

Multifamily Selling and Servicing Guide

Effective as of November 4, 2025

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408.04G Interest on Replacement Reserve Funds

If the Servicer holds the Replacement Reserve funds in an interestbearing 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

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paid to the Borrower if applicable law requires or the Servicer agrees.



Glossary

B

Borrower

Person who is the obligor per the Note.

Synonyms

- Borrowers
- · Borrower's

C

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

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
- Mortgage Loan's

R

Replacement Reserve

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

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Synonyms

Replacement Reserves

S



Servicer

Primary Person servicing the Mortgage Loan, including

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

Synonyms • Servicers

- Servicer's