

Multifamily Selling and Servicing Guide

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1804.07 Replacement Reserve

Requirements

You must ensure the Replacement Reserve is funded as follows:

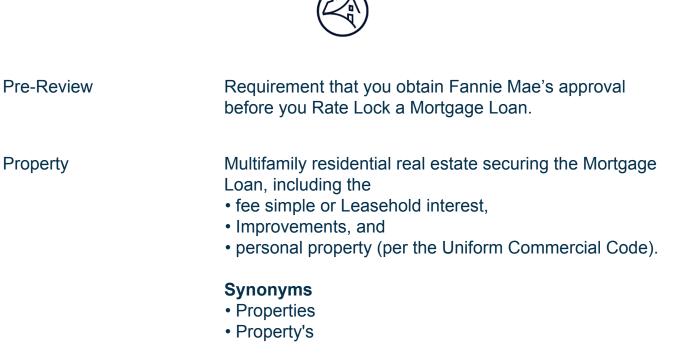
lf	Then
The Property is located in a Pre-Review Market that is not eligible for delegation at any Tier per Section II of Form 4660 , and the market was a Pre-Review Market when the Portfolio Mortgage Loan was originated. 	The Borrower must fully fund the Replacement Reserve.
The Property is located in a Pre-Review Market that is not eligible for delegation at any Tier per Section II of Form 4660 , and the market was not a Pre-Review Market when the Portfolio Mortgage Loan was originated. 	You must determine the Replacement Reserve funding per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: Replacement Reserve.
 The Property is located in a Strong Market, a Nationwide Market, or a Pre-Review Market that is eligible for Tier 3 and Tier 4 Mortgage Loans on a delegated basis per Section II of Form 4660. 	You must determine the Replacement Reserve funding per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: Replacement Reserve.



Glossary

B

Borrower	Person who is the obligor per the Note.	
	Synonyms • Borrowers • Borrower's	
F		
Form 4660	Multifamily Underwriting Standards identifying Pre- Review Mortgage Loans and containing the underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans.	
	Synonyms Multifamily Underwriting Standards 	
L		
Lease	Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent.	
	Synonyms • Leases	
Р		
Portfolio Mortgage Loan	Mortgage Loan purchased by Fannie Mae and held as of a certain date regardless of whether it is a Cash Mortgage Loan or an MBS Mortgage Loan.	
	Synonyms Portfolio Mortgage Loans Portfolio Mortgage Loan's 	



R

Replacement Reserve

Custodial Account the Borrower funds during the Mortgage Loan term for Replacements.

Synonyms

Replacement Reserves