



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of December 1, 2025

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



TABLE OF CONTENTS

Part II Section 502.04 Earthquake Insurance 3

GLOSSARY 5



502.04 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;
- deductible does not exceed the greater of:
 - 7.5% of the collateral's Total Insurable Value; or
 - the applicable maximum amount per [Part II, Chapter 5: Property and Liability Insurance, Section 501.02B: Deductibles](#); and
- business income insurance:
 - waiting period does not exceed the greatest of:
 - when expressed as a number of days, 15 days;
 - when expressed as a dollar amount, \$100,000; or
 - the applicable maximum amount per [Part II, Chapter 5: Property and Liability Insurance, Section 501.02A: Minimum Coverage Amounts](#); and
 - is based on:
 - Actual Loss Sustained for 12 months; or
 - the most recent annual reported (or annualized, if annual financial are unavailable):
 - EGI; or
 - NOI plus continuing expenses.

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 502.02: Named Storm 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

T

Total Insurable Value For any Property, the sum of the full value of the insured's:

- covered Property;
- Property-related business income values; and
- any other covered Property interests.

Synonyms

- Total Insurable Values