



Multifamily Selling and Servicing Guide

Effective as of August 1, 2019

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Section 907 Property Condition

907.01 Site Inspection by Lender or Other Third Party

Requirements

You must:

- Ensure a physical inspection of the Property is performed (including any Property securing a Small Mortgage Loan that is also a Choice Refinance Loan).
- Ensure that 1 of the following completes the physical inspection and the MBA Master Inspection Form:
 - a qualified employee with the experience required for a third-party evaluator per [Part II, Chapter 4: Inspections and Reserves, Section 402: Property Condition Assessment \(PCA\)](#);
 - a qualified appraiser; or
 - qualified third-party inspector.

If a non-employee appraiser or other third-party inspector performs the physical inspection, you must also have an employee visit the Property.

The site inspection must provide you with enough information to complete the MBA Master Inspection Form, including:

- an assessment of the current condition of the Property;
- an identification and cost estimate of any Immediate Repairs, which must be included in the appropriate Completion/Repair Agreement; and
- a general estimate of anticipated replacement and major maintenance needs.

For any Property consisting of multiple buildings, the site inspection must address the condition of all roofs, HVAC equipment, exterior façades, parking lots, exterior walkways, and balconies.

If a Mortgage Loan has a term greater than 10 years, then you must ensure that a new site inspection is performed in the 10th year of the loan term.

The date of the site inspection must meet the timing requirements for a PCA in [Part II, Chapter 4: Inspections and Reserves, Section 402: Property Condition Assessment \(PCA\)](#).

You must not Deliver any Small Mortgage Loan secured by a Property that has:



- an overall rating of “4” or “5” reported on the Comp Assmt Addendum tab of the MBA Master Inspection Form; or
- deferred maintenance with repair costs greater than 10% of the UPB.

907.02 Site Inspection by Borrower

Requirements

You must ensure that the Borrower or the Key Principal:

- Conducts a physical inspection of the Property.
- Certifies in the Multifamily Underwriting Certificate ([Form 6460](#)) that the physical inspection has been performed.

907.03 PCA

Requirements

A PCA is required:

- if the site inspection
 - notes structural or physical concerns, or
 - results in an overall rating of 3 being reported on the Comp Assmt Addendum tab of the MBA Master Inspection Form; or
- for certain non-recourse lending per [Form 4660](#).

Guidance

When a PCA is required, you may use:

- the Streamlined Property Condition Assessment Guidance ([Form 4099.A](#)), but the PCA must otherwise comply with [Part II, Chapter 4: Inspections and Reserves, Section 402: Property Condition Assessment \(PCA\)](#); and
- the Streamlined PCA Requirements ([Form 4099.A](#)) instead of the MBA Master Inspection Form, if you include the overall inspection rating as defined on the MBA Master Inspection Form.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

C

Choice Refinance Loan Mortgage Loan refinancing a Portfolio Mortgage Loan using the streamlined underwriting requirement per [Part III, Chapter 18: Choice Refinance Loans](#).

Synonyms

- Choice Refinance Loans

Completion/Repair Agreement Document evidencing the Borrower's agreement to undertake Completion/Repairs and other identified capital improvements, the terms for funding the repairs, maintenance, or capital items, and the disbursement of funds from the Completion/Repair Escrow (e.g., Form 4505, or the applicable parts of the Multifamily Loan Agreement ([Form 6001 series](#)), including the Required Repair Schedule to the Multifamily Loan Agreement).

Synonyms

- Completion/Repair Agreements

F

Form 4660 Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the minimum underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans.

Synonyms

- Multifamily Underwriting Standards



K

Key Principal Person(s) who control and/or manage the Borrower or the Property, are critical to the successful operation and management of the Borrower and the Property, and who may be required to provide a Guaranty.

Synonyms

- Key Principals

M

MBA Mortgage Bankers Association

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

Multifamily Underwriting Certificate Multifamily Underwriting Certificate ([Form 6460](#)), and/or other agreement approved by Fannie Mae that provides underwriting information for a Mortgage Loan.

P

Property Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

Synonyms

- Properties
- Property's



Property Condition
Assessment

Assessment of the current physical condition and historical operation of the Property.

Synonyms

- PCA
- PNA
- Physical Needs Assessment
- PCAs

S

Small Mortgage Loan

Mortgage Loan with an original loan amount less than or equal to \$6 million and underwritten per [Part III, Chapter 9: Small Mortgage Loans](#).

Synonyms

- Small Mortgage Loans

U

UPB

Unpaid Principal Balance