

Multifamily Selling and Servicing Guide

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503.02 Commercial General Liability Insurance

✓ Requirements

You must ensure the general liability insurance coverage is at least

- \$1 million per occurrence/\$2 million general aggregate limit, plus
- excess/umbrella insurance as follows:

If the number of aggregate units covered by the policy is	The minimum excess/umbrella insurance coverage is
Up to 250	\$1 million
251 - 500	\$2 million
501 - 1,000	\$3 million
1,001 - 2,000	\$5 million
2,001 - 5,000	\$10 million
5,001 - 10,000	\$15 million
More than 10,000	\$20 million

The following maximum deductibles or self-insured retention, or combined deductible and self-insured retention, apply to

- general liability,
- umbrella/excess liability, and
- professional liability.

Maximum Deductibles for All Other Perils		
For	The maximum deductible amount per occurrence based on the Total Insurable Value is	
Specific Limit Insurance Policy		
Specific Limit Policies	\$50,000	
Blanket Deductibles		
Blanket Policies	\$250,000	

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Maximum Deductible	s for All Other Perils	
Expanded Deductibles ¹		
Policies other than NFIP less than \$10 million	\$100,000	
Policies other than NFIP \$10 million or more	\$150,000	

- 1 Expanded deductibles must meet all of the following:
- the Borrower evidences liquid assets equal to at least 4x the deductible amount;
- the Mortgage Loan
 - has a Pass rating,
 - is not currently delinquent, and
 - has not been delinquent within the last 12 months;
- the Property Condition Rating is a 2 or better; and
- · you annually review the Mortgage Loan's eligibility.

You must ensure the aggregate coverage meets or exceeds the required minimum limits using any combination of

- primary liability insurance, and
- excess/umbrella insurance coverage.

Guidance

You should ensure that any liability policy does not contain exclusions for normal coverage that are normal and customary in the standard liability form, such as

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- assault and battery,
- animal attacks, and
- firearms, etc.

The maximum deductible amount, per occurrence, is the combined deductible for both the

- underlying general or professional liability, and
- excess/umbrella liability.



Glossary

B

Borrower

Person who is the obligor per the Note.

Synonyms

- Borrowers
- · Borrower's

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 Condition Rating

An assessment of the Property's overall condition per the MBA Standard Inspection Form, expressed on a scale from 1 (the best Property Condition Rating) to 5 (lowest Property Condition Rating).

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Synonyms

Property Condition Ratings

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

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• any other covered Property interests.

Synonyms

• Total Insurable Values