



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## Section 214 Maturing Mortgage Loans/Payoffs

### 214.01 Balloon Mortgage Loans

Fannie Mae expects any Borrower with a Balloon Mortgage Loan to refinance or otherwise pay off the Mortgage Loan in full on (or before) the scheduled Maturity Date. Failure to pay off the Mortgage Loan in full on (or before) the scheduled Maturity Date is a default and puts the Borrower at risk that Fannie Mae will exercise any available remedy under the Security Instrument and the other Loan Documents. Whenever a Borrower fails to pay off a Balloon Mortgage Loan on its Maturity Date, the Servicer must notify its Fannie Mae Representative of such failure as soon as possible, and must report the balloon payment default on the Multifamily Delinquency System®. Any acceptance of a payoff amount occurring after the Balloon Mortgage Loan's stated Maturity Date must be approved by Fannie Mae.

### 214.02 Servicer Notification of Payoff Amount to Borrower

At least 5 days prior to the scheduled Maturity Date of the Mortgage Loan, the Servicer must advise the Borrower in writing of the amount required to pay off the Mortgage Loan in full. The Servicer must ensure that the payoff figure quoted to the Borrower is correct.

### 214.03 Calculating and Obtaining Confirmation of Payoff Amount

#### 214.03A Calculating the Full Payoff Amount

The Servicer's request for verification of the final payoff amount must be submitted to Fannie Mae at least 10 days before the scheduled Maturity Date. To obtain Fannie Mae's confirmation of the final payoff amount, the Servicer must submit a statement, detailing all amounts that it believes will be due and payable by the Borrower on the payoff date, including:

- the UPB of the Mortgage Loan (as of the payoff date);
- accrued interest, up to the payoff date, broken down into the net interest portion due to Fannie Mae (calculated at the Pass-Through Rate) and the portion to be retained by the Servicer as a Servicing Fee;
- any unpaid late fees, if applicable; and
- any other amounts due under the Note, Security Instrument, or any other Mortgage Loan Document, including, if applicable, any unpaid fee due under any Collateral Agreement.



### **214.03B** Fannie Mae Will Not Confirm Nor Is Responsible for Amounts Owing to Servicer

Fannie Mae is not responsible for confirming any amounts owed to the Servicer at the time of the payoff (e.g., any administrative fees due for services performed by the Servicer under a Collateral Agreement); however, the Servicer's payoff statement must clearly denote any such amounts so that Fannie Mae can distinguish them from amounts due exclusively to Fannie Mae. The Servicer is solely responsible for ensuring that any payoff quote given to the Borrower includes any amounts that are owed exclusively to the Servicer, as Fannie Mae will not reimburse the Servicer for such amounts from any of the funds that the Borrower remits to cover the amounts confirmed as being due to Fannie Mae.

### **214.03C** Fannie Mae Confirmation of Full Payoff Amount

Fannie Mae will review the Servicer's figures and contact the Servicer to reconcile any discrepancies. Upon completion of its review and any necessary reconciliation, Fannie Mae will respond (in writing) to the Servicer's verification request. In its response, Fannie Mae will confirm the total payoff amount due to Fannie Mae, as well as the individual items comprising such total amount, including:

- the UPB of the Mortgage Loan;
- the net accrued interest due Fannie Mae;
- any applicable Prepayment Premium; and
- any previously unpaid fees or other amounts owed to Fannie Mae.

Fannie Mae also will provide any pertinent instructions for completing the payoff process, including any specific instructions that the Servicer must pass along to the Borrower with the payoff quote.

### **214.03D** No Quote to Borrower Until Fannie Mae Confirmation

To ensure that the Borrower is quoted the correct payoff amount, including any applicable accrued interest, Prepayment Premium, late fees, or other amounts that might be owed under the terms of the Note, the Security Instrument, or the other Mortgage Loan Documents, the Servicer must not quote a final payoff amount to the Borrower without first obtaining Fannie Mae's confirmation of the accuracy of the Servicer's figures.

## **214.04** Reporting the Payoff and Remitting the Payoff Funds

### **214.04A** Reporting Full Payoff Amount Through the eServicing System Due By 2nd Business Day of Month

The full payoff must be reported electronically to Fannie Mae



through the eServicing System. The report of the full payment must be transmitted in time to reach Fannie Mae by the 2nd Business Day of the month following the month of payoff.

## **214.04B** Remitting Full Payoff Amount

### **1. Using Pass-Through Rate to Calculate Remittance to Fannie Mae**

The Servicer must use the Pass-Through Rate to calculate its P&I remittance to Fannie Mae. After collecting payoff proceeds, calculated in the manner described above at the Gross Note Rate, the Servicer must subtract its Servicing Fee, calculated using a per diem rate based on a 360-day year.

### **2. Remittance Due on Next Remittance Cycle for Cash Mortgage Loans and Securitized Mortgage Loans**

For Cash Mortgage Loans and Securitized Mortgage Loans, the Servicer must follow the reporting and remitting procedures for monthly installment reporting and remitting.



# Glossary

## B

**Balloon Mortgage Loan** Mortgage Loan with periodic installments of principal and interest that do not fully amortize the Mortgage Loan, with the balance of the Mortgage Loan due in a lump sum on a specified date, usually the Maturity Date.

**Borrower** Person who is the obligor per the Note.

**Synonyms**

- Borrowers
- Borrower's

**Business Day** Any day other than a

- Saturday,
- Sunday,
- day when Fannie Mae is closed,
- day when the Federal Reserve Bank of New York is closed, or
- for any MBS and required remittance withdrawal, day when the Federal Reserve Bank is closed in the district where any of the MBS funds are held.

**Synonyms**

- Business Days

## C

**Collateral Agreement** Agreement granting a security interest in Mortgage Loan collateral not covered by the Security Instrument.

**Synonyms**

- Collateral Agreements

## F



Fannie Mae  
Representative

Fannie Mae personnel who assist you with various business matters (e.g., Fannie Mae Deal Team, pricing, delivery, servicing, asset management, etc.).

## G

Gross Note Rate

Interest rate stated in the Loan Documents.

## L

Loan Documents

All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

### **Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## M

Maturity Date

Date all Mortgage Loan amounts become fully due and payable per the Loan Documents.

### **Synonyms**

- Maturity Dates

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

## N



Note	<p>Instrument evidencing a Mortgage Loan obligation, including</p> <ul style="list-style-type: none"><li>• Form 6010 series,</li><li>• any other Fannie Mae-approved note, and</li><li>• all applicable<ul style="list-style-type: none"><li>- addenda,</li><li>- schedules, and</li><li>- exhibits.</li></ul></li></ul> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Notes</li></ul>
<b>P</b>	
P&I	Principal and interest
Pass-Through Rate	<p>Mortgage Loan Gross Note Rate minus:</p> <ul style="list-style-type: none"><li>• for MBS Mortgage Loans, the Guaranty Fee, minus the Servicing Fee; and</li><li>• for Cash Mortgage Loans, the Servicing Fee.</li></ul>
Prepayment Premium	<p>For a Mortgage Loan prepayment, amount the Borrower must pay in addition to the prepaid principal and accrued interest per the Loan Documents.</p> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Prepayment Premiums</li></ul>
<b>S</b>	
Security Instrument	<p>Instrument creating a lien or encumbrance on 1 or more Properties and securing the Loan Document obligations.</p> <p><b>Synonyms</b></p> <ul style="list-style-type: none"><li>• Security Instruments</li><li>• Security Instrument's</li></ul>



**Servicer** Primary Person servicing the Mortgage Loan, including

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

**Synonyms**

- Servicers
- Servicer's

**Servicing Fee** Fee a Servicer receives for collecting payments, managing operational procedures, and assuming your portion of credit risk for a Mortgage Loan, and which may be expressed as a percentage.

**Synonyms**

- Servicing Fees

## U

**UPB** Unpaid Principal Balance

**Synonyms**

- UPBs