



Multifamily Selling and Servicing Guide

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Section 105 Certificates of Occupancy

Requirements

For any Property with construction or rehabilitation work completed within the last 12 months, you must:

- ensure that all units have a certificate of occupancy;
- obtain copies of all certificates of occupancy from the Borrower; and
- retain them in your Servicing File.

For all other Properties, you must:

- determine whether each unit had a certificate of occupancy at some point;
- attempt to obtain copies of all certificates of occupancy; and
- retain them in your Servicing File.

Guidance

If you are unable to obtain copies of certificates of occupancy for a Property (for example, because of the age of the Property or the records of the jurisdiction where it is located), you should look for other evidence that certificates of occupancy had been issued.

If you cannot obtain a copy or other sufficient evidence of a certificate of occupancy, you should analyze the risk to the Property if one had never been issued, by considering whether:

- your physical inspection reveals any life safety issues;
- all units are accessible through normal access routes (and not, for example, through a former janitorial closet);
- the insurance excludes coverage of a casualty originating from a unit without a certificate of occupancy; and
- the Property is located in a market that exhibits low vacancies and barriers to entry.

You should exclude the income generated by any units without a certificate of occupancy but include all expenses (including replacement reserves) for the maintenance of such units.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

P

Property Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

Synonyms

- Properties
- Property's

S

Servicing File File for each Mortgage Loan serviced by the Lender.

Synonyms

- Servicing Files