



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 <a href="#">Part V, Chapter 5: Surveillance, Section 502.06F: Life Safety Issues</a>; 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 <a href="#">Part V, Chapter 5: Surveillance, Section 502.06E: Collateral Analysis</a>).</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 <a href="#">Part VI, Chapter 1: Watchlist Management</a> .</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



**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](mailto:mf_inspections@fanniemae.com).

**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.