



Multifamily Selling and Servicing Guide

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704.02 Partial Payments; Late Payments

704.02A Partial Payments

If the Borrower makes a partial payment, within five (5) business days after receipt of the partial payment the Servicer must send a letter to the Borrower, under the Servicer's letterhead, the Multifamily Partial Payment Letter – Fees (Optional) Assessed ([Form 4806](#)).

704.02B Late Partial Payment

If the Borrower makes a late and partial payment, within five (5) business days after receipt of the late and partial payment the Servicer must send to the Borrower, under the Servicer's letterhead, the Multifamily Partial Payment Letter – Fees (Optional) Assessed ([Form 4806](#)).

704.02C Full Payment After Expiration of Period Before Assessing Late Charges

If the Borrower makes a full payment after the date late charges are assessed, upon receipt of such payment the Servicer must send within five (5) business days the Borrower, under its letterhead, the Multifamily Late Payment Letter – Fees (Optional) Assessed ([Form 4805](#)).

If the amount of the payment received from the Borrower is not sufficient to cure all Monetary Defaults, the Servicer shall obtain direction from Fannie Mae Special Asset Management prior to applying the amount to past-due payments and advancing the LPI date. Fannie Mae may, at its option, require the Servicer to hold any such payments received in suspense until the Borrower has paid all amounts necessary to cure all Monetary Defaults.

704.02D Application of Partial Payments

If the amount of the payment received from the Borrower is not sufficient to cure all Monetary Defaults, the Servicer shall obtain direction from Fannie Mae Special Asset Management prior to applying the amount to past-due payments and advancing the LPI date. Fannie Mae may, at its option, require the Servicer to hold any such payments received in suspense until the Borrower has paid all amounts necessary to cure all Monetary Defaults.

704.02E Failure to Make Any Payment

If the Borrower fails to make any payment at all, within five (5) business days following the date late charges are incurred the Servicer must send to the Borrower, under the Servicer's letterhead, the Multifamily No



Payment Received Letter – Fees (Optional) Assessed (Form 4807).

704.02F Copies of Letters Sent to Borrower; Correspondence with Borrower

The Servicer must send to its Fannie Mae Representative a copy of any letter sent to the Borrower pursuant to this Chapter at the same time as it sends such letter to the Borrower. After outside counsel is engaged, any correspondence with the Borrower related to the Payment Default or Performance Default, or the Course of Action, must be made by or through the outside counsel.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

C

Course of Action For Non-Performing Mortgage Loans, loss mitigation activities per [Part V, Chapter 7: Non-Performing Mortgage Loans](#).

Synonyms

- Courses of Action

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.).

P

Payment Default Failure of a Borrower to pay when due and in full any payment required for the Mortgage Loan, including, but not limited to, principal, interest, late charges, default interest, fees, prepayment premium, escrows, or other collateral accounts for taxes, insurance premiums, and assessments, other collateral accounts, and the Replacement Reserve.

Synonyms

- Payment Defaults



Performance Default

Failure of a Borrower to perform any promise or covenant within any applicable grace periods under the related Mortgage Loan other than a failure that constitutes a Payment Default.

Synonyms

- Performance Defaults

S

Servicer

Primary Person responsible for servicing the Mortgage Loan (e.g., the originator, the selling Lender, or a third-party servicer).

Synonyms

- Servicers

Special Asset Management

Team that performs the work of the Special Servicer for Fannie Mae that can be contacted at sam_legal_mailbox@fanniemae.com.

Synonyms

- SAM
- Multifamily Special Asset Management