



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## Section 906

## Property Management

### Requirements

To ascertain the property management requirements, you must determine how many years of experience, as of the Commitment Date, the Borrower or any Key Principal has owning or managing residential rental properties, based on the following:

Similar in Size	Unit Range
Small Properties	<ul style="list-style-type: none"><li>• 1 multifamily property with 5-50 units, or</li><li>• concurrently owning or managing at least 10 single-family rental units.</li></ul>
Medium Properties	1 multifamily property with 51-100 units.
Large Properties	1 multifamily property with 101 or more units.

As of the Commitment Date, a non-Local Borrower must have at least 2 years of multifamily ownership or property management experience with a property similar in size or larger than the Property.

Property management requirements are as follows.

Property Size	Professional property management or qualified on-site manager required if...
Less than 10 residential units	<ul style="list-style-type: none"><li>• non-Local Borrower, or</li><li>• Local Borrower resides more than 100 miles from the Property.</li></ul>
10 or more residential units	<ul style="list-style-type: none"><li>• non-Local Borrower, or</li><li>• Local Borrower with less than 2 years of experience with a property similar in size or larger.</li></ul>

A professional property management company must have an office within 100 miles of the Property when the Borrower or all Key Principals primarily reside more than 100 miles from the Property.

### Guidance

A professional property management company should use a written management agreement that complies with [Part II, Chapter 1: Attributes and Characteristics, Section 113: Property Management and Agreement](#).



A qualified on-site manager

- is not required to be a Property resident,
- should generally be on-site during normal business hours, and
- for at least 2 years the before the Commitment Date, should have either successfully managed the Property or have demonstrated management experience with a property similar in size or larger than the Property.



# Glossary

## B

### Borrower

Person who is the obligor per the Note.

#### **Synonyms**

- Borrowers
- Borrower's

## C

### Commitment Date

Date a Commitment is confirmed by Fannie Mae per Part IV, Chapter 2: Rate Lock and Committing, Section 204: Commitments.

## K

### Key Principal

Person who

- controls and/or manages the Borrower or the Property,
- is critical to the successful operation and management of the Borrower and the Property, and/or
- may be required to provide a Guaranty.

#### **Synonyms**

- Key Principals
- Key Principal's

## L

### Local Borrower

For Small Mortgage Loans, a Borrower or at least 1 Key Principal of the Borrower that has a primary residence located within 200 miles of the Property.

## 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