



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 413.04 Lender Placed Insurance

### 413.04A Property and Liability Insurance

The Servicer must immediately:

- obtain the required property and liability insurance, at the Borrower's expense, if:
  - the Borrower fails to obtain acceptable insurance coverage; or
  - per the Loan Documents, even if the policy has not yet expired, the carrier is downgraded below the required ratings per [Part V, Chapter 4: Asset Management: Loan Document Administration, Section 413.01E: Ratings](#); and
- notify Fannie Mae if the Servicer obtains the required property and liability insurance.

The Servicer must:

- have force place vendor, retroactive, and/or automatic coverage for Mortgage Loans serviced with:
  - deductibles no greater than those required per [Part II, Chapter 5: Property and Liability Insurance](#);
  - coverage provided by carriers complying with [Part II, Chapter 5: Property and Liability Insurance](#);
- provide notice when coverage is force placed, including disclosing the coverage amount and deductibles; and
- adjust the T&I Custodial Account balance when the Borrower pays the force place insurance premiums.

### 413.04B 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**

- Borrowers
- Borrower's

## L

### Loan Documents

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

#### **Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## 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

## S



## Servicer

Primary Person servicing the Mortgage Loan, including  
• the originator,  
• seller, or  
• a third party.

### **Synonyms**

- Servicers
- Servicer's

## T

### T&I Custodial Account

Custodial Account for the deposit of T&I and other impound escrow funds.

### **Synonyms**

- T&I Custodial Accounts