

# Multifamily Selling and Servicing Guide

Effective as of November 4, 2025

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#### **505.03** Acceptable Levels of Seismic Risk



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; and
- not Deliver a Mortgage Loan secured by a Property having any Improvements with an SEL greater than 40%.

### Guidance

Your analysis should include:

- 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;

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- 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

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- elevation views of any Improvements having
  - an SEL over 20%, or
  - a stability issue.



## **Glossary**

#### A

**ASTM** 

American Society for Testing Materials

 $\mathbf{B}$ 

Borrower

Person who is the obligor per the Note.

#### **Synonyms**

- Borrowers
- · Borrower's

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.

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#### **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).

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#### **Synonyms**

- Properties
- Property's