Fannie Mae®

Multifamily Selling and Servicing Guide

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501.02A Minimum Coverage Amounts

Requirements

You must ensure:

- each Property has property insurance throughout the Mortgage Loan term; and
- the coverage:
  - is written using Special Peril Coverage;
  - is at least
    - 100% of estimated Insurable Value for a single-building Property, and
    - 90% of estimated Insurable Value for a multiple-building Property; and
  - either does not contain a Coinsurance Clause, or contains a Coinsurance Clause offset by an Agreed Amount Provision no less than 100% of the estimated Insurable Value.

Guidance

A margin clause:

- should not be used to determine compliant property insurance limits; and
- may contain provisions limiting additional coverage availability.

A Property Damage Insurance policy should contain an Inflation Guard endorsement that annually adjusts the insurance amount based on the inflation rate in the Property's geographic area.

Glossary

I

Insurable Value	For any Property, the estimate of the maximum dollar amount needed to replace, repair, or reproduce the Property, but excluding any land value. **Synonyms** • Insurable Values

M

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

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