



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of May 20, 2026

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## 110.01A Lease Review

### Requirements

You must analyze all aspects of each Material Commercial Lease and its

- tenants,
- grantees, or
- other beneficiaries.

If Material Commercial Lease approval is required per [Part II, Chapter 1: Attributes and Characteristics, Section 110.01B: Lease Approval](#) you must:

- prepare a written summary of the material terms of the Material Commercial Lease; and
- keep a copy of your summary in your Servicing File.

### Guidance

As you analyze the Material Commercial Lease, you should consider if:

- each tenant has the ability to fulfill its financial and other performance obligations under the Material Commercial Lease;
- the Material Commercial Lease insurance provisions are consistent with the insurance requirements in the applicable Loan Documents or otherwise prescribed by Fannie Mae;
- each tenant is required to obtain the Lender's consent before the Material Commercial Lease is
  - assigned,
  - subleased,
  - subcontracted, or
  - otherwise transferred; and
- the tenant
  - has early termination clauses, and
  - understands the conditions under which they can terminate, including
    - a material casualty or condemnation, or
    - if the landlord cannot substantially restore the premises in a



reasonable period of time following a casualty or condemnation.



# Glossary

## L

**Lease** Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent.

**Synonyms**

- Leases

**Lender** Person Fannie Mae approved to sell or service Mortgage Loans.

**Synonyms**

- Lenders
- Lender's

**Loan Documents** All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

**Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## M



## Material Commercial Lease

Lease, sublease, license, concession, grant, or other possessory interest

- for commercial purposes comprising 5% or more of the Property's annual EGI, or
- relating to:
  - solar power, thermal power generation, or co-power generation, or the installation of solar panels or any other electrical power generation equipment, and any related power purchase agreement; or
  - any Property dwelling units leased to
    - a Borrower Affiliate,
    - any Key Principal, or
    - any Principal.

### **Synonyms**

- Material Commercial Leases

## **S**

### Servicing File

Your file for each Mortgage Loan serviced.

### **Synonyms**

- Servicing Files