borrower agrees to undertake 1 or more Energy- and Water-Efficiency Measures that comply with [Part III, Chapter 4: Green Mortgage Loans, Section 403: Green Rewards Mortgage Loans](#).

### Synonyms

- Green Rewards Mortgage Loans
- Green Rewards

## Green Rewards Verification

Green Rewards Mortgage Loan Property inspection ensuring all Efficiency Measures were correctly installed.

## Guide

Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise.

### Synonyms

- DUS Guide

# I

## Investor

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

### Synonyms

- Investors
- Investor's

## Issuer

Entity that:

- issues Bonds for a Credit Enhancement Mortgage Loan;
- packages mortgages for sale as a Security for an MBS;
- or
- issues a Letter of Credit.

### Synonyms

- Issuers

# L





Lease	<p>Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent.</p> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Leases</li></ul>
Letter of Credit	<p>Letter of Credit approved by Fannie Mae per <a href="#">Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit</a>.</p> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Letters of Credit</li><li>• Letter of Credit's</li><li>• LOC</li><li>• LOCs</li></ul>
Lien	<p>Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind.</p> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Liens</li></ul>
Limited Power of Attorney	<p>Legal document authorizing a Servicer to execute certain Loan Documents related to the asset management of a Mortgage Loan as attorney-in-fact on behalf of Fannie Mae.</p>
Loan Documents	<p>All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.</p> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Loan Document</li><li>• Mortgage Loan Document</li><li>• Mortgage Loan Documents</li></ul>



**Loan Year** Period beginning on the date of the Note and ending on the last day of the month that is 12 full months after the date of the Note, and each successive 12-month period thereafter.

**Synonyms**

- Loan Years

## M

**MAMP** Multifamily Asset Management Portal used to submit

- Property inspections,
- operating statements,
- requested modifications,
- asset management reports, and
- data corrections for loan or property attributes.

**Synonyms**

- Multifamily Asset Management Portal
- MAMP's

**MBA** Mortgage Bankers Association

**Synonyms**

- MBA'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



## Mortgage Loan Origination Date

Date you fund a Mortgage Loan to the Borrower.

### Synonyms

- Mortgage Loan's Origination Date
- Origination Date

## Multifamily Asset Management

Team that can be contacted at [drawer\\_am@fanniemae.com](mailto:drawer_am@fanniemae.com).

## Multifamily Certification and Custody

Team responsible for taking custody of and certifying Mortgage Loans that can be contacted at

- [multifamcert\\_team@fanniemae.com](mailto:multifamcert_team@fanniemae.com),
- (800) 940-4646, or
- for submissions:

Fannie Mae (Multifamily)  
Certification and Custody  
21240 Ridgetop Circle  
Suite 125-130  
Sterling, VA 20166.

### Synonyms

- DDF
- Document Delivery Facility
- Document Delivery System

## Multifamily Loan Agreement

Agreement evidencing Mortgage Loan terms using

- [Form 6001 series](#) Loan Documents, or
- another Fannie Mae-approved form.

### Synonyms

- Multifamily Loan Agreements

## N



## Net Cash Flow

On an annual basis or any specified period, the total Net Operating Income, minus the full amount underwritten for Replacement Reserve expense, regardless of whether deposits will be made (per [Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis](#) and the applicable products and features in Part III).

### Synonyms

- NCF

## Note

Instrument evidencing a Mortgage Loan obligation, including

- [Form 6010 series](#),
- any other Fannie Mae-approved note, and
- all applicable
  - addenda,
  - schedules, and
  - exhibits.

### Synonyms

- Notes

## P

## P&I

Principal and interest

## Partial Efficiency Measures

Efficiency Measures installed in a subset of units (e.g., if new ENERGY STAR® refrigerators are only required in 40 of the Property's 100 units).

### Synonyms

- Partial Efficiency Measure



## Person

Legal person, including an

- individual,
- estate,
- trust,
- corporation,
- partnership,
- limited liability company,
- financial institution,
- joint venture,
- association, or
- other organization or entity (whether governmental or private).

### **Synonyms**

- Persons
- Person's

## Prepayment Premium

For a Mortgage Loan prepayment, amount the Borrower must pay in addition to the prepaid principal and accrued interest per the Loan Documents.

### **Synonyms**

- Prepayment Premiums

## Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's



## Property Condition Assessment

Assessment of the Property's physical condition and historical operation.

### Synonyms

- PCA
- PNA
- Physical Needs Assessment
- PCAs

## Property Condition Rating

An assessment of the Property's overall condition per the MBA Standard Inspection Form, expressed on a scale from 1 (the best Property Condition Rating) to 5 (lowest Property Condition Rating).

### Synonyms

- Property Condition Ratings

# R

## Replacement Reserve

Custodial Account the Borrower funds during the Mortgage Loan term for Replacements.

### Synonyms

- Replacement Reserves

## Replacement Reserve Agreement

The 4000 series Replacement Reserve and Security Agreement (Form 4606), or other agreement approved by Fannie Mae, that evidences the:

- Borrower's agreement to replace identified capital items and perform required maintenance;
- terms for funding the identified capital item replacement and maintenance; and
- disbursement of Replacement Reserve funds.

### Synonyms

- Replacement Reserve Agreements



## Replacement Reserve Schedule

The Required Replacement Schedule to the Multifamily Loan Agreement ([Form 6001 series](#)) and the applicable parts of the Multifamily Loan Agreement (or other agreement approved by Fannie Mae), that evidence the:

- Borrower's agreement to replace identified capital items and perform required maintenance;
- terms for funding the identified capital item replacement and maintenance; and
- disbursement of Replacement Reserve funds.

### **Synonyms**

- Replacement Reserve Schedules

## Replacements

Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required.

### **Synonyms**

- Replacement

# S

## Securitized Mortgage Loan

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

### **Synonyms**

- Securitized Mortgage Loans

## Security

MBS, PFP MBS, or REMIC.

### **Synonyms**

- Securities

## Security Instrument

Instrument creating a lien or encumbrance on 1 or more Properties and securing the Loan Document obligations.

### **Synonyms**

- Security Instruments
- Security Instrument's



## Servicer

Primary Person servicing the Mortgage Loan, including

- the originator,
- seller, or
- a third party.

### **Synonyms**

- Servicers
- Servicer's

## Servicing File

Your file for each Mortgage Loan serviced.

### **Synonyms**

- Servicing Files

## Supplemental Mortgage Loan

Mortgage Loan purchased by Fannie Mae that is subordinated to, and has a Mortgage Loan Origination Date after, the Senior Mortgage Loan that is also owned by Fannie Mae.

### **Synonyms**

- Supplemental Mortgage Loans

## U

## UPB

Unpaid Principal Balance

### **Synonyms**

- UPBs