



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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TABLE OF CONTENTS

Part III Section 907 Property Condition ..... 3

    907.01 Lender's Site Inspection and Lease Audit ..... 3

    907.02 Site Inspection by Borrower ..... 3

    907.03 PCA ..... 3

GLOSSARY ..... 4



## 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

## 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

**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



## 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