



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of February 2, 2026

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203.08C Required Annual Adjustment to Correct Principal Balance vs. Security Balance Difference

Other differences may arise in the reconciliation between the UPB of the Mortgage Loan in a Security Pool and the outstanding Security Balance. These differences cannot exceed more than \$0.25 for any Mortgage Loan in the Security Pool. At least once a year, the Servicer must make an adjustment to correct any differences.

1. If Security Balance is Greater than UPB

If the Security Balance is higher than the UPB of the Mortgage Loan, the Servicer must immediately deposit the funds in the “scheduled/scheduled” P&I Custodial Account for Security Pools so that the funds can be passed through to Fannie Mae (as an “unscheduled” principal collection) with the Servicer’s next monthly remittance.

2. If Security Balance is Lower than UPB

If the Security Balance is lower than the UPB of the Mortgage Loan, the Servicer may adjust a subsequent pass-through amount that includes an “unscheduled” principal collection to correct for this difference.



Glossary

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

P&I Custodial Account

Custodial Account for principal and interest deposits.

Synonyms

- P&I Custodial Accounts

S

Security

MBS, PFP MBS, or REMIC.

Synonyms

- Securities

Security Balance

For an MBS Pool, the Issue Date Principal Balance minus any MBS principal distribution amounts included in previous MBS monthly remittances.

Synonyms

- Security Balances



Servicer

Primary Person servicing the Mortgage Loan, including

- the originator,
- seller, or
- a third party.

Synonyms

- Servicers
- Servicer's

U

UPB

Unpaid Principal Balance

Synonyms

- UPBs