



Fannie Mae®

Multifamily Selling and Servicing Guide

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501.02B Deductibles

Requirements

The maximum deductible amounts:

- apply to all insurance coverages required by:
 - Part II, Chapter 5: Property and Liability Insurance, Section 502: Catastrophic Risk Insurance; and
 - Part II, Chapter 5: Property and Liability Insurance, Section 502.06: Liability Insurance; and
- must comply with the following tables.

Maximum Deductibles	
For the peril of...	The maximum deductible must not exceed...
Wind/Hail (unrelated to a catastrophic peril)	<ul style="list-style-type: none">• 5% of the subject collateral's Total Insurable Value; or• when expressed only as a dollar value:<ul style="list-style-type: none">- \$50,000 for collateral Insurable Values less than \$10 million; or- \$100,000 for collateral Insurable Values \$10 million or more.
Named Storm	<ul style="list-style-type: none">• 7.5% of the subject collateral's Total Insurable Value; or• when expressed only as a dollar value:<ul style="list-style-type: none">- \$50,000 for collateral Insurable Values less than \$10 million; or- \$100,000 for collateral Insurable Values \$10 million or more.

Maximum Deductibles for All Other Perils
Specific Limit Insurance Policy



Maximum Deductibles for All Other Perils	
For Policies...	The maximum deductible amount per occurrence based on the Total Insurable Value is...
Less than \$10 million	\$50,000
\$10 million or more	\$100,000
Blanket Deductibles	
For Blanket Policies with a...	The maximum deductible amount per occurrence is...
Blanket limit	\$250,000
Specific limit	<ul style="list-style-type: none">• \$50,000 for collateral Insurable Values less than \$10 million; or• \$100,000 for collateral Insurable Values \$10 million or more.
Expanded Deductibles ¹	
For Policies other than NFIP...	The maximum deductible amount per occurrence based on the Total Insurable Value is...
Less than \$10 million	\$100,000
\$10 million or more	\$150,000
<p>1 Expanded deductibles must meet all the following:</p> <ul style="list-style-type: none">• the Borrower evidences liquid assets equal to at least 4x the deductible amount;• the Mortgage Loan<ul style="list-style-type: none">- has a Pass rating,- is not currently delinquent, and- has not been delinquent within the last 12 months;• the Property condition rating is a 2 or better; and• you annually review the Mortgage Loan's eligibility.	

Guidance

Before accepting any deductibles, you should:



- assess the Borrower's ability to pay the deductible throughout the policy term;
- determine the high deductible financial exposure by considering total paid expenses rather than only the difference between the
 - maximum allowable deductible, and
 - requested/actual deductible; and
- only use the Borrower's owned or related properties to determine the maximum deductible if insurance coverage is provided on a management company's or unrelated entities' master property program.



Glossary

B

Borrower Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower'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

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

T



Total Insurable Value

For any Property, the sum of the full value of the insured's:

- covered Property;
- Property-related business income values; and
- any other covered Property interests.

Synonyms

- Total Insurable Values