Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of October 26, 2026

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.

TABLE OF CONTENTS

Part V Section 502.02 Property Condition Concerns 3
GLOSSARY 4

502.02 Property Condition Concerns

Operating Procedures

If the Property has...	You must...
• an inspection rating of 4 or 5 per the Agency Assessment Addendum tab of the MBA Standard Inspection Form; • incomplete repairs per the specified timing in the Loan Documents; • significant deferred maintenance; or • non-significant deferred maintenance that was not corrected within 12 months after notifying the Borrower.	• Inform Multifamily Inspections and Multifamily Loss Mitigation: - promptly after receiving notice of any Life Safety Issues per Part V, Chapter 5: Surveillance, Section 502.06F: Life Safety Issues; or - otherwise within 10 Business Days after becoming aware. • Reinstate any suspended Completion/Repair Escrow or Replacement Reserve if the Property inspection rating is 4 or 5, unless the rating resulted from a casualty loss (see Part V, Chapter 5: Surveillance, Section 502.06E: Collateral Analysis). • Inspect the Property as necessary to ensure the Borrower resolves any deferred maintenance. • Regardless of whether the Mortgage Loan is on a Watchlist, submit a request to Multifamily Loss Mitigation before ordering a PCA (excluding regularly-scheduled PCAs required per the Loan Documents). • Identify the appropriate Fannie Mae risk rating per Part VI, Chapter 1: Watchlist Management .

Glossary

B

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	Property, Personal Property, or other property securing a Mortgage Loan.
Completion/Repair Escrow	Custodial Account funded on the Mortgage Loan Origination Date for Completion/Repairs or capital improvements per the Loan Documents.

Completion/Repairs	Repairs or capital item replacements and deferred maintenance: • identified per the Property Condition Assessment; and • required per the - Completion/Repair Schedule, or - Completion/Repair Agreement. **Synonyms** • Completion/Repair

G

Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

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

MBA	Mortgage Bankers Association **Synonyms** • MBA's

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
Multifamily Inspections	Team that can be contacted at mf_inspections@fanniemae.com.
Multifamily Loss Mitigation	Team that can be contacted at lm_watch@fanniemae.com.

P

Property	Multifamily residential real estate securing the Mortgage Loan, including the • fee simple or Leasehold interest, • Improvements, and • personal property (per the Uniform Commercial Code). **Synonyms** • Properties • Property's
Property Condition Assessment	Assessment of the Property's physical condition and historical operation. **Synonyms** • PCA • PNA • Physical Needs Assessment • PCAs

R

Replacement Reserve	Custodial Account the Borrower funds during the Mortgage Loan term for Replacements. **Synonyms** • Replacement Reserves
Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement

W

Watchlist	The risk rating classification if you or Fannie Mae determine the Mortgage Loan has heightened credit risk.