



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of November 15, 2024

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## 501.05 Small Loans

### Requirements

All insurance requirements of this Chapter apply to Small Mortgage Loans, except as noted in this Section.

### 501.05A Permanent Evidence

#### Guidance

If you are unable to obtain the original or a duplicate copy of the insurance policy or the MBA Evidence of Insurance, the Borrower's insurance agent or broker may deliver a written statement that it has reviewed the policy and confirmed that it meets the following requirements:

- Named insured is listed as Fannie Mae and the Borrower.
- Mortgagee Clause meets Fannie Mae's requirements.
- Each insurance carrier has a compliant A.M. Best Company or Demotech, Inc. rating.
- Policy term is 12 months.
- Cancellation Clause meets Fannie Mae's requirements.
- Special Coverage Form applies.
- No Coinsurance or, if there is Coinsurance, an Agreed Value Endorsement is attached to the policy.
- Limits of insurance are included for all required coverages, including any sub-limits or other restrictions (such as catastrophic limits) that may differ from the standard coverage amount.
- A Statement of Values is included where applicable.
- Coverage is subject to Replacement Cost valuation.

### 501.05B Excess/Umbrella Insurance

#### Requirements

The minimum excess/umbrella insurance is \$1 million if

- no building on the Property has more than 4 stories, and
- the Mortgage Loan has a UPB of \$3 million or less.



## **501.05C** Terrorism Insurance

### Guidance

Terrorism insurance is not required for Small Mortgage Loans.



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

**Synonyms**

- Borrowers
- Borrower's

## M

**MBA** Mortgage Bankers Association

**Synonyms**

- MBA's

**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

## U



UPB

Unpaid Principal Balance

**Synonyms**

- UPBs