



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 502.03A Generally

### Operating Procedures

To determine if any buildings located at the Property are, or will be, fully or partially located in an SFHA, you must:

- use the FEMA Standard Flood Hazard Determination Form (SFHDF);
- evaluate all Property structures when ordering the SFHDF;
- provide the vendor supplemental Property information including the
  - legal description, and
  - survey or site plan;
- obtain an image overlay from Flood Vendor;
- ensure the resulting Flood Zone Determination (FZD) form, and any subsequent FZD forms, are effective for the entire Mortgage Loan term; and
- retain a signed copy in your Servicing File.

### Requirements

You must ensure the Property has flood insurance if:

- any income-producing Improvements or any non-income producing Improvements that support amenities are in an SFHA Zone starting with the letter A or V; or
- the Property is located within a Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA), regardless of if the Property is located in an SFHA.

A Mortgage Loan is ineligible for purchase if the Property is in:

- an SFHA; and
- a community that does not participate in the NFIP.

You must:

- complete the most recent version of the Standard Flood Hazard Determination Form issued by FEMA;
- retain in your Servicing File a



- copy of the form, and
- signed copy of Notice to Borrower of Special Flood Hazard and Federal Assistance;
- require the determination firm, and any monitoring company, to notify you whenever there is a flood zone change; and
- ensure the coverage:
  - meets the minimum mandatory purchase requirements per:
    - the following Federal flood insurance statutes, as amended and/or restated from time to time, including the:
      - National Flood Insurance Act of 1968 (1968 Act);
      - Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert Waters);
      - Flood Disaster Protection Act of 1973 (FDPA); and
      - Homeowner Flood Insurance Affordability Act of 2014; and
    - any applicable Federal agency rulemaking and publication; and
  - equals at least 100% of the Insurable Value of
    - the first 2 floors above grade, and
    - any Improvements below grade;
- require contents coverage for Borrower-owned personal property;
- ensure you have an established process to obtain an inventory and the Insurable Value of Borrower-owned contents or business personal property within buildings located in SFHAs to determine required coverage; and
- retain documentation of the presence or absence of Borrower-owned contents or business personal property within the building and in your Servicing File.

## Guidance

Generally, contents or business personal property:

- includes equipment and inventory
  - owned by the Borrower, and
  - used in connection with Property's



- ownership,
- management, or
- operation; and

■ does not otherwise constitute fixtures.



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## F

**FEMA** Federal Emergency Management Agency

### Synonyms

- FEMA's

## H

**Homeowner** For an MH Community, a tenant of the Borrower who pays ground rent to the owner for use and occupancy of the MH Site and for use of the MH Community's utilities and amenities.

### Synonyms

- Homeowners

## 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'



## Insurable Value

For any Property, the estimate of the maximum dollar amount needed to replace, repair, or reproduce the Property, but excluding any land value.

### **Synonyms**

- Insurable Values

## **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

## **S**

## Servicing File

Your file for each Mortgage Loan serviced.

### **Synonyms**

- Servicing Files