



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 502.02 Property Condition Concerns

### Operating Procedures

If the Property has...	You must...
<ul style="list-style-type: none"><li>• an inspection rating of 4 or 5 per the Fannie Mae Assessment Addendum tab of the MBA Standard Inspection Form;</li><li>• incomplete repairs per the specified timing in the Loan Documents;</li><li>• significant deferred maintenance; or</li><li>• non-significant deferred maintenance that was not corrected within 12 months after notifying the Borrower.</li></ul>	<ul style="list-style-type: none"><li>• Inform Multifamily Inspections and Multifamily Loss Mitigation:<ul style="list-style-type: none"><li>- promptly after receiving notice of any Life Safety Issues per Part V, Chapter 5: Surveillance, Section 502.06F: Life Safety Issues; or</li><li>- otherwise within 10 Business Days after becoming aware.</li></ul></li><li>• 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).</li><li>• Inspect the Property as necessary to ensure the Borrower resolves any deferred maintenance.</li><li>• 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).</li><li>• Identify the appropriate Fannie Mae risk rating per Part VI, Chapter 1: Watchlist Management .</li></ul>



# Glossary

## B

**Borrower**

Person who is the obligor per the Note.

**Synonyms**

- Borrowers
- Borrower's

## 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.

## 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



## 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
- Mortgage Loan's

## M

### Multifamily Inspections

Team that can be contacted at [mf\\_inspections@fanniemae.com](mailto:mf_inspections@fanniemae.com).

## M

### Multifamily Loss Mitigation

Team that can be contacted at [lm\\_watch@fanniemae.com](mailto: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

## R

### Replacement Reserve

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

#### **Synonyms**

- Replacement Reserves

## W

### Watchlist

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