



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of March 11, 2025

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## Section 106

## Certificates of Occupancy

### Requirements

Certificates of Occupancy	
For any...	You must...
Property with construction or rehabilitation work completed within the last 12 months	<ul style="list-style-type: none"><li>• Ensure all units have a certificate of occupancy.</li><li>• Obtain copies of all certificates of occupancy from the Borrower.</li><li>• Retain them in your Servicing File.</li></ul>
Other Property	<ul style="list-style-type: none"><li>• Determine if each unit had a certificate of occupancy at some point.</li><li>• Attempt to obtain copies of them.</li><li>• Retain them in your Servicing File.</li></ul>

### Guidance

No Certificate of Occupancy	
If you cannot obtain...	You should...
Copies of certificates of occupancy for a Property (for example, because of the Property's age, or the records of the jurisdiction where the Property is located)	<ul style="list-style-type: none"><li>• Exclude the income generated by any units without a certificate of occupancy, but include all expenses (including replacement reserves) for the maintenance of these units.</li><li>• Look for other evidence that certificates of occupancy had been issued.</li></ul>



No Certificate of Occupancy	
Copies or other sufficient evidence of a certificate of occupancy	Analyze the risk to the Property if one had never been issued, by considering if: <ul style="list-style-type: none"><li>• your physical inspection reveals any life safety issues;</li><li>• all units are accessible through normal access routes (and not, for example, through a former janitorial closet);</li><li>• the insurance excludes coverage of a casualty originating from a unit without a certificate of occupancy; and</li><li>• the Property is located in a market that exhibits low vacancies and barriers to entry.</li></ul>



# Glossary

## B

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

**Synonyms**

- Borrowers
- Borrower'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

## S

**Servicing File** Your file for each Mortgage Loan serviced.

**Synonyms**

- Servicing Files