



Fannie Mae®

Multifamily Selling and Servicing Guide

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Section 413 Property and Liability Insurance

413.01 Property and Liability Insurance

The Servicer must:

- ensure that the Property is continuously covered by property and liability insurance, as required by [Part II, Chapter 5: Property and Liability Insurance](#), and that all renewal premiums are paid in full and on time; and
- at least annually review the adequacy of the Borrower's insurance coverage in relation to the current requirements of [Part II, Chapter 5: Property and Liability Insurance](#).

If the existing insurance coverage or policy is inadequate, the Servicer must require the Borrower to make appropriate changes. Periodically, the Servicer may be required to make certain representations to Fannie Mae regarding the property and liability insurance coverages and policies for all of the Mortgage Loans it services.

413.02 No Financing for Property and Liability Insurance Premiums

The Servicer must not provide financing to the Borrower, or otherwise permit the Borrower to obtain financing, in order to pay any insurance premiums, except as permitted by [Part II, Chapter 5: Property and Liability Insurance](#).

413.03 Flood Map Changes; Obtaining Flood Insurance

The Servicer must monitor all flood map and community status changes, and take appropriate action when changes affecting Mortgage Loans it services occur as required by [Part II, Chapter 5: Property and Liability Insurance](#). When a Property is remapped into a Special Flood Hazard Area, the Servicer must require the Borrower to obtain flood insurance, regardless of whether the community is "participating" in the National Flood Insurance Program. The flood insurance policy must be in place within 45 days after the effective date of the remapping. If the Borrower refuses to obtain the required coverage or pay a disputed premium, the Servicer must obtain the required coverage. The Servicer must contact Multifamily Insurance if:

- a Property is in a Special Flood Hazard Area;
- the community in which the Property is located does not participate in the National Flood Insurance Program; and



- the Borrower cannot obtain the required flood insurance.

413.04 Lender Placed Insurance

413.04A Property and Liability Insurance

If the Borrower fails to obtain acceptable insurance coverage, the Servicer must immediately obtain acceptable insurance coverage for the Property at the Borrower's expense.

413.04B Flood Insurance

If acceptable insurance coverage cannot be obtained, the Servicer must immediately contact Multifamily Insurance to determine the appropriate course of action.

413.04C Servicer's Administrative Costs and Expenses

The Servicer is permitted to collect from the Borrower any reasonable out-of-pocket costs and expenses incurred by the Servicer to obtain insurance coverage for the Property.



Glossary

B

Borrower	Person who is the obligor per the Note.
	Synonyms <ul style="list-style-type: none">• Borrowers• Borrower's

M

Multifamily Insurance	Team that can be contacted at drawer_insurance@fanniemae.com .
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N

National Flood Insurance Program	Program of flood insurance coverage and floodplain management administered under the National Flood Insurance Act.
	Synonyms <ul style="list-style-type: none">• NFIP

P

Property	Multifamily residential real estate securing the Mortgage Loan, including the <ul style="list-style-type: none">• fee simple or Leasehold interest,• Improvements, and• personal property (per the Uniform Commercial Code).
	Synonyms <ul style="list-style-type: none">• Properties• Property's

S



Servicer	<p>Primary Person servicing the Mortgage Loan, including</p> <ul style="list-style-type: none">• the originator,• seller, or• a third party. <p>Synonyms</p> <ul style="list-style-type: none">• Servicers• Servicer's
Special Flood Hazard Area	<p>Special Flood Hazard Area designated by FEMA.</p> <p>Synonyms</p> <ul style="list-style-type: none">• SFHA