



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## **210.05 Full Prepayment for Securitized Transactions (Not Applicable to PFP MBS)**

### **210.05A Confirming the Full Prepayment Payoff Amount**

#### **1. Calculating the Full Prepayment Payoff Amount**

To obtain Fannie Mae's confirmation of the final payoff amount for a Securitized Mortgage Loan, the Servicer must submit a statement, detailing:

- All amounts that it has determined will be due and payable by the Borrower on the prepayment date, including:
  - the UPB of the loan (as of the prepayment date);
  - all accrued and to-be accrued interest, broken down into the net interest portion due to Fannie Mae (calculated at the Pass-Through Rate) and the portion to be retained by the Servicer as a Servicing Fee, calculated as if the payoff is occurring on the last day of the month in which the prepayment is occurring;
  - any unpaid late fees, if applicable;
  - any Prepayment Premium, if any, that is due in connection with the full prepayment specifying the respective portions due Fannie Mae, the Security certificate holder and Servicer; and
  - any other amounts due under the Note, Security Instrument, or any other Loan Document, including, if applicable, any unpaid fee due under any Collateral Agreement.
- All amounts that will be due and payable to Fannie Mae by the Servicer on the Remittance Date in the month following the month of prepayment, including:
  - the UPB of the loan;
  - a full month's accrued interest, calculated at the MBS Pass-Through Rate;
  - any applicable Prepayment Premium broken down into the portions due to the MBS investor, the Servicer, and Fannie Mae calculated in accordance with the Guide; and
  - any previously unpaid fees or other amounts owed to Fannie Mae.



## **2. Fannie Mae Will Not Confirm Nor Is Responsible for Amounts Owing to Servicer**

Fannie Mae is not responsible for confirming any amounts owed to the Servicer at the time of the prepayment (e.g., any administrative fees due for services performed by the Servicer under a Collateral Agreement); however, the Servicer's payoff statement must clearly denote any such amounts so that Fannie Mae can distinguish them from amounts due exclusively to Fannie Mae, and the MBS investor, if applicable.

## **3. Fannie Mae Confirmation of Full Prepayment Payoff Amount for Primary Risk Mortgage Loans**

Fannie Mae will review the Servicer's figures and contact the Servicer to reconcile any discrepancies for Primary Risk Mortgage Loans. Upon completion of its review and any necessary reconciliation, Fannie Mae will respond (in writing) to the Servicer's verification request. In its response, Fannie Mae will confirm the total payoff amount due to the Servicer from the Borrower, and will also separately confirm the amounts due to Fannie Mae from the Servicer, as well as individual items comprising such total amounts, including:

- the UPB of the Mortgage Loan; and
- accrued interest due:
  - to the Servicer from the Borrower;
  - a full month's accrued interest due Fannie Mae;
- any applicable Prepayment Premium (broken down into the portions due to Fannie Mae, the Servicer, and the MBS investor); and
- any previously unpaid fees or other amounts owed to Fannie Mae.

## **4. No Quote to Borrower Until Fannie Mae Confirmation for Primary Risk Mortgage Loans**

To ensure that the Borrower is quoted the correct payoff amount, including any applicable accrued interest, Prepayment Premium, late fees, or other amounts that might be owed under the terms of the Note, the Security Instrument, or the other Mortgage Loan Documents, the Servicer must not quote a final payoff amount to the Borrower without first obtaining Fannie Mae's confirmation of the accuracy of the Servicer's figures.

## **5. Fannie Mae Confirmation of Full Prepayment Payoff Amount for Secondary Risk Mortgage Loans**

Fannie Mae will not review the Servicer's payoff calculation for Secondary Risk Mortgage Loans. The Servicer is solely responsible for ensuring that any payoff quote given to the Borrower includes all amounts



that are owed to Fannie Mae and to the Servicer.

## **6. Servicer Liability**

Whether confirmed by Fannie Mae through the Payoff Calculator or the payoff calculation is performed by the Servicer, the Servicer is required to collect all amounts owing by the Borrower on a Mortgage Loan payoff. If Fannie Mae determines that Servicer has provided the Borrower incorrect information because it quotes a final payoff amount to the Borrower prior to Fannie Mae confirmation or has erred in its calculation of the payoff quote where Fannie Mae confirmation is not provided, the Servicer will be responsible for any shortfall and must remit all amounts due to Fannie Mae whether it has collected such amounts from the Borrower.

## **210.05B Reporting Full Prepayment Payoff Amount**

### **1. Security Reporting**

By the second Business Day of the month following the month of prepayment, the Servicer must report the amount of the Prepayment Premium collected to Fannie Mae via the eServicing System in accordance with the reporting requirements provided in this Chapter.

### **2. Mortgage Loan Reporting Requirements**

The Servicer must report the prepayment amount, including any applicable Prepayment Premium, to Fannie Mae by the second Business Day of the month following the month in which the prepayment occurs in accordance with the reporting requirements provided in this Chapter.

## **210.05C Remitting Full Prepayment Payoff Amount**

Under MBS, the Servicer must remit a full month's accrued interest (calculated at the MBS Pass-Through Rate) for each month that the MBS is outstanding, even if a full or partial prepayment occurs during that month. Any shortfall between the interest collected from the Borrower and the full month's interest that is due to Fannie Mae must be deposited in the Servicer's MBS P&I Custodial Account from the Servicer's own funds and remitted to Fannie Mae. The Servicer must also remit a full month's Guaranty Fee for each month that the MBS is outstanding, even if a full or partial prepayment occurs during that month.

The Servicer must remit the prepayment amount on the Remittance Date in the month after the payoff occurs per the remittance requirements in this Chapter.



# Glossary

## B

### Borrower

Person who is the obligor per the Note.

#### **Synonyms**

- Borrowers
- Borrower's

### Business Day

Any day other than a

- Saturday,
- Sunday,
- day when Fannie Mae is closed,
- day when the Federal Reserve Bank of New York is closed, or
- for any MBS and required remittance withdrawal, day when the Federal Reserve Bank is closed in the district where any of the MBS funds are held.

#### **Synonyms**

- Business Days

## C

### Collateral Agreement

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

#### **Synonyms**

- Collateral Agreements

## G

### Guaranty Fee

Fee retained by Fannie Mae for credit enhancing a Mortgage Loan or assuming credit risk on a Mortgage Loan, and which may be expressed as a percentage.

#### **Synonyms**

- Guaranty Fees



## Guide

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

### **Synonyms**

- DUS Guide

## 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

### MBS

Mortgage-Backed Security

### 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



<b>N</b>	<p><b>Note</b> Instrument evidencing a Mortgage Loan obligation, including</p> <ul style="list-style-type: none"><li>• <a href="#">Form 6010 series</a>,</li><li>• any other Fannie Mae-approved note, and</li><li>• all applicable<ul style="list-style-type: none"><li>- addenda,</li><li>- schedules, and</li><li>- exhibits.</li></ul></li></ul>
	<p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Notes</li></ul>
<b>P</b>	
P&I Custodial Account	Custodial Account for principal and interest deposits.
	<p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• P&amp;I Custodial Accounts</li></ul>
Pass-Through Rate	Mortgage Loan Gross Note Rate minus: <ul style="list-style-type: none"><li>• for MBS Mortgage Loans, the Guaranty Fee, minus the Servicing Fee; and</li><li>• for Cash Mortgage Loans, the Servicing Fee.</li></ul>
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.
	<p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Prepayment Premiums</li></ul>
<b>R</b>	
Remittance Date	The 18th day of each month (or the preceding Business Day if the 18th is not a Business Day) on which you must submit your remittance to Fannie Mae for the Mortgage Loan.
<b>S</b>	



Securitized Mortgage Loan	Mortgage Loan backing an MBS, PFP MBS, or REMIC.
	<b>Synonyms</b> <ul style="list-style-type: none"><li>• Securitized Mortgage Loans</li></ul>
Security	MBS, PFP MBS, or REMIC.
	<b>Synonyms</b> <ul style="list-style-type: none"><li>• Securities</li></ul>
Security Instrument	Instrument creating a lien or encumbrance on 1 or more Properties and securing the Loan Document obligations.
	<b>Synonyms</b> <ul style="list-style-type: none"><li>• Security Instruments</li><li>• Security Instrument's</li></ul>
Servicer	Primary Person servicing the Mortgage Loan, including <ul style="list-style-type: none"><li>• the originator,</li><li>• seller, or</li><li>• a third party.</li></ul>
	<b>Synonyms</b> <ul style="list-style-type: none"><li>• Servicers</li><li>• Servicer's</li></ul>
Servicing Fee	Fee a Servicer receives for collecting payments, managing operational procedures, and assuming your portion of credit risk for a Mortgage Loan, and which may be expressed as a percentage.
	<b>Synonyms</b> <ul style="list-style-type: none"><li>• Servicing Fees</li></ul>

## U



UPB

Unpaid Principal Balance

**Synonyms**

- UPBs