



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 501.03D Earthquake Insurance

### Requirements

You must ensure the Property has earthquake insurance if required by Fannie Mae. For any required coverage, ensure the:

- coverage is at least 100% of the insurable value;
- waiting period is no more than 15 days; and
- deductible does not exceed the greatest of:
  - 10% of the insurable Property value;
  - the applicable maximum amount per [Part II, Chapter 5: Property and Liability Insurance, Section 501.02A: Minimum Coverage Amounts](#); and
  - for business income insurance, the greater of
    - the maximum deductible for the property insurance policy, or
    - a 15-day waiting period.

Earthquake insurance may be required while the Property is being retrofitted.

### Guidance

For business income insurance deductible, if a dollar amount is indicated, you should calculate the per day amount ensuring the deductible does not exceed the 15-day total amount allowed. See [Part II, Chapter 5: Property and Liability Insurance, Section 501.03B: Windstorm Insurance](#) for a deductible calculation example.

### Operating Procedures

If retrofitting is required and not completed within the agreed timeframe, you must not accept earthquake insurance as a substitute.



# Glossary

## 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