Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of October 26, 2026

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208.04 No Capitalization of Servicing Advances for Securitized Mortgage Loans

For the purpose of calculating monthly distributions to the Security certificate holders or other investors, Servicing Advances will not be added to the scheduled principal balance of the related Mortgage Loan, even though the terms of the Mortgage Loan may permit increases to the outstanding principal balance of the Mortgage Loan for such advances and may permit Fannie Mae or the Lender, as applicable, to pursue recovery of those advances from the Borrower. Servicing Advances do not reduce or modify the Borrowers obligation under the Loan Documents.

Glossary

B

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

I

Investor	MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan. **Synonyms** • Investors • Investor's

L

Lender	Person Fannie Mae approved to sell or service Mortgage Loans. **Synonyms** • Lenders • Lender's
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

P

Principal	Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors. **Synonyms** • Principals

S

Security	MBS, PFP MBS, or REMIC. **Synonyms** • Securities

Servicing Advance	All amounts required to be paid by the Borrower, for • all taxes and assessments against each Property, • all insurance premiums for insurance for each Property to insurance carrier(s) acceptable to Fannie Mae, in accordance with the Guide, and • any other payment, as determined by Fannie Mae, necessary to preserve and protect the Property or to exercise any legal or equitable remedies (other than foreclosure) against the Borrower or the Property (including attorney, appraisal, or other professional fees) or any other obligations relating to the Property as set forth in the Loan Documents. **Synonyms** • Servicing Advances