



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of June 30, 2025

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501.02E Boiler and Machinery / Equipment / Mechanical Breakdown Insurance

Guidance

Equipment Breakdown Insurance covers the:

- loss due to mechanical or electrical breakdown of equipment; and
- cost to repair or replace equipment and other damaged property.

Boiler and Machinery Insurance covers unforeseen breakdown of machinery involving equipment specifically identified in the policy. The breakdown must result:

- from a cause listed in the policy; and
- in direct equipment damage.

Requirements

You must ensure:

- a Property with any high-pressure, centralized HVAC boiler, water heater, or other vessel that is in operation and regulated by the state or municipality where the Property is located has full Boiler and Machinery Insurance; and
- the coverage equals at least 100% of the Insurable Value of each building housing the equipment.



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

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