



Multifamily Selling and Servicing Guide

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1804.08 Replacement Reserve

Requirements

You must ensure the Replacement Reserve is funded as follows:

If...	Then...
<p>The Property</p> <ul style="list-style-type: none">• is located in a Pre-Review Market that is not eligible for delegation at any Tier per Section II of the Form 4660, and• the market was a Pre-Review Market when the Portfolio Mortgage Loan was originated.	<p>The Borrower must fully fund the Replacement Reserve.</p>
<p>The Property</p> <ul style="list-style-type: none">• is located in a Pre-Review Market that is not eligible for delegation at any Tier per Section II of the Form 4660, but• the market was not a Pre-Review Market when the Portfolio Mortgage Loan was originated.	<p>You must determine the Replacement Reserve funding per Part II, Chapter 4: Inspections and Reserves, Section 404: Replacement Reserve.</p>
<p>The Property is located in</p> <ul style="list-style-type: none">• a Strong Market,• a Nationwide Market, or• a Pre-Review Market that is eligible for Tier 3 and Tier 4 Mortgage Loans on a delegated basis per Section II of the Form 4660.	<p>You must determine the Replacement Reserve funding per Part II, Chapter 4: Inspections and Reserves, Section 404: Replacement Reserve.</p>



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

P

Portfolio Mortgage Loan Mortgage Loan that was purchased by Fannie Mae and is held as of a certain date regardless of whether it is a Cash Mortgage Loan or an MBS Mortgage Loan.

Synonyms

- Portfolio Mortgage Loans

Pre-Review Requirement that the Lender obtain Fannie Mae's approval before Rate Lock of a Mortgage Loan.

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