Fannie Mae®

Multifamily Selling and Servicing Guide

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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.

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.

G

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

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