



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 501.01A Generally

### Guidance

When terms or acronyms for insurance forms and policies are capitalized in this Chapter, they refer to Insurance Services Office (ISO) forms and policies or their equivalent. Other capitalized terms and acronyms have standard insurance industry meanings.

### Requirements

As of the Mortgage Loan Origination Date, you must ensure each Property is covered by compliant property insurance and liability insurance.

You must ensure all insurance policies:

- list the Borrower as a named insured;
- provided by a Property manager list the Borrower as an Additional Named Insured;
- are written on an Occurrence-Based Policy, except the following, which may be written on an Occurrence-Based Policy or a Claims-Made Policy:
  - earthquake insurance;
  - directors' and officers' insurance;
  - professional liability insurance; and
  - general liability insurance for Seniors Housing Properties only when combined with professional liability insurance;
- unless the Loan Documents expressly state otherwise, require the carrier to notify the named Mortgagee and/or Additional Insured in writing
  - at least 10 days before policy cancellation for non-payment of premium, and
  - 30 days before cancellation for any other reason;
- except for professional liability insurance, name:
  - Fannie Mae as Additional Insured on
    - general liability insurance, and
    - excess/umbrella insurance; and
  - "Fannie Mae, its successors, and assigns" as Mortgagee and Loss Payee on property insurance; and



- use Replacement Cost Basis; however, coverage for roofs may use
  - Actual Cash Basis, or
  - Replacement Cost Basis.

### Guidance

You should:

- obtain the advance cancellation notice for the benefit of each Mortgagee and Additional Insured from the insurance carriers whenever possible; or
- if the insurer will not provide advance cancellation notices, ensure the Loan Documents were not modified in any manner limiting:
  - the Borrower's obligation to promptly inform you of any notice of cancellation it receives from an insurance carrier; or
  - any recourse liability of the Borrower or any Guarantor for failing to maintain all insurance coverages required by the
    - Loan Documents, and
    - Guide.

An acceptable mortgagee clause is:

Fannie Mae, its successors and/or assigns, as their interest may appear  
c/o [Lender Name]  
Lender's Street Address or PO Box  
Lender's City, State and Zip Code

### Operating Procedures

If the insurer will not provide advance cancellation notices, your Servicing File must include

- evidence of your attempts to obtain the notice provisions, and
- a copy of the state statute regarding cancelation notification.



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

### **Synonyms**

- Borrowers
- Borrower's

## G

**Guarantor** Key Principal or other Person executing a

- Payment Guaranty,
- Non-Recourse Guaranty, or
- any other Mortgage Loan guaranty.

### **Synonyms**

- Guarantors

**Guide** Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise.

### **Synonyms**

- DUS Guide

## L

**Lender** Person Fannie Mae approved to sell or service Mortgage Loans.

### **Synonyms**

- Lenders
- Lender's



## Loan Documents

All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

### **Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## **M**

## Mortgage Loan Origination Date

Date you fund a Mortgage Loan to the Borrower.

### **Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

## **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

## **S**

## Servicing File

Your file for each Mortgage Loan serviced.

### **Synonyms**

- Servicing Files