

Multifamily Selling and Servicing Guide

Effective as of November 4, 2025

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TABLE OF CONTENTS

Part II Section 502.03C NFIP Policy	3	3
GLOSSARY	6	3

Effective: 11/04/2025



502.03C NFIP Policy

▼ Requirements

You must comply with the following table.

NFIP and Excess Flood Coverage	
If	Then
Coverage available under the NFIP is insufficient	the Borrower must purchase excess flood insurance coveringthe difference, up to the required coverage amount.
Per elevation certificates completed by a licensed land surveyor, engineer, or architect:	 only NFIP insurance is required for those buildings, and the maximum term for only NFIPinsurance is 12 months.
 any of the building's Lowest Adjacent Grade (LAG) are above Base Flood Elevation (BFE); and the Borrower confirms application for a Letter of Map Amendment (LoMA) 	

To remove a Property/building from an SFHA, only an updated FEMA Standard Flood Hazard Determination Form (SFHDF) based on the following is acceptable:

- Letter of Map Amendment (LoMA);
- Letter of Map Revision (LoMR); or
- Letter of Determination Review (LoDR).

During the LoMA process,

- only NFIP insurance is required, and
- the maximum term for NFIP insurance is 12 months.

If any Improvements are reclassified as within an SFHA Zone starting with the letter A or V after you Deliver the Mortgage Loan, you must require the Borrower to obtain compliant flood insurance.

Effective: 11/04/2025





To prevent the Borrower from paying for more coverage than an NFIP policy would pay out, you should evaluate the extent of recovery allowed under the NFIP policy for the type of building being insured.

If all buildings do not require flood insurance, but the Property ingress is located in an SFHA, you should consider requiring business income insurance for excess flood to cover all buildings.

Flood insurance is not required if only unimproved portions of the Property, or non-income producing Improvements that do not support amenities at the Property, are located in an SFHA.

Non-Income Producing Improvements	
Supporting amenities include	Not supporting amenities include
clubhouses,andpool houses.	sheds,pump houses,andstorage buildings.

Business income insurance is not required for non-income producing Improvements.

You should consider that

- conditions may change over time, and
- flood zones may be remapped.

You or Fannie Mae may require flood insurance for Improvements outside an SFHA Zone starting with the letter A or V, but within an area designated by FEMA as Zone X or Zone D (for example, if a Property's location is subject to flooding due to storm water, or within close proximity to an SFHA boundary).

The acceptable deductible for excess flood insurance is the coverage limit of the underlying NFIP policy.

Elevation certificates are not valid to determine if Improvements are in an SFHA.

You should:

 obtain flood zone determinations from qualified third-party flood-zone determination firms; and

Effective: 11/04/2025

exercise care and sound judgment when selecting the firm.



You must:



- obtain life-of-loan monitoring for each Property from a third-party floodzone determination firm;
- complete FEMA's Standard Flood Hazard Determination form to determine if any Improvements are located in an SFHA; and
- retain in your Servicing File:
 - a completed copy of the form;
 - a signed copy of the Notice to Borrower of Special Flood Hazard and Federal Assistance (included in the Flood Determination Certificate); and
 - if you permitted a reduced amount of excess flood insurance,
 - your analysis, and
 - related documentation supporting the economic feasibility and reduction amount.

Effective: 11/04/2025



Glossary

B

Borrower

Person who is the obligor per the Note.

Synonyms

- Borrowers
- · Borrower's

F

FEMA

Federal Emergency Management Agency

Synonyms

• FEMA's

I

Improvements

Buildings, structures, improvements, and alterations, including the multifamily housing dwellings, now or hereafter constructed or placed on the Property, including all fixtures (as defined in the UCC).

Synonyms

• Improvements'

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.

Effective: 11/04/2025

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

S

Servicing File

Your file for each Mortgage Loan serviced.

Effective: 11/04/2025

Synonyms

Servicing Files