



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of June 30, 2025

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### 503.03 Acceptable Levels of Seismic Risk

#### ➔ Guidance

The Property's SEL percentage and the building stability assessment determines if the seismic risk is acceptable.

#### ☑ Requirements

You must:

- determine if the Property's seismic risk is acceptable by confirming all income-producing Improvements or any non-income producing Improvements that support amenities:
  - comply with [Part II, Chapter 5: Property and Liability Insurance, Section 503.03: Acceptable Levels of Seismic Risk](#);
  - have an SEL of 20% or less; and
  - meet the current building stability requirements of ASTM E2026; and
- not Deliver a Mortgage Loan secured by a Property having any Improvements with an SEL greater than 40%.

#### ➔ Guidance

Your analysis should include:

- a Level 1 SRA, including Appendix X4 (ASTM E2557);
- your analysis of the seismic issues and recommendation, describing the:
  - severity and pervasiveness of the conditions driving the SEL and stability issues;
  - risks presented to
    - building stability,
    - building damageability,
    - site stability, and
    - life safety; and
  - recommended retrofit or remediation requirements;
- a retrofit letter or the Borrower's retrofit plan, including the



- timetable, and
- cost estimate;
- Form 4099.C; and
- a minimum of 6 Property photos, including
  - photos of areas significant to the seismic calculation or stability issue, and
  - elevation views of any Improvements having
    - an SEL over 20%, or
    - a stability issue.



# Glossary

## A

ASTM American Society for Testing Materials

## B

Borrower Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## 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'

## 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