



Multifamily Selling and Servicing Guide

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206.01 Fannie Mae Form Loan Documents

For Mortgage Loans originated using Fannie Mae published Note forms, the Servicer must apply monthly payments received from the Borrower as follows:

Loan Document Version	Application of Payments
Pre-1988 Form Loan Documents using Rider to Multifamily Instrument (Form 4059, 4/88)	<p data-bbox="874 629 1455 741">Servicer must apply monthly payments received from the Borrower in the following order:</p> <ul data-bbox="874 797 1455 1496" style="list-style-type: none"><li data-bbox="874 797 1455 999">• first, to impositions due under Uniform Covenant 2 of the Security Agreement, including deposits for T&I, and deposits due under a Collateral Agreement (e.g., Replacement Reserve);<li data-bbox="874 1010 1455 1043">• then, to interest at the Gross Note Rate;<li data-bbox="874 1055 1455 1088">• then, to principal;<li data-bbox="874 1099 1455 1211">• then, to interest on any Servicing and Delinquency Advances made by the Servicer;<li data-bbox="874 1223 1455 1335">• then, to principal on any Servicing and Delinquency Advances made by the Servicer;<li data-bbox="874 1346 1455 1424">• then, to late charges and other funds due the Servicer; and<li data-bbox="874 1435 1455 1496">• finally, to interest at the default interest rate. <p data-bbox="874 1552 1455 1832">The interest portion of the fixed installment must be determined by computing 30 days interest on the outstanding principal balance as of the last paid installment date. For this calculation, always use the Gross Note Rate for the Mortgage Loan or the default interest rate, as applicable.</p>



<p>Post-1988 and Pre-1998 Loan Documents using Rider to Multifamily Instrument (Form 4058, 6/93 or Form 4059, 5/93) (the "New Document Loans")</p> <p>and</p> <p>Post-1998 Loan Documents, unless otherwise instructed by Fannie Mae</p>	<p>Servicer must apply monthly payments received from the Borrower in the following order:</p> <ul style="list-style-type: none">• first, to any delinquent interest (other than interest attributable to the default interest rate);• then, to any delinquent principal;• then, to interest for the current month at the Gross Note Rate;• then, to principal for the current month;• then, to reimburse the Servicer or Fannie Mae for any T&I payments;• then, to reimburse the Servicer or Fannie Mae for any delinquency resolution costs, attorney fees, Appraisal fees, environmental assessment costs, or PCA costs;• then, to reimburse the Servicer or Fannie Mae for any payments to protect the Property;• then, to late charges;• then, to default interest;• then, to T&I Custodial Account deposits; <p>and</p> <ul style="list-style-type: none">• finally, to Collateral Agreement Custodial Account deposits.
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Glossary

A

Appraisal Written statement independently and impartially prepared by a qualified appraiser stating an opinion as to the market value of the Property as of a specific date, supported by the presentation and analysis of relevant market information.

Synonyms

- Appraisals

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

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

G

Gross Note Rate Interest rate stated in the Loan Documents.



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

N

Note

Current instrument evidencing a Mortgage Loan obligation, including [Form 6010 series](#), any other note approved by Fannie Mae, and all applicable addenda, schedules, and exhibits.

Synonyms

- Notes

P

Property

Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

Synonyms

- Properties
- Property's

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

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

T

T&I Custodial Account Custodial Account for the deposit of T&I and other impound escrow funds.

Synonyms

- T&I Custodial Accounts