Fannie Mae®

# Multifamily Selling and Servicing Guide

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## 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 Propertys 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 Borrowers 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

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| ASTM | American Society for Testing Materials |

## B

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| Borrower | Person who is the obligor per the Note.<br><br>**Synonyms**<br>• Borrowers<br>• Borrower's |

## D

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| 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 Maes satisfaction.<br><br>**Synonyms**<br>• Deliver<br>• Delivered<br>• Deliveries |

## I

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| 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).<br><br>**Synonyms**<br>• Improvements' |

## M

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|---|---|
| Mortgage Loan | Mortgage debt obligation evidenced, or when made will be evidenced, by<br>• the Loan Documents, or<br>• a mortgage debt obligation with a Fannie Mae credit enhancement.<br><br>**Synonyms**<br>• Mortgage Loans<br>• Mortgage Loan's |

# P

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|---|---|
| Property | Multifamily residential real estate securing the Mortgage Loan, including the<br>• fee simple or Leasehold interest,<br>• Improvements, and<br>• personal property (per the Uniform Commercial Code).<br><br>**Synonyms**<br>• Properties<br>• Property's |