



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of April 30, 2026

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



TABLE OF CONTENTS

Part III Section 1704.07 Replacement Reserve	3
GLOSSARY	4



1704.07 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 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 Form 4660 , and• 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: Lease Audits, Inspections, and Reserves, Section 406: 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 Form 4660 .	<p>You must determine the Replacement Reserve funding per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: Replacement Reserve.</p>



Glossary

B

Borrower Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

F

Form 4660 Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans.

Synonyms

- Multifamily Underwriting Standards

L

Lease Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent.

Synonyms

- Leases

P

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

Synonyms

- Portfolio Mortgage Loans
- Portfolio Mortgage Loan's



Pre-Review

Requirement that you obtain Fannie Mae's approval before you Rate Lock a Mortgage Loan.

Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

Synonyms

- Properties
- Property's

R

Replacement Reserve

Custodial Account the Borrower funds during the Mortgage Loan term for Replacements.

Synonyms

- Replacement Reserves