



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## **413.01** Property and Liability Insurance

### **413.01A** Generally

The Servicer must ensure:

- the Property is continuously covered by property and liability insurance per [Part II, Chapter 5: Property and Liability Insurance](#);
- all renewal premiums are fully paid on time in:
  - an annual lump sum; or
  - installments; and
- any Borrower-financing of premiums complies with [Part II, Chapter 5: Property and Liability Insurance, Section 501.01F: Payment of Premium](#), and either:
  - the Modifications to Multifamily Loan and Security Agreement (Financing of Insurance Premiums) ([Form 6272](#)) was executed on the Mortgage Loan Origination Date; or
  - prior to the Borrower entering into a premium financing agreement, execute and submit through the MAMP an Amendment to the Multifamily Loan and Security Agreement, substantially in the form of the Modifications to Multifamily Loan Agreement (Financing of Insurance Premiums) ([Form 6272](#)).

If no insurance escrows are collected, the Servicer must:

- obtain annual evidence that all policies were fully paid; and
- for Borrower-financed premiums, retain in the Servicing File:
  - receipts confirming timely payments; and
  - a copy of the financing agreement.

### **413.01B** Policy Renewal

For each policy renewal, the Servicer must comply with the following timeline.



Timeline	The Servicer must...
No later than 60 days before the policy expiration date	Contact the Borrower to request an original or duplicate original of each renewal policy within 90 days after the policy's expiration date.
No later than 15 days after the earlier of: <ul style="list-style-type: none"> <li>• receipt of each renewal policy; or</li> <li>• the date the policy was due</li> </ul>	<ul style="list-style-type: none"> <li>• Determine if the insurance coverage complies with <a href="#">Part II, Chapter 5: Property and Liability Insurance</a>.</li> <li>• If non-compliant, immediately notify:               <ul style="list-style-type: none"> <li>- the Borrower to resolve all non-compliant items; and</li> <li>- Fannie Mae per a Non-Monetary Default Borrower Request in the MAMP.</li> </ul> </li> </ul>
No later than 60 days after notifying the Borrower of any noncompliant renewal policy	Resolve all non-compliant items with the Borrower and/or insurance agent (e.g., obtain a compliant renewal policy or endorsement, request a waiver, obtain force place coverage, etc.).
If, after 60 days, neither a compliant renewal policy nor an insurance waiver is obtained	<ul style="list-style-type: none"> <li>• Submit a Non-Monetary Default Borrower Request in the MAMP.</li> <li>• Immediately send the Borrower a Reservation of Rights Letter (<a href="#">Form 4804</a>).</li> </ul>

#### 413.01C Compliance Review

With each renewal, but at least annually, the Servicer must:

- complete an insurance compliance checklist to review the adequacy of the Borrower's insurance coverage and ensure compliance with:
  - [Part II, Chapter 5: Property and Liability Insurance](#);
  - all Fannie Mae-approved modifications; and
  - the Loan Documents;
- confirm the insurance carrier's rating per [Part V, Chapter 4: Asset Management: Loan Document Administration, Section 413.01E: Ratings](#); and
- retain in the Servicing File the:



- checklist;
- evidence of the insurance carrier's rating; and
- if terrorism insurance is required, the analysis when annually confirming insurance compliance.

For an unrated Risk Retention Group or Captive Insurer, the Servicer must also comply with [Part II, Chapter 5: Property and Liability Insurance, Section 501.01C: Risk Retention Groups and Captive Insurance](#).

#### **413.01D** Exceptions

The Servicer must submit any insurance exception, including a delegated one, through the MAMP, with:

- a Multifamily Exception Request ([Form 4638](#)) for each exception signed by the authorizing person;
- a recommendation explaining why any non-delegated waiver request should be approved;
- all supporting documentation; and
- any previous exception not approved for the life of the Mortgage Loan, on an annual basis.

#### **413.01E** Ratings

All property and liability insurance carriers for renewal policies must comply with the following.

<b>If rated by...</b>	<b>Insurance carrier must have a...</b>
A.M. Best Company	<ul style="list-style-type: none"><li>• General Policyholder Rating of A- or better; and</li><li>• Financial Size Category of VI or better.</li></ul>
Demotech, Inc.	Financial Stability Rating of A or better.

This rating requirement does not apply to:

- state pools or funds; or
- NFIP policies.

Per the Loan Documents, even if the policy has not yet expired, the Servicer must require the Borrower to immediately obtain replacement coverage with a compliant carrier if the carrier is downgraded below:



- B++, if rated by A.M. Best Company; or
- A, if rated by Demotech, Inc.



# Glossary

## B

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

**Synonyms**

- Borrowers
- Borrower's

## C

**Captive Insurer** Insurance company wholly owned and controlled by its insureds, whose primary purpose is to insure the risks of its owners, and its insureds benefit from the captive insurer's underwriting profits.

**Synonyms**

- Captive Insurer's
- Captive Insurers

## L

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

**Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## M



## MAMP

Multifamily Asset Management Portal used to submit

- Property inspections,
- operating statements,
- requested modifications,
- asset management reports, and
- data corrections for loan or property attributes.

### **Synonyms**

- Multifamily Asset Management Portal
- MAMP's

## 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
- Mortgage Loan's

## Mortgage Loan Origination Date

Date you fund a Mortgage Loan to the Borrower.

### **Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

## Multifamily Loan Agreement

Agreement evidencing Mortgage Loan terms using

- [Form 6001 series](#) Loan Documents, or
- another Fannie Mae-approved form.

### **Synonyms**

- Multifamily Loan Agreements

## 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

## R

### Risk Retention Group

State-chartered insurance company created by the 1986 federal Liability Risk Retention Act, insuring commercial businesses and government entities against liability risks.

### **Synonyms**

- RRG
- Risk Retention Groups

## S

### Security

MBS, PFP MBS, or REMIC.

### **Synonyms**

- Securities

### Servicer

Primary Person servicing the Mortgage Loan, including

- the originator,
- seller, or
- a third party.

### **Synonyms**

- Servicers
- Servicer's



Servicing File

Your file for each Mortgage Loan serviced.

**Synonyms**

- Servicing Files