Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of October 26, 2026

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Section 207 Payment Shortages

When payments received from the Borrower are less than the total amount then due under the Mortgage Loan (including P&I and T&I, but may also include required deposits to the Replacement Reserve or other monies due as required in the Loan Documents), the Mortgage Loan is in default and the Servicer must follow the default procedures specified in:

- Part VI, Chapter 3: Non-Performing Primary Risk Mortgage Loans; or
- Part VI, Chapter 5: Non-Performing Secondary Risk Mortgage Loans.

The Servicer may not supplement partial payments received from the Borrower with funds from any Custodial Account without Fannie Mae's prior written consent.

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Glossary

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

C

Custodial Account	Account established by the Servicer for depositing P&I payments, T&I payments, and escrow, reserve, or other funds received from the Borrower per any Loan Document, including the: • Collateral Agreement; • Multifamily Loan Agreement; or • Security Instrument. **Synonyms** • Custodial Accounts

L

Loan Documents	All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan. **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 • Mortgage Loan's

N

Non-Performing Mortgage Loan	Mortgage Loan with an uncured default. **Synonyms** • Non-Performing Mortgage Loans • Non-Performing Mortgage Loan's • Non-Performing

P

P&I	Principal and interest
Primary Risk Mortgage Loan	Mortgage Loan where Fannie Mae bears all losses or you and Fannie Mae share losses. **Synonyms** • Primary Risk Mortgage Loans • Primary Risk

R

Replacement Reserve	Custodial Account the Borrower funds during the Mortgage Loan term for Replacements. **Synonyms** • Replacement Reserves

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Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement

S

Secondary Risk Mortgage Loan	Mortgage Loan where you bear all losses until your recourse obligation is exhausted. **Synonyms** • Secondary Risk Mortgage Loans • Secondary Risk • Top Loss
Servicer	Primary Person servicing the Mortgage Loan, including • the originator, • seller, or • a third party. **Synonyms** • Servicers • Servicer's

T

Taxes and Insurance	Taxes or assessments that may become a Lien on the Property and insurance premiums. **Synonyms** • T&I • Tax and Insurance

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