Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of November 16, 2026

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TABLE OF CONTENTS

Part II Section 505.03 Acceptable Levels of Seismic Risk 3
GLOSSARY 5

505.03 Acceptable Levels of Seismic Risk

Guidance

The Property's SEL percentage and the building stability assessment determines if the seismic risk is acceptable.

Requirements

You must:

- determine if the Property's seismic risk is acceptable by confirming all income-producing Improvements or any non-income producing Improvements that support amenities:
  - comply with Part II, Chapter 5: Property and Liability Insurance, Section 505.03: Acceptable Levels of Seismic Risk;
  - have an SEL of 20% or less; and
  - meet the current building stability requirements of ASTM E2026;
- not Deliver a Mortgage Loan secured by a Property having any Improvements with an SEL greater than 40%; and
- document your analysis and conclusions in your Transaction Approval Memo, including:
  - a Level 1 SRA, including Appendix X4 (ASTM E2557);
  - your analysis of the seismic issues and recommendation, describing the:
    - severity and pervasiveness of the conditions driving the SEL and stability issues;
    - risks presented to
      - building stability,
      - building damageability,
      - site stability, and
      - life safety; and
    - recommended retrofit or remediation requirements;
  - a retrofit letter or the Borrower's retrofit plan, including the
    - timetable, and

- cost estimate;

- Form 4099.C; and
- a minimum of 6 Property photos, including
  - photos of areas significant to the seismic calculation or stability issue, and
  - elevation views of any Improvements having
    - an SEL over 20%, or
    - a stability issue.

Glossary

A

ASTM	American Society for Testing Materials

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

D

Delivery	Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Mae's satisfaction. **Synonyms** • Deliver • Delivered • Deliveries

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). **Synonyms** • Improvements'

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