



# Multifamily Selling and Servicing Guide

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## 1402.05A Property

### Requirements

Streamlined Underwriting	
Zoning	<p>You must perform a non-conforming use analysis and comply with <a href="#">Part II, Chapter 3: Legal Compliance, Section 301: Zoning and Legal Non-Conforming Uses</a> if the Property was rezoned after the Mortgage Loan Origination Date, either</p> <ul style="list-style-type: none"><li>• causing it to become a non-conforming use, or</li><li>• restricting the right to rebuild an existing non-conforming use.</li></ul> <p>A new zoning and non-conforming use analysis is not required if the zoning has not changed.</p>
Appraisal	<p>You must obtain a new Appraisal.</p>
Property Management	<p>If there has been or will be a Property management change, you must comply with <a href="#">Part II, Chapter 1: Attributes and Characteristics, Section 108.01: Property Management</a>.</p>
Property Condition Assessment Report	<p>You must obtain a PCA Report if the Supplemental Mortgage Loan Property inspection reveals any adverse change in property condition or life safety issues.</p> <p>A PCA Report is not required if:</p> <ul style="list-style-type: none"><li>• there has been no adverse change;</li><li>• the existing PCA Report is less than 3 years old;</li><li>• all immediate repairs identified in the existing PCA Report have been satisfactorily completed; and</li><li>• the most recent Property inspection indicates an overall rating of 1 or 2.</li></ul>



Streamlined Underwriting	
Replacement Reserves	<ul style="list-style-type: none"><li>• If the PCA Report indicates a need to increase the existing or fund an initial Replacement Reserve, you must ensure the funding by amending the Replacement Reserve Schedule.</li><li>• Even if there is no funding or only partial funding for a Pre-Existing Mortgage Loan, you must fully fund the Replacement Reserve if the combined DSCR and LTV for all Pre-Existing Mortgage Loans and the Supplemental Mortgage Loan is Tier 2.</li></ul>
Environmental Site Assessment (ESA)	<p>You must obtain a new or updated ESA and comply with <a href="#">Part II, Chapter 5: Property and Liability Insurance, Section 502: Environmental Matters</a> unless all the following are met:</p> <ul style="list-style-type: none"><li>• an ESA was performed for a Pre-Existing Mortgage Loan;</li><li>• the Borrower executes an Environmental Indemnity Agreement (<a href="#">Form 6085 series</a>);</li><li>• an environmental Transaction Screen using ASTM E-1528 Standard Practice for Limited Environmental Due Diligence is performed and finds no potential environmental concerns;</li><li>• you confirm that any disclosed Prohibited Activities or Conditions per the Loan Documents are adequately addressed through an O&amp;M Plan being implemented at the Property; and</li><li>• the Borrower certifies, and you confirm, that all appropriate O&amp;M Plans are in place and being fully and properly implemented.</li></ul>
Property and Liability Insurance	<p>You must base the required amounts and coverages of all property and liability insurance on the combined UPB of the Supplemental Mortgage Loan and all Pre-Existing Mortgage Loans.</p>
Title Insurance	<p>You must ensure the Borrower obtains a new title insurance policy.</p>



# Glossary

## A

Appraisal

Written statement independently and impartially prepared by a qualified appraiser stating an opinion as to the market value of the Property as of a specific date, supported by the presentation and analysis of relevant market information.

**Synonyms**

- Appraisals

ASTM

American Society for Testing Materials

## B

Borrower

Person who is the obligor under the Note.

**Synonyms**

- Borrowers
- Borrower's

## E

Environmental Site Assessment

Report (either a Phase I ESA or a Phase II ESA) identifying whether a Property is subject to Recognized Environmental Conditions or Business Environmental Risks.

**Synonyms**

- ESA

## 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**

### Mortgage Loan Origination Date

Date the Lender funds a Mortgage Loan to the Borrower.

### **Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

## **P**

### PCA Report

Property Condition Assessment Report documenting the findings of a PCA.

### Pre-Existing Mortgage Loan

Multifamily residential real estate loan secured by Liens against the Property having higher priority than the Lien securing the Subordinate Loan purchased by Fannie Mae.

### **Synonyms**

- Pre-Existing Mortgage Loans

### 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



## Property Condition Assessment

Assessment of the current physical condition and historical operation of the Property.

### **Synonyms**

- PCA
- PNA
- Physical Needs Assessment
- PCAs

## **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

### Replacement Reserve Schedule

The Required Replacement Schedule to the Multifamily Loan Agreement ([Form 6001 series](#)) a Replacement Reserve and Security Agreement (Form 4506), or another agreement approved by Fannie Mae, that evidences:

- the Borrower's agreement to undertake identified replacement of capital items and required maintenance;
- the terms for funding such replacement of capital items and maintenance; and
- the disbursement of funds from the Replacement Reserve.

### **Synonyms**

- Replacement Reserve Schedules

## **S**



Supplemental Mortgage  
Loan

Mortgage Loan purchased by Fannie Mae that is subordinated to, and has a Mortgage Loan Origination Date after, the Senior Mortgage Loan that is also owned by Fannie Mae.

**Synonyms**

- Supplemental Mortgage Loans

**U**

UPB

Unpaid Principal Balance