



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of November 15, 2024

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Section 401 Site Inspection and Lease Audit

Requirements

Before the Commitment Date, you must ensure:

- your qualified employee per [Part V, Chapter 5: Surveillance, Section 502.05A: Qualifications](#):
 - performs a physical inspection of the Property; and
 - completes the MBA Standard Inspection Form; and
- a lease audit was conducted reconciling the inspection findings with the:
 - rent roll; and
 - lease terms.

You must:

- randomly select Property units for inspection; and
- not Deliver any Mortgage Loan secured by a Property that has an overall rating of 4 or 5 per the Comprehensive Assessment tab of the MBA Standard Inspection Form.

If the Property's rent roll indicates an inspected unit is occupied:

- the inspector must confirm the unit is occupied; and
- you must:
 - confirm the inspector's findings during your lease audit; and
 - complete a lease audit form or document your reconciliation of lease terms with the rent roll.

Guidance

When auditing the leases:

- include a:
 - minimum of 5 leases; and
 - maximum of the lesser of
 - 30 leases, or



— 10% of the leases;

- at least 50% of the audited leases should include a combination of
 - inspected units,
 - recent renewals, and
 - newly signed leases sufficient to verify rent trends;
- if you detect material discrepancies during the initial review, increase the number of lease reviews;
- include a tenant file review; and
- review the cash ledger or receipts journal to validate rent collections.



Glossary

C

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

M

MBA Mortgage Bankers Association

Synonyms

- MBA's

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

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