



Fannie Mae®

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# 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;
- the coverage is:
  - written on a Special Causes of Loss Form, or its equivalent; and
  - at least
    - 100% of estimated Insurable Value for a single-building Property, and
    - 90% of estimated Insurable Value for a multiple-building Property;
  - if a blanket policy has scheduled limits per building, each building is insured to 100% of the estimated Insurable Value; and
  - coinsurance does not exceed 90% on any coverage.

The maximum deductible:

- is based on the Total Insurable Values of the insurance policy;
- amounts, unless otherwise specified, apply to all insurance coverages required by:
  - [Part II, Chapter 5: Property and Liability Insurance, Section 501.03: Catastrophic Risk Insurance](#); and
  - [Part II, Chapter 5: Property and Liability Insurance, Section 501.04: Liability Insurance](#);
- for the peril of wind/hail (unrelated to a catastrophic peril), must not exceed 3% of the Insurable Value; and
- for all other perils, must comply with the following table.

If the Total Insurable Value is...	The maximum deductible amount per occurrence is...
Less than \$5 million	\$25,000



If the Total Insurable Value is...	The maximum deductible amount per occurrence is...
Equal to or greater than \$5 million, but less than \$50 million	\$50,000
Equal to or greater than \$50 million, but less than \$100 million	\$100,000
Equal to or greater than \$100 million	\$250,000

### Guidance

100% coinsurance with the Agreed Value Endorsement is acceptable.  
Renewal of the Agreed Value Endorsement

- is not automatic, and
- must be confirmed at each renewal.

You should:

- assess the Borrower's ability to pay any deductible, even compliant ones:
  - before accepting any deductibles; and
  - throughout the policy term;
- determine the high deductible financial exposure by considering total out of pocket expenses rather than only the difference between the
  - maximum allowable deductible, and
  - requested/actual deductible; and
- if insurance coverage is provided on a management company's or unrelated entities' master property program, then only use the Borrower's owned or related properties to determine the maximum deductible.

A margin clause:

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



# Glossary

## B

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

### **Synonyms**

- Borrowers
- Borrower's

## 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

## T

## Total Insurable Value

For any Property, the sum of the full value of the insured's:

- covered Property;
- Property-related business income values; and
- any other covered Property interests.

### **Synonyms**

- Total Insurable Values