



Fannie Mae®

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

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