

Multifamily Selling and Servicing Guide

Effective as of December 1, 2025

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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 503.01: Generally; 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)	 5% of the subject collateral's Total Insurable Value; or when expressed only as a dollar value: \$50,000 for collateral Insurable Values less than \$10 million; or \$100,000 for collateral Insurable Values \$10 million or more. 	
Named Storm	 7.5% of the subject collateral's Total Insurable Value; or when expressed only as a dollar value: \$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

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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	 \$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	

- 1 Expanded deductibles must meet all the following:
- the Borrower evidences liquid assets equal to at least 4x the deductible amount;

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\$100,000

\$150,000

- the Mortgage Loan
 - has a Pass rating,

Less than \$10 million

\$10 million or more

- 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.



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.

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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).

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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

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• any other covered Property interests.

Synonyms

• Total Insurable Values