Fannie Mae®

Supplement 21-07: COVID-19 Temporary Inspection Protocols

Effective: 07/27/21
Retired: 04/27/23

Summary of Changes

HIGHLIGHTS
Effective July 27, 2021, the COVID-19 related Temporary Property Inspection Protocols applying to physical Property assessments were updated, including: • conducting Green Rewards Verification inspections using alternative inspection approaches; • removing delegation to order a Property Condition Assessment (PCA) or Engineering Assessment for Loss Mitigation purposes; and • obtaining Fannie Mae's approval when required.

Introduction

The COVID-19 pandemic and related limitations presented the housing industry with new challenges, and Fannie Mae remains committed to ensuring safe and healthy housing for the communities we serve. While Property access has significantly improved, travel and traditional inspection methods may still be challenging in certain locations.

To provide maximum Property access flexibility, Fannie Mae:

- continues to allow Temporary Property Inspection Protocols; but
- makes no representation, warranty, or guaranty regarding their effectiveness.

Use of these Temporary Property Inspection Protocols:

- is at your discretion, unless Fannie Mae consent is required;
- does not prevent Fannie Mae from rejecting any inspection or report results; and
- may be suspended at any time in Fannie Mae's sole discretion.

When conducting an inspection, you and your third-party vendors:

- must make best efforts to inspect, at a minimum, common areas and vacant units (down, vacant, model); and
- remain solely responsible for complying with:
  - the Guide;

© 2026 Fannie Mae. Trademarks of Fannie Mae.

- all professional standards; and
- all federal, state, and local laws, regulations, and ordinances, including
  - health and safety requirements,
  - privacy laws, and
  - laws governing safely and securely transmitting or storing any images or information.

You remain responsible for ensuring that all reports comply with the Guide as modified by this Supplement, including:

- Property inspections;
- Property Condition Assessments (PCAs);
- Environmental Assessments;
- Appraisals; and
- any other report.

I. Underwriting - COVID-19 Temporary Property Inspection Protocols

Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Site Inspections	You, or a Non-Employee or Outside Party per the Program Rules, must: • complete the MBA Standard Inspection Form; • only access the Property if it is safe to do so; and • proactively coordinate all aspects of the due diligence process to limit the number of on-site or virtual visits. For Small Mortgage Loans, you may allow a non-employee to perform your site inspection if you document the use of a non-employee in your Transaction Approval Memo. Compared to on-site inspections, virtual visits may require more documentation and time.

Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Limited On-Site Interior Access	Reports that may be completed with limited on-site interior access to occupied units include: • your site inspections (MBA Standard Inspection Forms); • Property Condition Assessments (PCAs); • Phase I Environmental Assessments (Phase I ESAs); • Phase II Environmental Assessments (Phase II ESAs); • Level 1 Seismic Risk Assessments; • Green Rewards - High Performance Building Reports (HPB Reports); and • Green Rewards Verification inspections. You must contact green_am@fanniemae.com if you cannot conduct a Green Rewards Verification inspection using an alternative inspection approach. If you are unable to complete a standard Property assessment due to COVID-19 Limitations, you may consider alternative inspection approaches for visual inspections of occupied units.

Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Appraisals	For any COVID-19 Limitations, the appraiser should consider: • the best Property inspection approach; and • multiple information sources for interior Property conditions to enhance the reliability and credibility of the Appraised Value. For any alternative inspection approach, you must • discuss it with the appraiser, and • approve its use. If the appraiser uses an alternative inspection approach: • The Appraisal must document: - all appropriate Extraordinary Assumptions; - the level of inspection completed; - who completed the inspection; - any reliance on sample units viewed as representing all units; and - all information sources used to determine the Appraised Value. • You must: - describe the alternative approach in the Transaction Approval Memo; and - explain any data gaps.
PCA and Phase 1 ESA	Every PCA and Phase I ESA prepared for Fannie Mae must comply with the applicable ASTM standard: • ASTM E2018-15 for the PCA; and • ASTM E1527-13 for the Phase I ESA.
Other Reports	For many other reports, limited access should not impact Guide compliance. For example, a Zoning Analysis or Zoning Risk Assessment may be performed remotely, therefore alternative inspection approaches are unnecessary.

Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Alternative Approaches for Site Inspections	Given certain limitations to internal access to occupied units, you may consider the following alternative inspection approaches: • **Virtual Walkthrough:** Perform the Property walkthrough using Zoom, FaceTime, WebEx, or other technology that allows the inspector to remotely view the Property. • **Video/Image Capture:** Provide the inspector with video or images from onsite tenants, property manager, or maintenance personnel per the inspector's specifications. • **Documentation:** Collect documentation from the property manager or Borrower addressing any data gaps per the ASTM, USPAP, Guide, and this Supplement.

Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Reporting Data Gaps	Data gaps may result from limited Property access. For example, an inspector may be unable to • enter occupied units, and • inspect the function of unit - plumbing, - electrical, and - HVAC components. Data gaps may require documentation to • reflect what was observed through images or video, and • describe mitigants for items that were unable to be fully inspected using alternative approaches. In addition to other ASTM standard-specific requirements, a PCA/ESA vendor must: • clearly identify and explain each data gap in the PCA Report or Phase I ESA, including those related to the inability to perform an in-person interior site inspection; • document the available information consulted for the assessment to address the data gap; • describe the impact of the data gap on the ability of the PCA/ESA vendor to assess the Property condition; • for a Phase I ESA, specifically state whether any data gap is a "significant data gap" that could affect the ability of the Environmental Professional to identify recognized environmental conditions or Business Environmental Risks at the Property; and • provide a recommendation, cost estimate, and implementation schedule for addressing any data gap when COVID-19 Limitations cease, including items that were deferred and need to be inspected later.

Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Pre-Review	You must submit the transaction for Pre-Review if: • for a Seniors Housing Mortgage Loan, you are considering using an alternative inspection approach; • for a Green Rewards Mortgage Loan, insufficient units are available to comply with Form 4099 unit sampling; or • for any Mortgage Loan: - the entire Property interior is unavailable for your inspection, PCA, Appraisal, Environmental Assessment or Seismic Risk Assessment; or - you, the PCA Consultant, or the Environmental Professional have no on-site access to the exterior or interior of the Property. For Pre-Review Mortgage Loans, you must: • document any alternative inspection approach in DUS Gateway; • describe the alternative inspection approach; and • explain why it is needed. In some cases, additional reserves, or other mitigants and documentation may be required.

II. Servicing and Asset Management

A. COVID-19 Inspection Date Extensions

For all asset management Property inspections due in 2021:

- The Mortgage Loan's Property Inspection due date in the MAMP
  - is correct, and
  - reflects any Fannie Mae-granted extensions based on the current
    - Property Condition Rating, and
    - Fannie Mae Watchlist criteria.
- Fannie Mae reserves the right to adjust the Property Inspection due dates as new information is received (e.g., Property operating statements and changing conditions related to COVID-19), so you must frequently monitor the Property Inspection due dates in the MAMP.
- You must contact Multifamily Inspections for any required Property inspection that cannot be performed within 6 months of the Maturity Date.

B. COVID-19 Temporary Property Inspection Protocols

Fannie Mae is also temporarily modifying , to delegate you the authority to identify the appropriate individual to conduct the inspection (e.g., experience and training level, in-house versus third-party, etc.) provided that:

- you do not violate any federal, state, or local prohibitions; and
- all deviations from , and any reduced scope (e.g., inspecting only unoccupied units or exteriors) must be identified in the Limitations of Field Assessment section of the Fannie Mae Assessment Addendum of the MBA Standard Inspection Form.

The Property Inspection Protocols within the MAMP were revised to set the

- minimum number of units to "0", and
- third-party flag to "Yes".

Inspection or Assessment	Summary Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Post-Origination Property Inspections required by the Guide or Multifamily Asset Management Delegated Transaction: Transfer/Assumption (Form 4636.TA) for all Mortgage Loans	Periodic Property inspections must be performed by either a qualified third-party or in-house inspector per .	Confirm the Property Inspection due date for each Property per the MAMP. For any required Property inspection, you: • may consider the below alternative inspection approaches; and • must document any limiting conditions in the report. Additionally: • you must monitor the status of all previously and newly identified Life Safety and Critical Repair Items; and • if COVID-19 Limitations impacted the completion of Life Safety or Critical Repair Items, you must - consult with the local building/health authorities to determine if deferral is appropriate, and - contact Fannie Mae Portfolio Risk Management.

Inspection or Assessment	Summary Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
(continued)	Occupied Units	Not required if you reasonably determine it is unsafe to enter occupied units. You may use alternative inspection approaches, including photos and videos by • on-site management, • maintenance personnel, • tenants, or • robots.
(continued)	Common Areas, Amenities, and Vacant Units	The above alternative inspection approaches may be used. If building interior access is impacted by COVID-19 Limitations, exterior inspection of major components may be acceptable; you must contact Multifamily Inspections.
(continued)	Building exterior and major mechanical systems	Always required, even if building interior access is impacted by COVID-19 Limitations.
(continued)	Roof	No change, but Inspector should use reasonable judgment in determining whether the roof is accessible without going through occupied areas.

Inspection or Assessment	Summary Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Loss Inspections and Verification for Completion/Repairs, Required Replacements, and Casualty Restorations	Validate completion of: • Completion/Repairs per Schedule 6 of the Multifamily Loan Agreement or Completion/Repair; • Required Replacements per Schedule 5 of the Multifamily Loan Agreement or Replacement Reserve Agreement; or • Casualty Repairs per Part V, Chapter 4: Asset Management: Loan Document Administration, Section 414.04: Required Casualty Loss Property Inspection.	The above alternative inspection approaches may be used. In lieu of a full verification inspection, you must exercise sound credit judgment in determining: • if all Completion/Repairs, Required Replacements, and/or Casualty Restorations were completed satisfactorily; and • whether to release escrowed funds. You: • are delegated to release funds per the Guide and the Loan Documents; • must document evidence of completion supporting the decision, such as information gathered through alternative inspection approaches; • may consider requiring escrowed funds to be retained until after the required work is physically verified; and • must monitor any Property with Completion/Repair open work items in the MAMP per Section II.C - Monitoring Completion/Repairs.

Inspection or Assessment	Summary Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Green Rewards Verification Inspection	Validate Green Rewards Repairs agreed to in Form 4099.H and required by Schedule 6 to the Multifamily Loan Agreement or an Addendum to Schedule 6. In-unit inspection required to verify completion (e.g., faucets, toilets, LED lighting, HVAC, etc.)	You must: • comply with: - Part V, Chapter 4: Asset Management: Loan Document Administration, Section 408.03I: Green Rewards Efficiency Measure Verification; and - Part V, Chapter 4: Asset Management: Loan Document Administration, Section 408.03E: Processing Borrower Requisitions, except for each Green Rewards Efficiency Measure disbursement, the Efficiency Measure is not required to be reported as: ▪ compliant on the Green Rewards Verification Inspection Form (Form 4221); or ▪ noncompliant, and Fannie Mae has approved and closed the remediation in DUS Property Monitor; • use alternative inspection approaches for Efficiency Measures in occupied units; and • comply with COVID-19 Limitations for Efficiency Measures in common areas and vacant units.

Inspection or Assessment	Summary Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Post-Origination Appraisal	Must • comply with Uniform Standards of Professional Appraisal Practice (USPAP), • meet all government regulations in effect as of the date performed, and • be performed by a state-licensed or state-certified appraiser.	If COVID-19 Limitations impact the ability to conduct a compliant Property Appraisal, you must • contact the assigned Fannie Mae Asset Manager to discuss proposed alternative approaches, and • comply with - Part II, Chapter 2: Valuation and Income, Section 202.02A: Appraiser Selection; and - the Loss Sharing Addendum to the Master Selling and Servicing Agreement.
Property Condition Assessment (PCA)/Engineering for Loss Mitigation purposes	Fannie Mae may require or order a PCA.	If COVID-19 Limitations impact the ability to conduct a compliant Property inspection, you must contact Multifamily Loss Mitigation to discuss proposed alternative approaches. The PCA Consultant must: • only include components physically inspected in the estimated cost to cure observed deficiencies; and • not determine demand amounts based on alternative inspection approaches.

Inspection or Assessment	Summary Requirements	Temporary Property Inspection Protocols for COVID-19 Limitations
Other Post-Origination PCA	After the Mortgage Loan Origination Date, PCA required every • 5 years for an MAH Property, or • 10 years for all other Properties.	Fannie Mae is granting you a 120-day extension. You may instruct the PCA Consultant to conduct a PCA with a reduced scope of work (i.e., resulting in a PCA Report stating limitations on the scope of work required by Form 4099, such as only reviewing building exteriors, or not viewing occupied units), if: • no default exists under the Loan Documents; and • the Property's most recent inspection: - occurred within 18 months of the post-Origination PCA's original due date; - indicated a Property Condition Rating of "1" or "2"; and - no documented Deferred Maintenance or Life Safety items remain outstanding. For any other Property, the PCA Consultant must conduct a full PCA, but may use the above alternative inspection approaches if it will not limit the scope of work required in Form 4099. For acceptable, well-documented reasons, Fannie Mae will consider further due date extensions. You may not reduce the required Replacement Reserve deposit based on any post-Origination PCA conducted using any reduced scope or alternative inspection approach.

C. Monitoring Completion/Repairs

For all Mortgage Loans (other than Green Rewards Mortgage Loans) with open required Completion/Repairs work items, the completion due dates were extended to the dates shown in the MAMP.

- Fannie Mae
  - will continue to monitor changing COVID-19 related conditions, and
  - may further adjust the due dates in the MAMP.
- Any inspection confirming completion of required work may use the above alternative inspection approaches.
- You are delegated the authority to extend the due date specified in the Loan Agreement or the Completion/Repair Agreement for any non-life safety Completion/Repair (including Mortgage Loans rated Substandard or Doubtful) by:
  - 1 year for a Mortgage Loan with no loss sharing;
  - 2 years for a Mortgage Loan with loss sharing; or
  - 3 years for a Mortgage Loan with loss sharing and Completion/Repair work that is impacted by COVID-19 Limitations.
- You
  - are not required to grant the extension, and
  - should enforce the original due dates for Completion/Repairs in the Loan Documents if you determine necessary.
- You must notify Fannie Mae of any event of default related to Completion/Repairs by submitting a Non-Monetary Default Borrower Request in the MAMP.

For Green Rewards Mortgage Loans, there is no change to the required Green Repairs monitoring and reporting process (see the Green Rewards Mortgage Loans job aid on the DUS Property Monitor website). You must still submit delegated and non-delegated requests in the DUS Property Monitor module.

Superseded Communication

This Supplement supersedes Supplement 20-14: COVID-19 Temporary Inspection Protocols.

Questions

Please contact:

- the Fannie Mae Deal Team for underwriting questions; or

- Mark Driscoll at (617) 345-8052, or mark_c_driscoll@fanniemae.com, for servicing and asset management questions.