Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of October 26, 2026

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TABLE OF CONTENTS

Part V Section 211.01 Partial Prepayments Generally Prohibited 3
GLOSSARY 4

211.01 Partial Prepayments Generally Prohibited

Partial prepayment of the outstanding balance of any Mortgage Loan is prohibited unless explicitly permitted in the Mortgage Loan Documents. Under certain circumstances, to the extent permitted in the Mortgage Loan Documents, the proceeds of a Letter of Credit held pursuant to an Achievement Agreement or deposits held under a Replacement Reserve Schedule or other Collateral Agreement may be applied as a partial prepayment of the Mortgage Loan.

Glossary

A

Achievement Agreement	Agreement requiring the Borrower to provide a letter of credit, cash, or guaranty as additional collateral to support the Mortgage Loan amount and specifying the terms for releasing the collateral. **Synonyms** • Achievement Agreements

C

Collateral	Property, Personal Property, or other property securing a Mortgage Loan.
Collateral Agreement	Agreement granting a security interest in Mortgage Loan collateral not covered by the Security Instrument. **Synonyms** • Collateral Agreements

L

Letter of Credit	Letter of Credit approved by Fannie Mae per Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit. **Synonyms** • Letters of Credit • Letter of Credit's • LOC • LOCs

Loan Documents	All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan. **Synonyms** • Loan Document • Mortgage Loan Document • Mortgage Loan Documents

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

R

Replacement Reserve	Custodial Account the Borrower funds during the Mortgage Loan term for Replacements. **Synonyms** • Replacement Reserves
Replacement Reserve Schedule	The Required Replacement Schedule to the Multifamily Loan Agreement (Form 6001 series) and the applicable parts of the Multifamily Loan Agreement (or other agreement approved by Fannie Mae), that evidence the: • Borrowers agreement to replace identified capital items and perform required maintenance; • terms for funding the identified capital item replacement and maintenance; and • disbursement of Replacement Reserve funds. **Synonyms** • Replacement Reserve Schedules

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Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement