



Fannie Mae®

---

# Multifamily Selling and Servicing Guide

Effective as of April 23, 2025

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



## TABLE OF CONTENTS

---

Part II Section 501.03B Windstorm Insurance .....	3
GLOSSARY .....	5



## 501.03B Windstorm Insurance

### Requirements

You must ensure the:

- Property has separate windstorm insurance if the Special Causes of Loss Form excludes any type of wind-related Catastrophic Event;
- coverage equals at least 100% of the insurable value;
- valuation does not rely solely on Probable Maximum Loss (PML) calculations; and
- deductible does not exceed the greatest of
  - 10% of the insurable Property value,
  - the applicable maximum amount per [Part II, Chapter 5: Property and Liability Insurance, Section 501.02A: Minimum Coverage Amounts](#), and
  - for business income insurance, the greater of
    - the maximum deductible for the property insurance policy, or
    - an amount equal to 15 days of business income or equivalent.

### Guidance

If a business income insurance deductible is stated as a total dollar amount, you should:

- calculate the deductible on a per day basis; and
- ensure the aggregate per day amount does not exceed 15 days of income.

For example:

If the business income requirement is \$1,000,000, and the policy indicates a business income deductible of \$100,000, and the maximum deductible allowed for the Property is the greater of (a) \$25,000, or (b) an amount equal to 15 days of income, the policy is not compliant since:

- \$1,000,000 divided by 365 equals \$2,740 per day;
- \$2,740 multiplied by 15 days equals \$41,095; and
- \$100,000 is higher than both the allowed \$25,000 Property deductible



and the total 15-day calculation.

If catastrophic windstorm coverage is unavailable in the market, Fannie Mae will consider approving 1 of the following options:

- a state insurance plan; or
- state-managed insurance pool for
  - windstorm, or
  - beach erosion.

Catastrophic windstorm coverage:

- includes hurricane and tropical storm damage; and
- may be categorized or defined in the insurance policy using terms such as
  - named storm, or
  - tier one, etc.

If windstorm coverage is unavailable or is not economically feasible, you may submit the following for Pre-Review:

- a recommendation for a reasonable coverage amount, given the exposure and based on your knowledge of the Property and Borrower;
- all compelling reasons for approving the request;
- the Property's precise location;
- blanket analysis per [Part II, Chapter 5: Property and Liability Insurance, Section 501.01B: Blanket and Other Policies Covering Multiple Properties](#);
- construction analysis; and
- any financial mitigants available.



# Glossary

## B

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

### **Synonyms**

- Borrowers
- Borrower's

## C

**Catastrophic Event** Natural or man-made hazard resulting in an event of substantial extent causing

- significant physical damage or destruction,
- loss of life, or
- drastic change to the natural environment, such as
  - earthquake,
  - flood,
  - terrorist attack, or
  - windstorm.

### **Synonyms**

- Catastrophic Events

## P

**Pre-Review** Requirement that you obtain Fannie Mae's approval before you Rate Lock a Mortgage Loan.

**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