Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of October 26, 2026

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.

TABLE OF CONTENTS

Part II Section 506 Insurance During Additional Dwelling Unit Construction 3
506.01 Generally 3
506.02 Builder's Risk Insurance 3
506.03 Commercial General Liability Insurance 4
506.04 Commercial Auto Liability Insurance 4
506.05 Professional Liability Insurance 5
506.06 Flood Insurance 5
GLOSSARY 7

© 2026 Fannie Mae. Trademarks of Fannie Mae.

Section 506 Insurance During Additional Dwelling Unit Construction

506.01 Generally

☑ Requirements

You must ensure:

- compliant property insurance coverage is in place beginning on the Construction Activity Start Date through the Construction Activity Completion Date; and
- insurance compliant with Part II, Chapter 5: Property and Liability Insurance is in effect, with no lapse in coverage, following the Construction Activity Completion Date.

506.02 Builder's Risk Insurance

☑ Requirements

You must ensure builders risk insurance:

- is in place if property insurance coverage is excluded or otherwise limited during
  - Property construction,
  - renovation, or
  - restoration;
- coverage begins on the Construction Activity Start Date through the Construction Activity Completion Date;
- coverage equals at least 100% of the completed value, including:
  - the aggregate of all project contracts and materials to complete the Construction Activity; and
  - all soft costs (on a non-reporting basis), including, but not limited to
    - interest during the Construction Activity,
    - taxes,
    - architect/engineering fees, and
    - other overhead items attributable to delay; and

© 2026 Fannie Mae. Trademarks of Fannie Mae.

- maximum deductible does not exceed $50,000.

You must determine which soft costs will reoccur in the event of loss.

For...	You must ensure coverage is...
Reoccurring soft costs	100%.
Non-reoccurring soft costs	at least 10%.

506.03 Commercial General Liability Insurance

☑ Requirements

You must ensure the:

- general liability insurance limits are at least:
  - $1 million per occurrence; and
  - $2 million general aggregate;
- coverage complies with Part II, Chapter 5: Property and Liability Insurance, Section 503.01: Generally;
- Borrower is listed as Additional Insured on the general contractors policy, unless the Borrower is
  - licensed,
  - qualified, and
  - serving as its own general contractor; and
- maximum deductible does not exceed the applicable maximum amount per Part II, Chapter 5: Property and Liability Insurance, Section 503.02: Commercial General Liability Insurance.

The requirements in this Commercial General Liability Insurance section are satisfied if you ensure the:

- Borrower obtains program coverage through
  - an Owner-Controlled Insurance Program (OCIP), or
  - a Contractor-Controlled Insurance Program (CCIP); and
- coverage continues through the applicable statutes of limitation.

506.04 Commercial Auto Liability Insurance

☑ Requirements

You must ensure commercial auto liability insurance for any vehicles used in connection with the Construction Activity:

- has the Borrower named as an Additional Insured (if Borrower is not serving as the general contractor) on all policies covering vehicles used by its general contractor in connection with the Construction Activity;
- includes personal injury protection compliant with any applicable state or local laws;
- has coverage not less than $1 million per occurrence; and
- has a maximum deductible not exceeding $50,000.

506.05 Professional Liability Insurance

☑ Requirements

If architects, engineers, or other licensed design professionals perform services for the Construction Activity, you must ensure:

- professional liability coverage is maintained from the date professional services for the Construction Activity begin through the later of the:
  - completion of all professional services related to the Construction Activity; or
  - Construction Activity Completion Date;
- coverage limits are at least
  - $1 million per claim or per occurrence, and
  - $2 million general aggregate; and
- any Claims-Made Policy includes a retroactive date preceding the Construction Activity Start Date.

If the Borrower changes its coverage from a Claims-Made Policy to an Occurrence-Based Policy, you must ensure the Borrower obtains retroactive or tail coverage to ensure past exposures remain protected.

506.06 Flood Insurance

☑ Requirements

You must:

- comply with Part II, Chapter 5: Property and Liability Insurance, Section 502.03: Flood Insurance; and
- ensure a new Flood Zone Determination (FZD) form is obtained no later than:
  - 30 days before the Construction Activity Start Date; and
  - 60 days after the Construction Activity Completion Date.

Glossary

B

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

C

Construction Activity	Construction, renovation, or restoration of Improvements: • beginning on the Construction Activity Start Date; and • ending on the Construction Activity Completion Date.
Construction Activity Completion Date	The later of the date when: • substantial completion is achieved; or • any required certificates of occupancy, licenses, or permits required by applicable law following completion of the Construction Activity are issued.
Construction Activity Start Date	The earlier of the date: • physical work at the Property commences; or • delivery of materials (whether located onsite or offsite) intended to be used in the construction of Improvements occurs.
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

© 2026 Fannie Mae. Trademarks of Fannie Mae.

G

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

P

Project	Multifamily buildings • on multiple Properties, • owned by the same Borrower, and • that comply with Part II, Chapter 1: Attributes and Characteristics, Section 103.01: Single Borrower Ownership. **Synonyms** • Projects
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