Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of October 26, 2026

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110.02B Shared Use Documents

Requirements

You must:

- evaluate the Shared Use Documents;
- document your evaluation in the Transaction Approval Memo; and
- obtain:
  - an ALTA title policy per Part II, Chapter 3: Legal Compliance, Section 304: Title Insurance; and
  - ALTA Endorsements (i.e., 5-06, 28-06, and 9-06) if available in the Propertys jurisdiction.

Guidance

Shared Use Document Evaluation	
Topic	You should review the Shared Use Documents to evaluate...
Ownership and Control	• if the Borrower owns all Improvements and the underlying land; • if Essential Elements not located on the Property exist, and if ownership is: - directly or indirectly by an Affiliate of the Borrower or Key Principal; - by a separate association or governing body; - by another community owner or an adjacent property owner; or - shared by the community owners; and • how association and Essential Elements decisions are made by any - developer, - declarant, - association, - community owner, or - other governing body.

Shared Use Document Evaluation	
Topic	You should review the Shared Use Documents to evaluate...
Responsibilities and Enforcement	how an association or governing body: • collects fees and assessments; • maintains Essential Elements; • obtains insurance; • mediates disputes; and • enforces covenants, including - levying fines or interest, or - pursuing liens or foreclosure.
Fees	the assessment fee structure, including • escalation provisions, • special assessments, and • if assessments should be escrowed.
Budget	the associations current • annual budget, • income/expense statements, and • reserve accounts.
Mandates	how the association dictates: • operations; • physical appearance; • insurance claim proceeds; • other restrictions, including limitations or modifications for using the Essential Elements; and • if the cost and maintenance of the Essential Elements located on the Property are not overly burdensome.

Shared Use Document Evaluation	
Topic	You should review the Shared Use Documents to evaluate...
Insurance	the associations coverage for: • property, including if the Essential Elements not located on the Property must be rebuilt or repaired after any casualty or condemnation; • liability; and • directors and officers.

Glossary

A

Affiliate	When referring to an affiliate of a Lender, any other Person or entity that Controls, is Controlled by, or is under common Control with, the Lender. When referring to an affiliate of a Borrower or Key Principal: • any Person that owns any direct ownership interest in Borrower or Key Principal; • any Person that indirectly owns, with the power to vote, 20% or more of the ownership interests in Borrower or Key Principal; • any Person Controlled by, under common Control with, or which Controls, Borrower or Key Principal; • any entity in which Borrower or Key Principal directly or indirectly owns, with the power to vote, 20% or more of the ownership interests in such entity; or • any other individual that is related (to the third degree of consanguinity) by blood or marriage to Borrower or Key Principal. **Synonyms** • Affiliates • Affiliate's
ALTA	American Land Title Association

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

C

Control	Possessing, directly or indirectly, the power to direct or cause the management and operations of an entity (e.g., through the ownership of voting securities or other ownership interests, or by contract). **Synonyms** • Controlling • Controlled • Controls

E

Essential Elements	A Shared Use Propertys amenities, common areas or infrastructure: • impacting or essential to the: - operation, - use, - value and marketability, - leasing, - refinancing, and/or - zoning or legal compliance; and • examples of Essential Elements may include: - parking, - roadways, - utility easements, and - amenities such as ▪ laundry facilities, ▪ clubhouses, ▪ pools, ▪ playgrounds, ▪ tennis courts, ▪ fitness clubs, and ▪ recreational facilities.

G

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

I

Improvements	Buildings, structures, improvements, and alterations, including the multifamily housing dwellings, now or hereafter constructed or placed on the Property, including all fixtures (as defined in the UCC). **Synonyms** • Improvements'

K

Key Principal	Person who • controls and/or manages the Borrower or the Property, • is critical to the successful operation and management of the Borrower and the Property, and/or • may be required to provide a Guaranty. **Synonyms** • Key Principals • Key Principal's

L

Lien	Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind. **Synonyms** • Liens

P

Principal	Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors. **Synonyms** • Principals
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

S

Shared Use Documents	Agreements benefiting and/or burdening a Shared Use Property, such as: • reciprocal easement agreements (REA); • declaration of covenants; • conditions and restrictions (CCR); • development agreements; • shared use agreements; • joint ownership agreement or similar agreements governing homeowners associations (HOAs); • planned unit developments (PUDs); or • other common interest arrangements or planned developments.