



Fannie Mae®

Multifamily Selling and Servicing Guide

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TABLE OF CONTENTS

Part II Section 501.04E Commercial Auto Liability Insurance 3

GLOSSARY 4



501.04E Commercial Auto Liability Insurance

Requirements

You must ensure the Borrower has commercial auto liability insurance that:

- covers any motor vehicles that are:
 - owned, leased, or hired by the Borrower; or
 - used by anyone for business on behalf of the Borrower or the Property;
- includes personal injury protection required by the Property's state; and
- has coverage equaling the greater of
 - \$1 million per occurrence, or
 - any underlying limit required by the excess/umbrella insurance carrier.

Guidance

As a secured real estate lender, you would not be named in a lawsuit alleging automobile negligence by an employee of the Borrower or management company. However, if a lawsuit involving negligence is successful, failure to maintain adequate insurance may result in a lien against the Property.



Glossary

B

Borrower Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower'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