



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of December 13, 2024

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Section 303 Rehabilitation Work Costing More than \$20,000 Per Unit

303.01 Rehabilitation Work Evaluation Report

Requirements

If the Rehabilitation Work will cost more than \$20,000 per unit and includes structural additions or modifications, then in addition to the other requirements in this Chapter, you must obtain a rehabilitation work evaluation report from either the PCA Consultant or a licensed architect or engineer.

This rehabilitation work evaluation report must include:

- a review and evaluation of the Property;
- the scope of Rehabilitation Work; and
- all significant construction contracts related to the Rehabilitation Work.

The report must also address, and you must evaluate, the following:

- Is the planned Rehabilitation Work structurally sound and physically feasible?
- Is the estimated cost of the Rehabilitation Work reasonable?
- Will the work be completed within the Borrower's scheduled time frame, but not later than 36 months after the anticipated Mortgage Loan Origination Date?
- Will the work comply with all zoning, building, and fire code regulations?
- Is there any additional work that is not already planned but that should be undertaken?

303.02 Rehabilitation Reserve Agreement

Requirements

You must ensure that the Borrower:

- Executes a Modifications to Multifamily Loan and Security Agreement (Rehabilitation Reserve – Moderate Rehabilitation) (Form 6222) that identifies the planned scope of the Rehabilitation Work on the Rehabilitation Work Schedule, including
 - all of the Rehabilitation Work items,



- estimated costs,
 - allowance for cost overruns, and
 - completion dates.
- Completes a budget for the planned Rehabilitation Work.
 - Funds a Rehabilitation Reserve Account with the:
 - entire budgeted amount (or a higher amount that you require) for all Rehabilitation Work that is not identified as Completion/Repairs by the PCA; and
 - estimated cost (or a higher amount that you require per [Part II, Chapter 4: Inspections and Reserves, Section 404: Completion/Repairs](#)) for Completion/Repairs.



Glossary

B

Borrower Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

C

Completion/Repairs Repairs or capital item replacements and deferred maintenance:

- identified per the Property Condition Assessment; and
- required per the
 - Completion/Repair Schedule, or
 - Completion/Repair Agreement.

Synonyms

- Completion/Repair

M

Mortgage Loan Origination Date Date you fund a Mortgage Loan to the Borrower.

Synonyms

- Mortgage Loan's Origination Date
- Origination Date

P

PCA Consultant Individual or firm conducting a PCA and preparing a PCA Report.



Property	Multifamily residential real estate securing the Mortgage Loan, including the <ul style="list-style-type: none">• fee simple or Leasehold interest,• Improvements, and• personal property (per the Uniform Commercial Code). <p>Synonyms</p> <ul style="list-style-type: none">• Properties• Property's
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R

Rehabilitation Reserve Account	Custodial Account established by the Lender and funded by deposits from the Borrower per the Rehabilitation Reserve Agreement to fund the Rehabilitation Work.
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Rehabilitation Work	Aggregate repairs, replacements, or improvements (including all Completion/Repairs) required to be performed and completed within a specified time period after the Mortgage Loan Origination Date for a Moderate Rehabilitation Property.
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S

Security	MBS, PFP MBS, or REMIC. <p>Synonyms</p> <ul style="list-style-type: none">• Securities
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