Fannie Mae®

Multifamily Selling and Servicing Guide

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501.02F Equipment Breakdown or Boiler and Machinery Insurance

☑ Requirements

You must ensure:

- a Property with any high-pressure, centralized HVAC boiler, water heater, or other vessel in operation and regulated by the Property's state or municipality has full equipment breakdown or boiler and machinery insurance;
- the coverage equals at least 100% of the Insurable Value of each building housing the equipment; and
- if equipment breakdown or boiler and machinery insurance is provided by a carrier other than the carrier providing the property damage policy, both policies include a Joint Loss Agreement.

Glossary

G

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

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

J

Joint Loss Agreement	Provision used when more than 1 insurer gives the same property coverage to temporarily allocate losses to ensure prompt payment to the policyholder. For covered losses, insurers pay the policyholder: • any undisputed amounts; and • all remaining sums in equal shares and insurers arbitrate among themselves to determine final responsibility for those sums.

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