



Multifamily Selling and Servicing Guide

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502.06F Analysis of Collateral

If the Servicer determines that repair or maintenance is required, the Servicer must notify the Borrower according to the notice provisions of the Loan Documents. The notice must:

- be sent within 45 days from the date of the actual inspection;
- identify the repair or maintenance issues;
- include any accompanying photos; and
- direct the Borrower to undertake timely corrective actions to remedy the issues.

The Servicer must follow-up until the work has been successfully completed. If the Borrower fails to perform all repairs or maintenance required by the Servicer within a specified period of time, the Servicer must notify Multifamily Inspections in writing with a recommendation for resolution.

The Property inspection overall rating must be set to 4 (or 5 depending on severity or other existing issues), if:

- a casualty loss causes damage in an amount equal to the lesser of (i) 25% of the current UPB, or (ii) \$1,000,000; or
- 10% or more of the units are down due to any reason.

Setting the rating to 4 (or 5, as applicable) will not automatically put the Mortgage Loan on Fannie Mae's Watchlist, nor will it trigger the requirement (i) for an Action Plan; or (ii) to reinstate the Replacement Reserve, as long as:

- no other performance related issues otherwise increase the credit risk; and
- the Servicer expects sufficient insurance proceeds will be available to restore the Property to its original condition.

If Fannie Mae determines that a Property inspection is inadequate, Fannie Mae reserves the right to require a new Property inspection be performed by either the Servicer or a third party designated by Fannie Mae at the expense of the Servicer.



Glossary

A

Action Plan Servicer's report to Fannie Mae including detailed analysis of Mortgage Loan and Property issues, Servicer's strategy for resolving issues, and related actions and outcomes.

Synonyms

- Action Plans

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

L

Loan Documents All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.

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



Multifamily Inspections

Team that can be contacted at mf_inspections@fanniemae.com.

P

Property

Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

Synonyms

- Properties
- Property's

R

Replacement Reserve

Custodial Account established by the Lender and funded by deposits from the Borrower over the term of the Mortgage Loan to fund the replacement of capital items at the Property.

Synonyms

- Replacement Reserves

S

Servicer

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

Synonyms

- Servicers

U

UPB

Unpaid Principal Balance

W



Watchlist

Mortgage Loan or Property exhibiting heightened credit risk as identified by the Lender or Fannie Mae.