



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## TABLE OF CONTENTS

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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

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### 907.01 Lender's Site Inspection and Lease Audit

#### Requirements

You must:

- comply with [Part II, Chapter 4: Inspections and Reserves, Section 401: Site Inspection and 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: Inspections and Reserves, Section 403: 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