Fannie Mae®

Multifamily Selling and Servicing Guide

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413.04A Property and Liability Insurance

The Servicer must immediately:

- obtain the required property and liability insurance, at the Borrowers 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.

Glossary

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

C

Custodial Account	Account established by the Servicer for depositing P&I payments, T&I payments, and escrow, reserve, or other funds received from the Borrower per any Loan Document, including the: • Collateral Agreement; • Multifamily Loan Agreement; or • Security Instrument. **Synonyms** • Custodial Accounts

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

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

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

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Taxes and Insurance	Taxes or assessments that may become a Lien on the Property and insurance premiums. **Synonyms** • T&I • Tax and Insurance

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