Fannie Mae®

Multifamily Selling and Servicing Guide

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Section 907 Property Condition

907.01 Lender's Site Inspection and Lease Audit

☑ Requirements

You must:

- comply with Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 401: Lease Audit; and
- not Deliver any Small Mortgage Loan if the Property's estimated Completion/Repair costs are 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

You must comply with Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 404: Property Condition Assessment (PCA).

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

D

Delivery	Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Maes satisfaction. **Synonyms** • Deliver • Delivered • Deliveries

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

Lease	Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent. **Synonyms** • Leases

M

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 • Mortgage Loan's
Multifamily Underwriting Certificate	Multifamily Underwriting Certificate (Form 6460 series) , and/or other agreement approved by Fannie Mae that provides underwriting information for a Mortgage Loan.

P

Principal	Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors. **Synonyms** • Principals
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
Property Condition Assessment	Assessment of the Property's physical condition and historical operation. **Synonyms** • PCA • PNA • Physical Needs Assessment • PCAs

S

Small Mortgage Loan	Mortgage Loan with an original loan amount less than or equal to $9 million. **Synonyms** • Small Mortgage Loans

U

UPB	Unpaid Principal Balance

Synonyms
- UPBs