



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of June 4, 2025

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501.03E Terrorism Insurance

Requirements

You must ensure:

- each Property has terrorism insurance for property damage/casualty and liability exposures, unless
 - it secures a Mortgage Loan with a UPB less than \$25 million, and
 - you performed a risk assessment indicating no or low terrorism risk;
- the coverage is at least 100% of the Insurable Value attributed only to the Improvements; and
- the deductible does not exceed the greatest of:
 - 20% of the Insurable 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 maximum deductible for the property insurance policy, or
 - a 15-day waiting period.

Guidance

You should ensure your risk assessment considers:

- concentrations of risk and overall exposures;
- the Property's location relative to potential terrorist targets, such as
 - tourist attractions,
 - power grids,
 - mass transportation facilities, and
 - government buildings; and
- how far reaching a terrorist event could be, for example a:
 - mass transit facility directly below the Property and an airport 5 miles away; and



- biohazard or nuclear facility within the Property's vicinity.

For business income insurance deductible, if a dollar amount is indicated, you should calculate the per day amount ensuring the deductible does not exceed the 15-day total amount allowed. See [Part II, Chapter 5: Property and Liability Insurance, Section 501.03B: Windstorm Insurance](#) for a deductible calculation example.

Operating Procedures

You must retain a copy of your risk assessment in your Servicing File.



Glossary

I

Improvements Buildings, structures, improvements, and alterations, including the multifamily housing dwellings, now or hereafter constructed or placed on the Property, including all fixtures (as defined in the UCC).

Synonyms

- Improvements'

Insurable Value For any Property, the estimate of the maximum dollar amount needed to replace, repair, or reproduce the Property, but excluding any land value.

Synonyms

- Insurable Values

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

Servicing File

Your file for each Mortgage Loan serviced.

Synonyms

- Servicing Files

U

UPB

Unpaid Principal Balance

Synonyms

- UPBs