



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 501.02C Business Income (including Rental Value) Insurance

### Requirements

You must ensure:

- each Property has business income insurance (including rental value insurance), for all required coverages, including
  - ordinance or law (Coverage D),
  - windstorm,
  - flood,
  - earthquake, and
  - terrorism, etc.;
- coverage is based on:
  - Actual Loss Sustained for 12 months; or
  - the most recent annual reported (or annualized if annual financial are unavailable):
    - EGI; or
    - NOI plus continuing expenses, with a completed business income worksheet submitted by the Borrower's agent/broker;
- the maximum deductible for business income insurance does not exceed the greater of
  - the maximum deductible for the property insurance policy, or
  - a waiting period up to 72 hours; and
- coverage for a Mortgage Loan with a UPB of \$25 million or more includes a 90-day Extended Period of Indemnity option.



# Glossary

## B

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

### **Synonyms**

- Borrowers
- Borrower's

## 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

## U

**UPB** Unpaid Principal Balance

### **Synonyms**

- UPBs