



Multifamily Selling and Servicing Guide

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TABLE OF CONTENTS

Part V Section 502.06 Content of Property Inspections	3
502.06A Number of Units to be Inspected; “Down” Units	3
502.06B Selection of Units to be Inspected	3
502.06C Photographs	3
502.06D Consultation with Property Manager and Staff	4
502.06E Analysis of Market	4
502.06F Analysis of Collateral	4
502.06G Life Safety Issues	5
GLOSSARY	6



502.06 Content of Property Inspections

502.06A Number of Units to be Inspected; “Down” Units

The requirements specified in the Property Inspection Protocol table in [Part V, Chapter 5: Surveillance, Section 502.03: Property Inspection Protocols](#) are minimum numbers of occupied and vacant units that must be inspected. In addition to occupied and vacant units, all “down” units (i.e., units that are not rentable at the current time, or that cannot be rented in the normal course of business) must be inspected as part of the Property inspection. If the Property inspector notes substantial physical concerns that warrant further investigation, the Servicer must determine whether it is prudent to inspect additional units over and above the number of units required to be inspected.

502.06B Selection of Units to be Inspected

The MAMP will indicate, for each Property, the number of units required to be inspected. When units are required to be inspected, the Servicer must determine the appropriate combination of vacant and occupied units for inspection. The units selected for inspection must meet the following requirements:

- a minimum of 50% of all units inspected must be vacant units (if available);
- at least 2 occupied units must be inspected; and
- if selected, the interior of each unit must be inspected.

The Property inspector, not the Property manager, must select which vacant and occupied units will be inspected.

502.06C Photographs

The Property Inspection Protocol table in [Part V, Chapter 5: Surveillance, Section 502.03: Property Inspection Protocols](#) indicates, for each Asset Class, the minimum number of photographs required to be submitted with the Property inspection form. Such photographs must include views and identifying captions of:

- signage;
- typical building front;
- site office and clubhouse (if applicable);
- Property frontage;



- apartment interior;
- amenities;
- major building systems;
- deferred maintenance and life safety items;
- extraordinary repair items or items requiring capital expenditure; and
- all critical or substantial issues noted in the inspection report.

502.06D Consultation with Property Manager and Staff

For Property inspections other than walk-around inspections, the Servicer must interview the Property manager and other on-site staff to obtain information regarding the Property's condition and performance, and to confirm that any life/safety repair and deferred maintenance items noted on the most recent Property inspection have been corrected.

502.06E Analysis of Market

The Servicer must evaluate the neighborhood, submarket, and market in which the Property is located to determine material shifts in demographics and real estate conditions. The Servicer must also evaluate competitive properties to determine any changes in the competitive position of the Property since the initial underwriting or the most recent Property inspection.

502.06F Analysis of Collateral

If the Servicer determines that repair or maintenance is required, the Servicer must notify the Borrower according to the notice provisions of the Loan Documents. The notice must:

- be sent within 45 days from the date of the actual inspection;
- identify the repair or maintenance issues;
- include any accompanying photos; and
- direct the Borrower to undertake timely corrective actions to remedy the issues.

The Servicer must follow-up until the work has been successfully completed. If the Borrower fails to perform all repairs or maintenance required by the Servicer within a specified period of time, the Servicer must notify Multifamily Inspections in writing with a recommendation for resolution.

The Property inspection overall rating must be set to 4 (or 5 depending on severity or other existing issues), if:



- a casualty loss causes damage in an amount equal to the lesser of (i) 25% of the current UPB, or (ii) \$1,000,000; or
- 10% or more of the units are down due to any reason.

Setting the rating to 4 (or 5, as applicable) will not automatically put the Mortgage Loan on Fannie Mae's Watchlist, nor will it trigger the requirement (i) for an Action Plan; or (ii) to reinstate the Replacement Reserve, as long as:

- no other performance related issues otherwise increase the credit risk; and
- the Servicer expects sufficient insurance proceeds will be available to restore the Property to its original condition.

If Fannie Mae determines that a Property inspection is inadequate, Fannie Mae reserves the right to require a new Property inspection be performed by either the Servicer or a third party designated by Fannie Mae at the expense of the Servicer.

502.06G Life Safety Issues

If the inspection is conducted by a third-party inspector and reveals any Property life safety issues, the inspection firm must notify the Servicer of such issues within 3 Business Days after completion of the inspection.



Glossary

A

Action Plan Servicer's report to Fannie Mae including detailed analysis of Mortgage Loan and Property issues, Servicer's strategy for resolving issues, and related actions and outcomes.

Synonyms

- Action Plans

Asset Class Type of Multifamily Property securing a Mortgage Loan (e.g., conventional, Seniors Housing, Manufactured Housing Community, Cooperative, etc.).

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

L

Loan Documents All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

M



MAMP

Multifamily Asset Management Portal used to submit Property inspections, operating statements, and requested modifications; asset management reports; and data corrections related to loan or property level attributes.

Synonyms

- Multifamily Asset Management Portal

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.

Synonyms

- Mortgage Loans

Multifamily Inspections

Team that can be contacted at mf_inspections@fanniemae.com.

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

R

Replacement Reserve

Custodial Account established by the Lender and funded by deposits from the Borrower over the term of the Mortgage Loan to fund the replacement of capital items at the Property.

Synonyms

- Replacement Reserves



S

Servicer Primary Person responsible for servicing the Mortgage Loan (e.g., the originator, the selling Lender, or a third-party servicer).

Synonyms

- Servicers

U

UPB Unpaid Principal Balance

W

Watchlist Mortgage Loan or Property exhibiting heightened credit risk as identified by the Lender or Fannie Mae.