



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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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