



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 501.03E Terrorism Insurance

### Requirements

Each Property must have terrorism insurance for property damage/casualty and liability exposures, unless

- it secures a Mortgage Loan with a UPB of less than \$25 million, and
- you performed a risk assessment, and it indicated no or low terrorism risk.

The coverage amount must be at least 100% of the insurable value of the Improvements.

The deductible amount may not exceed the greater of

- 20% of the insurable value, or
- the applicable maximum amount in [Part II, Chapter 5: Property and Liability Insurance, Section 501.02A: Minimum Coverage Amounts](#).

### Guidance

Your risk assessment should consider the Property location in relation to potential terrorist targets, such as tourist attractions, mass transportation facilities, urban areas, and government buildings. You should also consider concentrations of risk and overall exposures.

### Operating Procedures

You must retain a copy of your risk assessment in your Servicing File.



# Glossary

## 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).

## 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.

**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.

**Synonyms**

- Servicing Files

## U



UPB

Unpaid Principal Balance

**Synonyms**

- UPBs