



# Multifamily Selling and Servicing Guide

Effective as of August 1, 2019

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## 403.01 Property Evaluation

### Requirements

You must determine whether the Borrower will need to fund the Completion/Repair Escrow by evaluating

- the physical condition of the Property,
- the financial condition of the Borrower, and
- all necessary life safety Completion/Repairs.

You must include the estimated expense of all Completion/Repairs with the cost of all other Rehabilitation Work to determine whether you need to follow the requirements of [Part III, Chapter 3: Moderate Rehabilitation Mortgage Loans](#) for a Moderate Rehabilitation Property.

### Guidance

The Completion/Repair Agreement should include:

- property needs identified as Immediate Repairs in the PCA, including:
  - life safety repairs;
  - critical repairs;
  - deferred maintenance; and
  - short-term replacement of capital items; and
- any capital improvements not recommended by the PCA Consultant that
  - the Borrower will make after the Mortgage Loan Origination Date, and
  - you want the appraiser to include in its opinion of the market value of the Property on an “as completed” basis.

You should ensure that the Borrower completes the repairs and improvements identified on the Completion/Repair Agreement as outlined below.

Type of item...	Complete as follows...
For items identified as life safety repairs in the PCA	Comply with <a href="#">Part II, Chapter 4: Inspections and Reserves, Section 403.03: Life Safety Issues</a> .



Type of item...	Complete as follows...
For items identified as critical repairs in the PCA	Within 6 months after the Mortgage Loan Origination Date, or sooner if recommended by the PCA Consultant.
For items identified as deferred maintenance or items of note in the PCA	Within 12 months after the Mortgage Loan Origination Date, or sooner if recommended by the PCA Consultant.
For items identified as short term replacement of capital items in the PCA	By the specific date recommended by the PCA Consultant, but may be longer than 12 months after the Mortgage Loan Origination Date.
For capital improvements that are <ul style="list-style-type: none"> <li>• to be made by the Borrower in addition to those included on the PCA, and</li> <li>• are included in the Appraisal opinion of the market value of the Property on an as completed basis</li> </ul>	Comply with <a href="#">Part II, Chapter 2: Valuation and Income, Section 201.02C: Appraised Value.</a>
For items identified as a Completion/Repair by the PCA when the estimated expense requires you to comply with Part III, Chapter 3 for a Moderate Rehabilitation Property	Comply with <a href="#">Part III, Chapter 3: Moderate Rehabilitation Mortgage Loans.</a>
For all other Rehabilitation Work that was not identified as a Completion/Repair by the PCA	Comply with <a href="#">Part III, Chapter 3: Moderate Rehabilitation Mortgage Loans.</a>



# Glossary

## A

### Appraisal

Written statement independently and impartially prepared by a qualified appraiser stating an opinion as to the market value of the Property as of a specific date, supported by the presentation and analysis of relevant market information.

#### **Synonyms**

- Appraisals

### Appraised Value

Appraiser's opinion of the market value of the Property documented in the Appraisal, on an "as is" basis, unless use of an "as completed" basis is specifically permitted by the Guide.

#### **Synonyms**

- Appraised Values

## B

### Borrower

Person who is the obligor under the Note.

#### **Synonyms**

- Borrowers
- Borrower's

## C



## 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

## Completion/Repair Escrow

Custodial Account established by the Lender and initially funded by an escrow deposit from the Borrower on the Mortgage Loan Origination Date to complete Completion/Repairs or other capital improvements at the Property.

## Completion/Repairs

Immediate Repairs identified by the Property Condition Assessment and required by the Lender to be included in the Completion/Repair Agreement (or a Certificate of Borrower, if applicable).

### **Synonyms**

- Completion/Repair

## **M**

## Moderate Rehabilitation Property

Property that will undergo at least \$8,000 per unit of Rehabilitation Work.

### **Synonyms**

- Moderate Rehabilitation

## Mortgage Loan Origination Date

Date the Lender funds a Mortgage Loan to the Borrower.

### **Synonyms**

- Mortgage Loan's Origination Date
- Origination Date



## P

**PCA Consultant** Individual or firm conducting a PCA and preparing a PCA Report.

**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

## R

**Rehabilitation Work** Aggregate repairs, replacements, or improvements (including all Completion/Repairs) required to be performed and completed within a specified time period after the Mortgage Loan Origination Date for a Moderate Rehabilitation Property.