REFERENCE GUIDE

Commercial and Multifamily Property Inspection Reports

BY PROPERTY INSPECTION REVIEW AND REVISION WORKING GROUP
COMMERCIAL REAL ESTATE/MULTIFAMILY FINANCE
BOARD OF GOVERNORS SERVICER COUNCIL

MBA.ORG
Reference Guide for Commercial and Multifamily Property Inspection Reports

By Property Inspection Review and Revision Working Group
Commercial Real Estate/Multifamily Finance
Board of Governors Servicer Council
Preface

Property inspections are a critical component of the proactive asset management of the Subject Property. The inspection is an opportunity to gain firsthand information regarding the current physical condition and operations of the collateral property; identify future improvements; and identify trends and potential risks that may negatively impact the ongoing income potential of the asset. Information contained in the property inspection can drive action with respect to the property or loan, including in certain cases, the decision of a loan servicer to add the loan to a watch list. The property inspector strives to provide information, photos and comments to inform the servicer’s decision making.

This Reference Guide augments the 2013 revision to the MBA Property Inspection Form. The Guide is intended to provide information regarding due diligence for property inspections, completion of the inspection form report, as well as some helpful tips regarding the inspection process and review of the final report. The Guide is not intended to be used for instructional purposes, casualty losses (manmade or natural), condemnations, origination, due diligence, or special servicing/workout situations. However, much of the information contained herein may also apply to those circumstances.

The Reference Guide is addressed to the commercial and multifamily post-closing servicing industry; however, contractual agreements and/or corporate policies and procedures may override any information provided within this document.

Mortgage Bankers Association
Commercial Real Estate/Multifamily Finance Board of Governors
Servicer Council
Property Inspection Review and Revision Working Group
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The MBA released the first commercial and multifamily real estate (CRE) industry accepted property inspection form in June 2000. This form provided the industry with a tool to complete on-site property inspections for the property types most often financed by MBA members, including office, retail, multifamily, healthcare, lodging, and industrial.

As a result of the increased level of CRE monitoring, as well as specific data and information required for various property types, the MBA established committees in January 2006, 2011 and 2017 to enhance the inspection form and improve its utility. This committee consisted of MBA members, Servicers, Lenders, Correspondents, and Mortgage Bankers who reviewed proposed changes. MBA also published the form for public comment prior to release.

**WHAT IS A PROPERTY INSPECTION?**

*Inspection* — a checking or testing of an individual property against established standards. A property inspection is a monitoring tool completed to ensure the collateral for the CRE mortgage loan is being properly maintained, as well as to assess the status of the collateral property following damage due to catastrophic events or casualties. Inspections are generally completed by Lender/Servicer staff, or by a third-party property inspection company and are performed on an observational basis by someone with reasonable powers of observation. No testing or engineering studies are involved.

**WHO ARE THE PARTIES INVOLVED IN A PROPERTY INSPECTION?**

- **Borrower/Property Owner** — The person/entity that received mortgage loan funds who has promised to repay those funds under terms defined within the loan documents and whose property serves as collateral for the applicable loan, also commonly referred to as debtor, maker, or mortgagor in the loan documents.

- **Inspector** — A member of the Servicer’s staff or an Inspection Company representative who performs the on-site examination and review of the Subject Property.

- **Inspection Company** — A third-party company engaged by the Servicer to inspect and report on Properties.

- **Investor** — Any person or entity investing in mortgage loans or mortgage backed securities. There may be more than one Investor in a transaction.

- **Lender** — The Company providing the mortgage loan funds and as referenced herein, has and retains the financial risk on its corporate balance sheet. Also, commonly referred to as Mortgagor or Payee in the loan documents.

- **Subject Property** — The real estate and/or other collateral involved in the operations of the real estate which serves as collateral for the applicable loan.
• **Property Manager** — The person or entity charged with daily operating and maintenance of the Subject Property, whose duties may include tenanting (leasing), evicting, collection of rents, repairing/contracting repairs, general upkeep including cleaning, landscaping, maintenance, snow removal, etc. of the Subject Property, on behalf of the Borrower. The Property Manager may or may not be affiliated with the Borrower.

• **Servicer** — The liaison between the Borrower and the Lender or Investor with an explicit or implicit contractual responsibility to the Lender and Investor.

• **Correspondent** — A Servicer typically working on behalf of a life insurance company Lender.

• **Stakeholder** — Any party that has either a direct (e.g. Lender, a trust or Investor) or indirect (e.g. another Servicer, Rating Agency, Trustee) interest in the loan.

• **Requestor** — Any other party not previously listed who may order an inspection report.

**WHAT GOVERNS THE REQUIREMENTS OF AN INSPECTION?**

The Lender establishes the Borrower’s obligations regarding property inspections in the original loan documents. The Servicer’s obligations are contained in the applicable servicing agreement. Those documents, coupled with the Servicer’s internal policies and procedures, provide the road map for Servicers to fulfill the inspection obligations while servicing the loan.

**WHY IS THE INSPECTION AND INSPECTION REPORT IMPORTANT IN CRE FINANCE?**

- CRE Lenders and Investors rely primarily on the income producing ability of the Subject Property to pay the debt service, fund ongoing operations and provide for needed repairs/renovations.

In addition, many of the CRE loans made and serviced by MBA members are non-recourse to the Borrower, so that in the event of default, the Subject Property is the only source for repayment.

- The property inspection can be considered an early warning indicator for the Investor/Lender/Other Requestor as the Inspector may observe indications of Deferred Maintenance, changes in vacancy, rent increases or concessions, neglect of the property or changes in neighborhood trends. It also allows the Lender/Investor to monitor the physical condition of the Subject Property and the surrounding neighborhood throughout the life of the loan. Maintenance of the Subject Property is critical in retaining value.

- While many Servicing Agreements allow Servicers to engage qualified third parties to perform physical inspections, the Servicer will be responsible for reviewing the inspection report and forwarding the completed document to the various Stakeholders. The inspection report becomes a key information tool for assessment of the potential for the continuing performance of the Subject Property.

- The use of a standard industry inspection report will result in more effective inspections by facilitating:

  1. Clear comparisons across inspections and properties in portfolios, which leads to greater accuracy in analysis and record keeping.
  2. Proactive asset management.
  3. Standardization of both the procedures for conducting inspections and the criteria for completing reports.
  4. The creation of efficiencies as data automation, transmission and exception reporting.

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1 The loan may incorporate language for “bad boy” carve outs and/or personal guarantee(s) that can lead to borrower being held personally liable.
Overview Of The Inspection Process

SERVICER PRE-INSPECTION PROCESS AND REVIEW

In order to provide clear instruction and facilitation of the inspection process, the Servicer may:

- Review any prior inspection reports, if available, to retrieve information such as existing Deferred Maintenance or other property maintenance requirements.
- Review system records such as contact notes and correspondence to identify any issues of note (e.g., natural/manmade significant events; construction/rehabilitation/conversion; condemnation or other taking; zoning, licensing, franchise issues).
- Review Borrower financial and rent roll information to provide commentary (e.g., dark spaces, tenant rollover concerns, build outs, declining/increasing occupancy, repairs and maintenance expenditures, capital improvement expenditures) that can be reviewed or and/or inspected during the on-site property inspection.
- Review the Servicer's or other Requestor's loan file to identify any special restrictions (e.g., governmental, research & development), limitations or hazards at the Subject Property (e.g., restricted access), clothing restrictions or recommendations (e.g., boots, coats, etc.), health issues (e.g., no elevator access, microwave use, chemicals), and/or safety issues (e.g., structure is damaged or compromised, etc.).
- Operation and Maintenance plan requirements, if applicable, for communication to the Inspector.

INSPECTOR PRE-INSPECTION PROCESS AND REVIEW

In order to provide clear instruction and facilitate the inspection, the Inspector may:

- Obtain applicable inspection information from the Servicer or other Requestor.
- Review contractual requirements (e.g., experience/qualifications/timing requirements, special instructions), including any O&M Plan.
- Schedule the inspection and request any necessary pre-inspection or on-site information. A minimum of two weeks' notice is strongly recommended. Be realistic about the number of inspections scheduled in a day. It is helpful when scheduling the property inspection, to request that the on-site contact have a minimum of 6 months' tenure with the Subject Property and request that all tenants be put on notice for the inspection date. Please note that some of the requirements noted reflect agency directives which may be more stringent than for other inspections. The Inspector should carefully review all instructions provided to ensure that the inspection is conducted following the guidelines provided by the Servicer or other Requestor.
  **NOTE:** The inspector should request well more than the minimum number of units to be noticed if the entire property is not put on notice. This will help ensure that additional units may be inspected if issues are identified. It is strongly recommended that the Inspector always be accompanied by a member of property management when entering any units.
- Forward the inspection form/questionnaire to the on-site contact prior to the visit, as applicable (e.g., MF questionnaire – number of units/buildings, rent roll request, prior/in-process/planned improvements; prior, current and budgeted capital improvements, year of construction). This may also include the
Management Interview form and other information as directed. Send communication confirming date/time and all other inspection details.

• Send a reminder to the site contact 48 hours prior to the inspection to confirm that management is prepared for the inspection, and all the appropriate units have been noticed. Request that keys be pulled prior, if possible.

• Pack an extra camera and memory card, clipboard, and paper for taking notes.

INSPECTOR ON-SITE INSPECTION PROCESS, REVIEW AND REPORTING

The inspection process actually begins as soon as the Inspector lands or drives into the city, town or neighborhood where the Subject Property is located. The Inspector may note issues related to the state of the market, commercial/retail/recreational facilities, and properties considered comparable to the Subject Property.

TIPS FOR THE DAY OF THE INSPECTION

Arrive with sufficient time to:

1. Drive the neighborhood and the Subject Property, noting:
   a. Traffic patterns
   b. Accessibility
   c. Condition, accessibility, traffic flow, etc. of other comparable properties
   d. Condition and effectiveness of the signage at the Subject Property
   e. Any new construction
   f. Condition of surrounding properties
   g. How well the Subject Property fits into the neighborhood
   h. Walk/drive perimeter of Subject Property exterior to obtain a first-impression. In certain circumstances, such as ‘high security’ properties, it may be advisable to check in with the property manager first.

2. Conduct and/or complete follow-up on the Management Interview questions or other information as requested by the Servicer or other Requestor.

3. Review the inspection process with the on-site Borrower contact

4. Discuss units to be inspected, (the final decision regarding the units to be inspected should be made by the Inspector unless otherwise directed by the Servicer or other Requestor).

5. Gather information regarding any special conditions identified by the Servicer or other Requestor noticed during the inspection process (e.g., comparable development, Deferred Maintenance / construction issues).

6. Inspect the property with contact (or individually, if applicable). Unescorted inspections should be undertaken with care as access to tenant space may be limited. Generally, multifamily tenant space should not be inspected unescorted.

7. Build a rapport with the contact but keep control of the inspection. Ask questions in a friendly manner — it’s not an interrogation.
   a. Inquire about the timing and cost of issues discovered during walk through (if accompanied).
   b. Gain an understanding of the Borrower’s commitment to Subject Property (e.g., on-site contact, maintenance staff or tenants concerns regarding needed improvements).
   c. Obtain an understanding of on-site contact’s and, if possible, property management’s knowledge and management of the Subject Property. Take an adequate number of photos to adequately represent the property, meet Servicer’s requirements, and document any issues noted.
8. Complete tour with on-site contact (if applicable)
   a. Address any issues and ask any follow up questions not previously discussed.
   b. Give the on-site contact a verbal summary of the inspection, if appropriate and within the scope of the agreement with the Servicer or Requestor. (The on-site contact should not be surprised by the report.)
   c. Exchange business cards.
   d. Understand and confirm any follow up procedure for questions or gaps the Inspector may have in information for the final report.

INSPECTOR REPORT AND FOLLOW UP
- Address any Servicer questions by adding comments and photos to the report where appropriate.
- Document issues in writing and with corresponding photos, as appropriate.
- Complete the property inspection report, including any follow up with the Borrower or Borrower on-site contact.
- Send the Inspection to the Servicer in the required format (e.g., electronic Excel, hard copy, MISMO XML).
- Forward any additional documents as required.

SERVICER POST-INSPECTION PROCESS AND REVIEW

REVIEW COMPLETED INSPECTION REPORT:
- Compliance with vendor contract (if applicable), Stakeholder contract and internal requirements.
- Compliance with loan documents (including any O&M Plan) and any servicing agreement(s).
- Thoroughness to ensure the Inspector has addressed information and/or issues provided by the Servicer prior to the inspection.
- Identification of Deferred Maintenance and other issues, including proper documentation of issues with photos where appropriate.
- Contact the Inspector for any unaddressed issues/clarification.

CONTACT BORROWER:
- Discuss issues detailed in the inspection, as applicable, to address issues of concern not addressed from prior inspection/loan document timetables (e.g., immediate repair agreements, new dark tenant space).
- Forward appropriate correspondence and, if applicable, agreements, to document required/negotiated issues to be addressed, with applicable timelines for completion.
- Follow-up and/or schedule periodic inspections to ensure completion of required repairs based on mortgage loan documents and servicing agreements.

UPDATE SERVICER SYSTEM:
- Make necessary comments regarding issues and document discussions with the Borrower.
- Update applicable files to ensure accurate reporting (e.g., update of monthly files, internal/external watch list).
- Create appropriate ticklers for monitoring progress of required.
- Repairs/remediation/follow-up inspections, as required.
- Forward a copy of the inspection report to other parties, as required.
- Save and file inspection information in appropriate locations (e.g., electronically, Servicing File).
- If there are defaults or contract violations, refer to the loan documents, applicable servicing agreement(s), and internal process for next steps.
The Tools tab has an Add / Replace logo feature designed to allow the Lender to add a company logo to the MBA Property Inspection Form or to change the inserted logo. The following procedures should be followed to properly add / replace a company logo.

1. Select a logo that will reasonably fit in the logo space on the General Information Tab.

2. Click on the “Add / Replace Logo” button.

3. The logo will now appear on the Tools and General Info tabs. If the logo does not exactly fit into the space on the provided, check the “Size to fit” box after the logo has been inserted and the logo will be resized to fit within the allowable logo area.

The Tools tab has a spell check feature which checks spelling across the entire MBA Inspection Form. Once initiated by the button named “Check Spelling”, it will utilize the native spell-checking functionality of Excel and iterate through each comment box throughout the entire form, alerting the user of each potentially misspelled word, and giving suggestions for corrections. Because of limitations in Excel, it highlights the whole comment box being checked on any given tab instead of highlighting only the specific word in context of the comment box.

The Tools tab has a print feature which gives the user the ability to select which report tabs to print, or save as a single PDF file, initiated by the button named “Print / PDF”. Print areas for each report tab will be set automatically, with the exception of the Rent Roll tab which may need its print area to be adjusted manually if there are rent roll images which you wish to be included.

The Extract Photos button is available on the Tools tab and the Photos tab. Clicking it will extract photos from the Photos report tab and save of copy of them to the user’s computer in the folder specified. Once clicked, the prompt allows the user to choose to extract all photos, or only those categorized as Deferred Maintenance.

The Scope Preset option is a feature designed to allow the servicer to easily show, or hide specific report tabs based on the scope of the inspection being performed by clicking the respective checkboxes for each report tab. For convenience, the most common inspection scopes are represented:

- Basic Inspection — This option will show the following report tabs: General Info, Physical Condition & DM, Photos, and Rent Roll
- Repairs Verification — This option will show the following report tabs: Repairs Verification, Photos
- Fannie Mae — This option will show all the Basic Inspection tabs, plus the Mgmt Interview, Multifamily, Fannie Mae Asmt Addendum, Repairs Verification, and the Fannie Mae Ratings tab. Choosing this option will also set the Rating Scale on the General Info tab to Fannie Mae.
- Freddie Mac — This option will show all the Basic Inspection tabs, plus the Mgmt Interview, Multifamily, FRE Asst Addendum, Repairs Verification, and the MBA Ratings tab. Choosing this option will also set the Rating Scale on the General Info tab to MBA.
MBA Standard Ratings Definitions

The descriptors are to be used throughout the inspection report unless the loan secured by the Subject Property is a Fannie Mae loan (see the Fannie Mae Ratings tab for the rating scale to be used in connection with Fannie Mae loans).

The definitions are provided separately on their own tab in the inspection report for easy use and reference while conducting the inspection and later completing the report. The ratings are broken out into a scoring system based on 1-5, reflecting best to worst condition, Not Applicable and Not Accessible. It should be noted that the comments under each Rating are intended to provide perspective, with the top line most accurately reflecting the interpretation for the Rating and the lower lines representing examples of typical conditions that may exist. It will be important for the Inspector to draw on his/her own experience and understanding of the property, as well as Servicer or other Requestor directives.

THE RATINGS DEFINITIONS ARE AS FOLLOWS:

RATING 1
- New or like new condition.
- All major building components are new or like new.
- All vacant units/space are rent ready and reflect the highest current market standards.
- No Deferred Maintenance items (only Routine Maintenance).
- No Life Safety or code violations exist.
- Positive impact to marketability.
- Deferred Maintenance and Life Safety — no actions are required.

RATING 2
- Above average condition for the property's age and market, minimal wear and tear.
- All major building components in functional condition.
- All vacant units/space are rent ready or in the process of being made rent ready.
- No Deferred Maintenance items (only Routine Maintenance).
- No Life Safety or code violations exist.
- No impact to marketability.
- Deferred Maintenance and Life Safety — no actions are required.
**RATING 3**

- Normal condition for the property's age and market, general wear and tear.
- All major building components in functional condition.
- Most vacant units or space are rent ready or in the process of being made rent ready.
- Minimal Deferred Maintenance and Routine Maintenance items with costs that can be funded by normal operations.
- No/minor Life Safety or code violations exist.
- No impact to marketability.
- Deferred Maintenance and Life Safety — appropriate actions are planned or in progress.

**RATING 4**

- Deteriorating condition for the property's age and market.
- A building component is not in fully functional condition.
- Few rent-ready units or space. Limited major Deferred Maintenance and/or numerous minor Deferred Maintenance items.
- Some Life Safety or code violations exist. Negative impact to marketability.
- Deferred Maintenance and Life Safety — actions are not addressed as quickly as required and/or further action is necessary, additional monitoring may be appropriate.

**RATING 5**

- Inferior conditions.
- Multiple building components non-functional.
- Vacant units or space are in poor to down condition.
- Severe Deferred Maintenance items.
- Multiple Life Safety or code violations exist.
- Negative impact to marketability.
- Deferred Maintenance and Life Safety — no action taken and/or further action is necessary and additional monitoring is appropriate.

**Not Applicable** — No components exist (therefore, no rating is possible).

**Not Accessible** — No component was visible due to inability to view the condition based on access, Life Safety, weather conditions or other blockages, or Deferred Maintenance items cannot be determined based on lack of access. Further action or review may be required.
Fannie Mae Ratings Definitions

The descriptors are to be used throughout the inspection report for Fannie Mae Loans only (see the MBA Ratings tab for the rating scale to be used in connection with all other loans).

The Fannie Mae Ratings definitions are provided separately on their own tab for easy use and reference while conducting the inspection and later completing the report. The ratings are broken out into a 1–5 scoring system reflecting best to worst condition, Not Applicable and Not Accessible.

THE RATINGS DEFINITIONS ARE AS FOLLOWS:
Rating 1 — No concerns observed. No further action required.

Rating 2 — Some minor issues noted. Limited follow-up required.

Rating 3 — Overall declining condition or isolated deterioration. Documented follow-up required.

Rating 4 — Substantial issues noted. Documented follow-up with possible action plan required.

Rating 5 — Severe Deferred Maintenance observed. Follow-up and substantial action plan required.

RATING 1
No concerns observed. No further action required.
• Excellent condition; typically newer property or property with recent major rehab/significant investment
• No observed or reported Deferred Maintenance issues
• No Life Safety issues observed
• Superior RM practices that are extending the RUL of systems and components
• Capital needs are addressed; major components and systems are like new, in excellent condition and high probability they will significantly exceed the loan term

RATING 2
Some minor issues noted. Limited follow-up required.
• Very Good/Good condition with isolated and relatively minor issues that are unlikely to negatively impact operations and can be addressed in-house
• No/minor Life Safety issues observed
• Isolated or minor Deferred Maintenance can be addressed in-house and/or at limited expense
• Proactive RM practices ensuring good overall system performance and functionality
• Majority of capital needs are being addressed, property performance does not appear to be impacted; components and systems in good condition and very likely will exceed the loan term
**RATING 3**
Overall declining condition or isolated deterioration. Documented follow-up required.
- Average to Fair condition; requiring investment
- Some Life Safety issues observed requiring immediate attention; but no capital expenditure
- Deferred Maintenance of heightened concern; likely not addressed in house
- Some reactive RM practices impacting a limited number of components requiring attention
- Critical capital needs are being addressed as needed, but additional capital required to maintain asset quality and system functionality; RUL of major systems/components may not meet or exceed the loan term

**RATING 4**
Substantial issues noted. Documented follow-up with possible action plan required.
- Deteriorated overall conditions, substandard materials and practices, or major issues have not been addressed since prior inspection; requiring significant investment
- Life Safety issues observed that require immediate attention and possible capital expenditure
- Substantial Deferred Maintenance affecting major/several property areas/systems, requiring significant investment
- Reactive RM practices that do not address concerns in a timely manner
- Some critical capital needs are not being addressed, and property performance may be negatively impacted; very likely that the RUL of major systems/components will not meet or exceed the loan term

**RATING 5**
Severe Deferred Maintenance observed Follow-up and substantial action plan required.
- Unacceptable overall conditions. Widespread neglect or casualty event; condition materially impacts marketability. Functionality of systems and components is compromised.
- Significant Life Safety issues requiring capital expenditure
- Excessive Deferred Maintenance affecting multiple areas/property systems, requiring significant investment; impacting collateral value
- Inadequate RM practices that do not ensure reasonable functionality of the property systems and components and may impact collateral value
- Major and pervasive issues with major components and systems; critical capital needs are not being addressed, property performance is being impacted and RUL of major systems/components has been exceeded

**Not Applicable** — No components exist (therefore, no rating is possible).

**Not Accessible** — No component was visible due to inability to view the condition based on access, Life Safety, weather conditions or other blockages, or Deferred Maintenance items cannot be determined based on lack of access. Further action or review may be required.
General Info

The header section of each report tab will auto-populate based on the inputs in the form and include the Property Name, City, State, Overall Property Rating, and occupancy percentage.

SUBJECT PROPERTY

• Property Name — The name of the Subject Property. If it has not been named then the street address may be used.

• Property Address — The street address of the Subject Property.

• Street Address 2 — Additional street addresses and/or buildings of the Subject Property.

• Property City — The city in which the Subject Property is located.

• Property Zip — The Postal Code Designated by the US Postal Office for the physical address for the Subject Property.

• Property State/Country — The State in which the Subject Property is located. The MBA form will automatically populate the Country code for the selected state. Selections have been provided for the USA, Canada, Mexico, Caribbean Islands, and other various regions.

• Overall Property Rating — Overall rating of the Subject Property’s physical condition expressed as a rating of 1-5, with each rating carrying a specific definition per the Fannie Mae Ratings Scale or MBA Standard Ratings Definitions, as applicable. The Overall Property Rating identifier reflects the general condition of the Subject Property, with a score of 1-5 reflecting best to worst condition. The value of this field is that it provides a snapshot of the Subject Property’s condition, taking into account each individual component of the Subject Property. This rating is not a formula, or an average of the component ratings, rather it is a guide for the Inspector to provide his judgment of the Subject Property.

• Inspection Date/Time — The date and time on which the physical property inspection was performed.

• Primary Property Type — Select from dropdown choices:
  + Healthcare
  + Industrial
  + Lodging
  + Multifamily
  + Mobile Home Park
  + Mixed Use
  + Office
  + Other
  + Retail
  + Self-Storage

• Secondary Property — A Secondary Property Type list will be presented based on the Primary Type chosen. The Primary Property Type must be selected in order for the dropdown selections for the Secondary Property Type to populate.

SERVICER AND LOAN INFORMATION

This section is an overview of information necessary to identify the Subject Property being inspected. The information in this section should be provided by the Servicer or other Requestor. Please do not ask the property contact for any of the information contained in this section.

• Servicer Name — Name of company servicing the loan.

• Loan Number — The reference number assigned to the Subject Property by the Servicer or other Requestor completing or ordering the property inspection for the Subject Property.
• **Property ID — Reference ID** — Especially to denote multiple properties at the same address or multiple buildings at the same address. Definition may also include Negotiated Transaction reference number.

• **Servicer Inspection ID** — Servicer-generated unique inspection Identification number

• **Original Loan Amount** — The amount of the subject loan at the time of loan funding.

• **Loan Balance (UPB) — Current unpaid principal balance (UPB)** — the actual balance (not the scheduled balance).

• **Loan Balance Date** — The “as of” date the UPB represents.

• **Report Reviewed By** — Name of the individual who reviews the final report (typically someone from the Servicer’s or other Requestor’s company). The name should be input as a separate First Name and Last Name in the fields provided (i.e. First Name/Last Name)

• **Owner of Loan** — The Lender or Investor

• **Investor Number** — Investor or lender reference number from their system of record or loan documents.

• **Investor Loan Number** — The reference number assigned to the Subject Property by the investor or owner of the loan.

• **Edit Label — Addt'l ID #1** — A second Servicer, Lender or other Requestor loan number reference, or this field can be used for additional property sequencing information. Additional ID’s are provided by Servicer, Lender, or other Requestor for further identification such as an inspector ID, Fannie Mae inspection ID, Freddie Mac property ID’s, etc. Inspectors, please note that data will vary Servicer to Servicer or Requestor to Requestor. It is intended that the label “Edit Label — Addt’l ID #2” will be typed over with a label that clearly defines the value represented (i.e. Inspection Company ID).

• **Edit Label — Addt'l ID #2** — A second Servicer, Lender or other Requestor loan number reference, OR this field can be used for additional property sequencing information. Additional ID’s are provided by Servicer, Lender, or other Requestor for further identification such as an inspector ID, Fannie Mae inspection ID, Freddie Mac property ID’s, etc.

• **Asset Manager Name** — As per the Servicer

• **Asset Manager Phone** — As per the Servicer

• **Asset Manager Email** — As per the Servicer

**INSPECTION SCHEDULING CONTACT INFORMATION/INSPECTOR INFORMATION**

The scheduling contact information in this section should be provided by the Servicer or other Requestor.

• **Contact Company** — Mortgagor’s or Property Manager’s Name from Servicer or other Requestor’s system of record or the loan documents.

• **Contact Name** — A person who is the contact for the Borrower or may be someone from the management company. The name should be input as a separate First Name and Last Name in the fields provided (i.e. First Name/Last Name).

• **Contact Phone** — Telephone number of the Borrower contact; this may be the management company.

• **Contact Email** — Email of the Borrower contact; this may be the management company.

**INSPECTOR INFORMATION**

• **Inspection Company** — Name of inspecting company.

• **Inspection Co. Phone** — Phone number of inspecting company.

• **Inspector’s Name** — Name of individual performing the inspection. The name should be input as a separate First Name and Last Name in the fields provided (i.e. First Name/Last Name).

• **Inspector’s ID** — The Inspection Company’s assigned Inspector ID for the individual performing the inspection.
MANAGEMENT COMPANY INFORMATION / ON-SITE CONTACT

The information in this section should be provided by the Servicer or other Requestor.

- **Company Name** — Enter the name of the management company.

- **Onsite Contact** — Enter the name of the individual who was the Inspector’s onsite contact. The name should be input as a separate First Name and Last Name in the fields provided (i.e. First Name/Last Name).

- **Role or Title of Contact** — Enter the role or the title of the Onsite Contact.

- **Management Affiliation** — Select the management company’s affiliation with the Borrower. Choose from the drop-down selections:
  - Affiliated with the Borrower
  - Nonaffiliated
  - Third-Party

- **Phone Number** — Enter the phone number of the management company onsite contact.

- **Mgmt Interview** — Select from dropdown choices:
  - Yes, Onsite
  - Yes, Prior to Visit
  - Yes, Prior to and onsite
  - No, Not Required

- **Length of Time at Property** — Select the length of the time (from the drop-down menu) that the Onsite Contact has been assigned to the Subject Property. If the Manager has been at the Subject Property for less than 6 months, please provide an explanation for why the last manager left the Subject Property. This comment should be included in the Additional Collateral Description Information comment box.

- **Mgmt Company Change Since Last Inspection** — Indicate a change in Management Company since the last inspection.  
  **NOTE:** this refers to the company and NOT the individual managing the Subject Property. Indicate yes only if the company/entity has changed.

SERVICER AND INSPECTOR COMMENTS

- **Lender’s or Servicer’s General Comments or Instructions to Inspector for Subject Property** — Free text space for the Servicer to give additional information or instructions on the Subject Property or the review process to the Property Inspector. Servicers have the ability to provide comments or instructions to the Inspector for assistance in better defining the scope of work and Subject Property. If any attachments are provided, the Servicer may include a brief description on how to utilize them along with the inspection. Examples of attachments may be a capital repair reserve agreement, a map or rent roll.

- **Property Inspector’s General Comments or Suggestions to Lender or Servicer on the Subject Property** — Free text space for the Property Inspector to respond to the Servicer instructions/comments and to provide additional information, highlight items of critical importance, or to provide a brief summary of the overall performance and condition of the property. The Inspector may speak to Lender’s or Servicer’s previously-provided specific concerns after inspecting the Subject Property or provide details not covered in other sections of the form. Apparent discrepancies in information provided by the client, borrower, or on the prior year’s report may be included, as well as limitations to the assessment, and changes in property contact information or other data.

PROPERTY PROFILE AND OCCUPANCY

This section represents an overview of the Subject Property details including vacancy/occupancy on the date of inspection, franchise information and repairs or capital improvements. If instructed by the Servicer or other Requestor, Inspector should edit the information if the actual information varies from that provided by the Servicer or other Requestor. The Servicer or other Requestor will use this current information for comparison with historical underwriting, documents and inspections.

- **Number of Buildings** — The number of buildings at the Subject Property. Note that there is sometimes confusion on the part of management staff as to which structures should be included in the number of buildings count. The inspector should attempt to reconcile differences between the current information and prior inspection data, if available.
• **Number of Floors** — The number of floors in the buildings. If there is more than one building with various heights, input the building with the highest number of floors.

• **Number of Elevators** — The total number of elevators at the Subject Property.

• **Number of Parking Spaces** — The total number of parking space at the Subject Property.

• **Year Built** — The year in which the structure on the Subject Property was completed.

  If the Subject Property was completed in phases input the year in which the last phase of the Subject Property was completed.

• **Year Renovated** — The year in which the structure was renovated. Where there are multiple buildings which have been renovated at varying times, judgment is needed. The most common last renovation date or the last renovation date could be used depending on the facts at the property. Provide comments to guide the servicer.

• **Annual Occupancy** — The total average occupancy of the Subject Property expressed as a percentage. Annual Occupancy is most commonly used for hospitality properties.

• **Annual Turn Over** — The actual number of units, rooms or beds vacated at the Subject Property for the last 12 months divided by the total number of units, expressed as a percentage. For example, if there are 100 units total and 70 units were vacated or turned over during the last 12 months, there would be 70% turnover reported. Similarly, if property management reports that approximately 4 units were turned each month then the annual turnover would be 48%.

• **Rent Roll Obtained?** — This question addresses whether the Inspector received a copy of the rent roll during the inspection process. Not all inspections require the collection of a rent roll. Select from dropdown choices:
  + Yes
  + No
  + Not Applicable

If the collection of a Rent Roll is a requirement in the scope of the inspection, and one was not obtained by the inspector then “No” should be selected. In addition, the Rent Roll tab of the MBA Property Inspection Form should be filled out providing an explanation for why the Rent Roll was not obtained.

• **Rent Roll Date** — Enter the date of the Rent Roll.

• **Is Property Affordable Housing** —
  Select from dropdown choices:
  + Yes
  + No

• **Unit of Measurement Used** — Input the unit of measurement used for the property type of the Subject Property (i.e. Multifamily uses Units). Select from dropdown choices:
  + Units
  + Rooms
  + Beds
  + Sq. Feet

• **Number of Units/Rooms/Beds** — The total number of units, rooms or beds at the Subject Property.

• **Total Percent Occupied** — A calculation of the percent of space occupied at the time of the inspection. In order for the Total Percent Occupied field to calculate, the Unit of Measurement Used field must have a selection, and all the related fields to the Unit of Measurement selected must be input. For example, if Sq. Feet is selected in the Unit of Measurement Field then Total Sq. Feet (Net/Rentable), Occupied Space, and Vacant Space must be input in order for Total Percent Occupied to calculate. In addition, the sum of Occupied Space and Vacant Space must equal Total Sq. Feet (Net/Rentable). If the appropriate numbers are not entered it will result in an error of “sum<>parts”. These same rules apply to the related Units/Rooms/Beds fields when they are selected.

• **Total Inspected** — This field will total the input Occupied Units Inspected and Vacant Units Inspected.
• **Occupied Space** — Amount of occupied space at the Subject Property. Input as Unit, Beds, Rooms, or Square Feet.

• **Occupied Units Inspected** — Input the total number of occupied units or beds inspected during the site visit.

• **Vacant Space** — Amount of vacant space at the Subject Property. Input as Unit, Beds, Rooms, or Square Feet.

• **Vacant Units Inspected** — Input the total number of vacant units, rooms, or beds inspected during the site visit.

• **Total Square Feet (Gross)** — A number that represents the gross rentable square footage of the Subject Property.

• **Total Square Feet (Net/Rentable)** — A number that represents the net rentable square footage of the Subject Property.

• **Is there any Dark space** — A unit is considered “Dark” when the tenant has vacated the unit prior to lease expiration is and still listed on the rent roll and paying rent. Dark units are counted as vacant space in the occupancy section of the report. Dark space is only applicable for the following property types: office, retail, industrial and mixed-use (if the property includes an office or retail tenant). Select from dropdown choices:
  + Yes
  + No

• **Is there any Down space** — “Down” space is defined as any space which cannot be made rent ready with Routine Maintenance. Down space is usually caused by unplanned events such as fire or flood but may also be due to cannibalized units (when appliances, fixtures, or equipment are taken from one unit for use in repairing another). Down units typically require significant repairs. Units undergoing scheduled renovations generally would not be considered Down, nor would commercial units undergoing tenant improvements. Select from dropdown choices:
  + Yes
  + No

• **Total Number of Down Units/Rooms/Beds** — The total number of down units, rooms or beds at the Subject Property.

• **If any Dark or Down space, describe** —
  + For Dark space or units, the Inspector should note the details of any tenant and/or unit number that went Dark. The Inspector should state the length of time the unit has been vacant, if ascertainable.
  + For Down space, the inspector should specify which units are down, the cause, the date the space went down, management’s estimated repair completion date, and if an insurance claim has been filed, if ascertainable. If additional space is needed to the Inspector should continue the comments in the Additional Collateral Description Information field.

• **Property Offers Rental Concessions** — Indicate any rental concessions offered by management. Select from dropdown choices:
  + Yes
  + No
  + Not Applicable
  + Unknown

• **If yes, please describe concessions**: — The Inspector may provide information on what concessions are being offered at the Subject Property. This information provides an indication as to property management’s response to the market.

• **Franchise Name** — The name of the franchiser if the Subject Property is associated with a franchise. Most commonly used for hospitality properties.

• **Franchise change since last inspection** — Has the franchise operated at the Subject Property changed since the date of the last inspection (or within the last year)? Select from dropdown choices:
  + Yes
  + No
  + Not Applicable
  + Unknown
OPERATIONS AND MAINTENANCE PLANS (O&M)

• **List of O&M Plans Required in Loan Documents** — Lender/Servicer should indicate all O&M Plan(s) in place for the property. This section allows up to five O&M plans to be itemized, click the “Add” button to show additional rows. Select from the dropdown choices:
  + Asbestos
  + Lead Paint
  + Moisture/Mold
  + Radon
  + Storage Tanks
  + PCB (polychlorinated biphenyl)
  + Other, specified below
  + Unknown

• **Management Aware of Plan?** — For any O&M plans specified by the servicer, during the inspection, the inspector will inquire if management is aware of each required plan (as noted by the Lender/Servicer) and indicate their response. Select from drop-down choices:
  + Yes
  + No
  + Unknown

• **Plan Available?** — For any O&M plans that management is aware of, during the inspection, the inspector will inquire if the plan is available or accessible to the on-site staff, its location, and indicate the response. Select from drop-down choices:
  + Yes, on-site
  + Yes, off-site
  + No
  + Unknown

An O&M Plan Comment box is provided to specify O&M plans in excess of the maximum of five O&M’s or if O&M’s exist not noted by Lender/Servicer as well as to describe any observed O&M plan non-compliance, or for other O&M related comments and further description.

CAPITAL EXPENDITURES

• Include a description of any repairs initiated or completed during the past 12 months or planned over the next 12 months. The description should provide the location of such repairs and estimated size of the area affected. Estimated costs associated with the repair should be provided, if known. (This information may be derived from a myriad of sources based upon any actual knowledge, but should not be a presumption or a guess on the Inspector’s part). This section allows up to fifteen Capital Expenditures to be itemized, click the “Add” button to show additional rows. Include the status of the repairs by selecting from the dropdown:
  + Completed
  + Planned
  + In Process

NEIGHBORHOOD AND SITE COMPARISON DATA

The Inspector should observe the area immediately surrounding the Subject Property and surrounding neighborhoods. The answers in this section compare the Subject Property to the general area (typically 1–3 mile radius).

• **Top 2 Major Competitors — Name or Type** — The Inspector’s observations of similar property types to the Subject Property that could be construed as direct competition are disclosed in this section. Newly constructed comparable properties that may be more appealing to the public are an example of potential competition to a hotel, multifamily property or a retail establishment. Retail properties with contenders for sales of similar products as are for sale by tenants of the Subject Property in the immediate area should be noted. The best source of this information may be provided by management or by Inspector’s knowledge of the surrounding vicinity. Provide the name or type of major competition located near the Subject Property. Include distance from the Subject Property.
• **Percent Use %** — Choose a percentage from the dropdown choices for each of the following property types:
  + Single Family
  + Multifamily
  + Commercial (including office and retail)
  + Industrial
  + Undeveloped

• **Is the area declining or distressed?** Examples of an area that may be declining or distressed are excessive properties for sale in the immediate area, multiple dark buildings or excessive vacancies. Properties in surrounding areas that are not being maintained and show evident Deferred Maintenance issues are another indication the area is declining or in a downward transition. Select from dropdown choices:
  + Yes — Described Below
  + No

• **Is there any new construction in the area?** Observed evidence of construction of any new buildings in the area or cleared sites in preparation for construction should be noted by the Inspector. Provide comment if the new construction is similar to or potentially competitive with the subject property. New roads or other signs of improvement should be noted. Select from dropdown choices:
  + Yes — Described Below
  + No

• **Describe the area and surrounding land use & overall trends (include location in relation to subject property — N, S, E, W):** Free text space for the Property Inspector to describe the surrounding land use, access to the interstate/highway, closest thoroughfare and/or mass transit, comment on nearby comparable properties, describe the general character of the area, explain any potential changes in the area, nearby construction, trends in the area, and to note the distance from and direction of the closest major city.

• **Additional Collateral Description Information** — Free text space for the Lender/Servicer or other Requestor may provide additional insights or comments regarding the Subject Property. The Inspector may also use this space to include further physical description details such as its construction type, age, parking, number of buildings and floors, number of units and floor plans, and amenities.
Physical Condition and Deferred Maintenance

RATING
The ratings for each physical condition component category are provided on either the Fannie Mae Ratings or MBA Ratings tab as applicable on the Standard Property Inspection Form. The inspection report uses a rating scale of 1-5, the rating numbers progress from lower to higher signifying more complex and critical issues with Deferred Maintenance and/or Life Safety issues. The Inspector should carefully consider each rating and select the one that most accurately reflects the condition of the component, as defined on the applicable Ratings tab.

- Use Not Applicable if the component does not exist on the subject property.
- Use Not Accessible if the components were not visible due limited access, Life Safety, weather conditions or other viewing obstacles.

TREND
The Stakeholders will be interested in ascertaining the trends of the physical condition of each property. Does it appear that the Borrower is spending the necessary funds to properly maintain the Subject Property? Does it appear that the Borrower is allocating appropriate funds to address Deferred Maintenance? The Inspector should compare the inspection reports from the previous year(s), if available. Servicers should consider sending the previous year’s inspection reports to their third-party vendor as part of their engagement package as this helps the Inspector to have a comparison or baseline. Trends are an important part of the reporting process on the MBA inspection form and are requested for each physical condition listed.

The Inspector should consider the trend for each component listed and determine if it is Improving, Stable, Declining, or Unknown. However, it should be noted that some discrimination may be used even if the Inspector has no historical perspective. Repairs may have been completed that can be taken into consideration. For example, if the parking areas have been newly sealed and striped the Inspector can reasonably surmise that the trend is “Improving”. Similarly, if the parking areas are in particularly poor condition the Inspector can likely assume that the damage occurred over an extended period and reasonably be noted as “Declining”.

INSPECTOR COMMENTS
Provide additional comments as necessary for each component, listed below.

PHYSICAL CONDITION
- Curb Appeal — What is the first impression of the Subject Property when a prospective tenant enters the Subject Property? Is the signage well maintained? Is the landscaping near the entrance and leasing office attractive and inviting?
- Site — What is the condition of the grounds of the Subject Property including fences, retaining walls, driveways, parking lots, and landscaping? Is Routine Maintenance being addressed?
- Building/Mechanical Systems — This section refers to the components that make the buildings livable/usable including hot water heaters, air conditioners, boilers, cooling towers, electrical, and plumbing. What is the condition of the various components? If centrally located, is the floor clean and dry around the boilers? Are the pipes color coded? Is the area relatively clean or conversely are there spare parts and debris scattered about or too close to boilers or electrical panels?
- Building Exteriors — What is the condition of the building façade? Have the exteriors deteriorated beyond the ability of Routine Maintenance to return the exterior to a good condition?

NOTE: While a third-party inspector would probably not have this information, inspectors should consider whether or not the level of maintenance indicated by the financial statements corresponds to that indicated by the physical inspections.
• **Building Roofs** — Note the type of roof and the condition. Is the roof accessible? Is the condition visible from the ground? Is there debris on the roof? If it is a flat roof with mechanical equipment on it, are there designated paths to the equipment with protective materials to keep foot traffic from damaging the roof? Are roof leaks visible on the ceilings of the top floor of the interior space?

• **Occupied Unit/Space** — Are the existing tenants properly maintaining the space? If the Inspector had the opportunity to interview any tenants, are they reporting needed repairs? Is their lack of housekeeping causing pest or health issues?

• **Vacant Units/Space/Rooms/Hotel Rooms** — Are the vacant spaces rent ready? How long does a typical turn take? Is vacant space clean, with prior tenant items removed?

• **Down Units/Space/Hotel Rooms** — What is the cause for the unit being down? Does the Borrower have a plan to repair the unit? How long has the unit been down? When will the unit be restored to rent readiness?

• **Interior Common Areas** — This component includes interior hallways, entry ways, interior stairways, lobbies etc. Is the flooring in the interior hallway clean and without trip hazards? Is the reception area attractive and inviting? Is the kitchen satisfactorily clean? If applicable, is the Pharmacy/Medication Storage area locked and secured?

• **Amenities** — This component includes swimming pools, tennis courts, playgrounds, etc. Is the fence around the swimming pool secure enough to keep children and pets safe? Is the laundry area/room clean and safe for tenants? Is the restaurant/bar clean and attractive?

• **Environmental** — This component provides for the reporting of reported spills or leaks or evidence noted by the Inspector of spills, leaks, distressed vegetation, mold or O&M non-compliance, if any.

**COMMENTS**

Although the inspection form has dedicated sections for information, it is important that the Inspector also include additional comments in the inspection report. When appropriate, the Inspector should ask open-ended questions of the manager and/or maintenance supervisor. The comments given often provide additional useful information and/or color to the Inspector’s findings. The ratings and trends will give the Stakeholders some information, but comments provide color and facts necessary to clarify and fully understand the situation at the Subject Property. The report will be considered incomplete without specific comments for each of the components that have significant changes, either positive or negative. If there are no significant changes, either positive or negative, the comment box may be left blank unless otherwise instructed by the Servicer or other Requestor.

Include additional comments regarding the exterior of the building, if necessary.

Include additional comments regarding the interior of the building, if necessary.

**DEFERRED MAINTENANCE VS. ROUTINE MAINTENANCE**

The Deferred Maintenance section should include only Deferred Maintenance items and not Routine Maintenance, unless otherwise instructed by the Servicer or other Requestor. To assist, general definitions of both are included below:

• **Routine Maintenance** — Maintenance items which an Inspector would reasonably expect to be remedied as a part of a Subject Property’s ongoing maintenance program based on his or her overall assessment of the Subject Property condition. A Routine Maintenance item can become Deferred Maintenance if not addressed within an adequate time period.

• **Deferred Maintenance** — Is defined as postponed or inadequate performance of repairs, maintenance, or rehabilitation that, as a result, require immediate repair or replacement of physical items to an acceptable condition relative to the age of the system or Subject Property. Maintenance items, that if not immediately repaired, may result in further degradation to the system or Subject Property. Items that are actively being repaired are not considered
Deferred Maintenance, but are repairs in process. Repairs in process should be noted in the Capital Expenditures section of the General Info tab.

**Add** — Click the Add button to show additional rows on the list of Deferred Maintenance items, up to 50 rows total.

**DEFERRED MAINTENANCE ITEMS**

The DM grid consists of the following:

- **Identify Item and Describe Condition (including location)** — Describe each Deferred Maintenance item in the space provided. Each item or area where there is a Deferred Maintenance concern should be listed, including the specific location, severity and pervasiveness of the issue noted. Include any further comments to help clarify the issue and better inform the reader.

- **Rating** — Choose either Major or Minor from the drop-down box.³ To assist, below are general characteristics of each:

  - **Major** — Deferred Maintenance which will likely result in further deterioration to the Subject Property if not immediately remedied and could interfere with the tenant’s use or the habitability of the Subject Property. Major Deferred Maintenance often will affect the public’s opinion of the Subject Property and includes certain conditions, which, if allowed to further deteriorate, could lead to substantial damage and/or Life Safety hazards. Observed Life Safety issues should always be noted as Major Deferred Maintenance. Major Deferred Maintenance issues may also include components or systems that are functionally impaired. If minor Deferred Maintenance is pervasive about the Subject Property, it can be considered major Deferred Maintenance. General examples include: structural damage, building damage that would permit water intrusion, particularly roof damage or major ponding of water on the roof, major building systems not functioning, wide spread alligatoring of the parking lot surface, wood rot, significant trash accumulation, or failure to maintain landscaping.

  - **Minor** — Deferred Maintenance will not result in further short-term deterioration of the Subject Property nor be severe enough to interfere with the tenant’s use or habitability of the Subject Property. However, failure to remedy Minor Deferred Maintenance items within a reasonable timeframe may result in long term deterioration of the Subject Property. Minor Deferred Maintenance may not be immediately apparent to the public or affect its opinion of the Subject Property but would be apparent to a trained Inspector. Minor Deferred Maintenance should not present a potential Life Safety hazard. Examples include: overgrown landscaping, minor paint peeling, minimal wood rot in a corner of one building, missing downspout at the rear of the property, cracking in the asphalt, sidewalks or building façade.

  The Inspector should include descriptive comments as to why he or she chose major or minor if there was any doubt regarding which drop-down was selected.

- **Life Safety** — Use the drop-down box to indicate whether or not an item is a Life Safety issue (Yes or No). If yes, please contact the borrower, or your client (if you are a third-party inspector) immediately. Life Safety items may be described as a visually obvious construction or design defect or Deferred Maintenance condition that creates a potential hazard increasing the possibility of personal injury or death. In addition, information received from a credible source as to a potential Life Safety issue, which is not visually obvious, should be investigated and reported. Life Safety issues require immediate action. Provide information on all life safety issues with sufficient detail and photos for assessment by the servicer.

- **Photo** — Enter the corresponding photo number from the Photos tab of the inspection workbook to ensure the Servicer can match up the item to the photograph (an additional description or more detailed location information can be put into the caption of the photo). In the case of each Deferred Maintenance item listed, provide sufficient photographs to document the condition.

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³ Major Deferred Maintenance Items may be required to be disclosed by the Servicer in its periodic reporting.
• **Estimated Cost** — Where required by the Lender/Servicer, identify the estimated cost to repair each item. The cost, may derive from the Inspector’s experience, or it may be provided by the on-site contact (in which case, it should be noted as such in an appropriate comment box). It is important to note that, unless noted to the contrary, such cost estimate is not supported by an engineering or professional estimate, or otherwise based on tangible contracts. As well, the estimated cost will be based on a certain level of remediation. This level may vary from a simple, superficial level, or a complex, costly level. As well, a completely-effective level of remediation may not be possible without thorough testing and/or an engineering review.

**NOTE:** Estimated costs will be totaled on the final line of the Deferred Maintenance list.
Photos

PHOTO PAGE USAGE INSTRUCTIONS

Macros are used in the Photos tab to properly size and frame the photos inserted. The Inspector should ensure their Excel security settings are adjusted to allow macros, and the content is enabled upon opening the inspection form.

Prior to inserting photos in the MBA Property Inspection form it is highly recommended that the photos are compressed resized using a photo resizing/compression utility. Uncompressed photos may make the file size of the form unnecessarily large and it may become too large to be sent via email. The photos in the MBA Property Inspection Form are selectable to allow the user to utilize the built-in image compression utility of Excel; however, results are varied which is why a separate resizing utility is recommended. Please see Help section of Excel for more information about its built-in compression utility.

- **Add Photos** — Photos are inserted into the report and framed by clicking on the command button labeled “Add Photos” in the center of the worksheet. Once clicked, the user is presented with a dialog box to navigate their computer’s files and select the photo files to be inserted into the photos tab. When located, the Inspector should select the desired photos and then click “Insert” at the lower right-hand corner of the dialog box. The form will then present the user with the option to assign a photo category to the selected photos. Once an option is chosen the selected photos will be sized and framed into the report.

The photos tab allows for multiple photos to be selected and inserted at once by clicking the “Add Photos” button, and the Photos report tab can hold up to 99 photos total.

- **Photo Category** — Choose from the drop-down menu to classify each photo into one of the following categories: Exterior, Interior, Roof, Neighborhood, Routine Maintenance, Deferred Maintenance, and Life Safety.

- **Photo Caption Box** — Provide a description with a sufficient level of detail to support and or explain the content of the photo. This is particularly important in the case of describing Deferred Maintenance, and even more so in the case of a Life Safety item. For Deferred Maintenance, the location, level of severity and pervasiveness should also be described.

- **Move Photo Up or Down** — Photos may be moved up or down by clicking the blue up-arrow ▲ or down-arrow ▼ on the command button immediately to the right of each photo. Photo numbers referenced on the Deferred Maintenance grid and the Repairs Verification tab will also be renumbered accordingly when the photo position changes.

- **Photo Deletion** — An inserted photo (and associated frame, category, and caption) may be deleted by clicking on the command button labeled with a red “X”, immediately to the right of each photo frame. The remaining photos will be renumbered accordingly, as well as and any photo numbers referenced on the Deferred Maintenance grid and the Repairs Verification tab.

- **Photo Replacement** — An inserted photo may be replaced in a selected frame by clicking the button with the icon, immediately to the right of the respective photo frame.

- **Insert Before** — A photo may be inserted before any existing photo by clicking the command button with the icon, immediately to the right of the respective frame. Photo numbers referenced on the Deferred Maintenance list and the Repairs Verification report tab will also be updated accordingly.

- **Add to DM list** — A Deferred Maintenance item can be quickly added to the List of Deferred Maintenance items (on the Physical Condition & DM tab) by clicking the command button labeled “Add to DM list” immediately to the right of the respective photo frame. Once clicked, a dialog box is presented with the photo caption in an editable field where it may be edited as necessary to further describe the Deferred Maintenance item (keeping in mind that the description may appear in a report or document unaccompanied by the corresponding
photograph), the Deferred Maintenance Rating may be chosen, and the Estimated Cost may be input. Once the “Continue” button is clicked, the Description, Rating, referenced photo number, and Estimated Cost are automatically added to the first blank row on the Deferred Maintenance list without leaving the Photos tab. Additionally, an indicator will automatically appear next the photo caption of “DM X” (“X” represents the Deferred Maintenance row that particular photo is referenced on). For example, if the first row of the Deferred Maintenance list references Photo 30 then to the right of the photo caption of Photo 30 the indicator will read “DM 1”.

**Add to RV list** — A Repairs Verification item can be easily added to the Repairs Verification List (on the Repairs Verification tab) by clicking the command button labeled “Add to RV list” immediately to the right of the respective photo frame. Once clicked, a dialog box is presented where the user can choose to add the Inspector Comments to an item already listed in the “Verification Item” column on the Repairs Verification tab, or to add to a new row. Once the “Continue” button is clicked, the Inspector Comments, the selected Repair Status Category, and referenced photo number are automatically added to the Repairs Verification list without leaving the Photos tab. Additionally, an indicator will automatically appear next the photo caption of “RV X” (“X” represents the Repairs Verification row that particular photo is referenced on). For example, if the second row of the Repairs Verification list references Photo 25 then to the right of the photo caption of Photo 25 the indicator will read “RV 2”.

**Delete All Photos** — At the top of the Photos tab is a command button labeled “Delete All” for the option to remove all photos and captions from the report.

**Extract Photos** — At the top of the Photos tab is a command button labeled “Extract Photos” which gives the option to save a copy of all photos inserted into the Photos tab onto the user’s computer. Using this option does not change or modify any content in the report or Photos tab. Once the “Extract Photos” command button is clicked, the user is presented with the option to extract all photos, or to extract only photos categorized as Deferred Maintenance and Life Safety.

**TIPS**

- The primary purpose of the inspection photos is to provide a visual representation of the condition of the Subject Property, to support the Inspector's findings, and to emphasize any Deferred Maintenance issues.

- Typically, between 10–30 photos are recommended to adequately depict the property condition. However, if the Subject Property is exceptionally large, or if there are numerous Deferred Maintenance issues, additional photos may be required for adequate depiction of the Subject Property and condition/maintenance issues.

- Photographs should include: the approach to the Subject Property including signage, street views, and entrances; the grounds including parking areas, landscaping and lighting; the building exterior (front, sides and rear); amenities; selected interior units/spaces; the roof and mechanicals; and, any Deferred Maintenance items. In addition, the Servicer or other Requestor may require: photos of any major properties within a 2 or 3 block radius that impact the Subject Property and photos that confirm specific repairs and/or capital improvements undertaken since the last inspection.

- Orientation is important when captioning photographs in the report. Identify the various elevations of the Subject Property as well as the location of the property features.

**RECOMMENDED PHOTOS FOR INSPECTION REPORTS**

- **Glamour shot** — Typically, the first photo in the report is a “glamour shot” which is representative photo of the property, but not necessarily encompassing the entire property or its buildings. For larger properties, or those with multiple structures (regional or community shopping center with pad sites, etc.) a photo from the main drive, or an offset photo at a 45-degree angle may be appropriate.

- **Property signage** — Typically, the second photo in the report shows the Subject Property’s signage which displays the property name and/or street
address, in relation to the street and/or to the Subject Property. If there is no signage, a photo of the street address on the building is appropriate.

- **Entrance** — If possible, the main entrance photo should be taken in relation to either the glamour shot or property signage as described above. Photo captions should identify directions.

- **Exterior** — Exterior photographs should include exterior building fronts, windows, doors, exterior amenities, parking areas, walkways, balconies, mechanicals, drives, parking lots, sidewalks, landscaping, and roofs if accessible.

- **Interior** — Interior photographs should include lobbies, hallways, stairs, interior amenities, other common areas, elevators, mechanical rooms, ceilings, floor coverings and resident or tenant unit interiors.

- **Deferred Maintenance** — The Inspector should include a representative photograph of each Deferred Maintenance item identified in the report. The caption must include the location, severity and pervasiveness of the item noted as appropriate.

  + For instance, if the Inspector encounters asphalt cracking, the specific location must be identified, i.e. “Severe alligatoring over 35% of the parking lot surface in front of Von’s Supermarket”, or, “Damaged fascia at the southeast corner of Building B”.

  + Typically, a single representative photograph of each Deferred Maintenance item, or type of issue, is sufficient. If multiple or critical Life Safety issues are observed, or the inspector feels the Deferred Maintenance items observed warrant further documentation, then additional photos may be appropriate.
Rent Roll

- **Rent Roll Attached** — Select from the drop-down box. If the rent roll is not attached select No and select a reason as to why it is not attached to the right.

- **Rent Roll Summary Attached** — Select the “Rent Roll Summary Attached” option instead of the “Rent Roll Attached” option when the property only provides a summary of units rented or available in place of a full rent roll. For example, self-storage facilities typically provide a 1 or 2 page rent roll summary of occupied and vacant units rather than a lengthy, detailed rent roll.

- **Single Tenant Property** — Select from the drop-down box. If yes, include the lease expiration date.

- **Hospitality Property** — Select from the drop-down box. If yes, include the year to date average daily revenue; the revenue per available room and the average daily occupancy.

- **Largest Commercial Tenants** — Space is provided to list up to five of the largest commercial tenants at the property, their lease expiration, Sq. Ft., Percent Net Rentable Area (%NRA), and Annual Rent, if this information is available. The Rent per Sq. Ft field will automatically calculate based on the Sq. Ft. and Annual Rent inputs. It is not the intent of this section to summarize an included Rent Roll or other rent roll related documents, however, it may be completed if requested by the servicer.

- **Insert Rent Roll From File** — Clicking the command button labeled “Insert from file” will display a dialog box where the user can select a Rent Roll file from their computer to be inserted onto the Rent Roll tab. The inserted file will be displayed as an icon. In the event that the rent roll information (i.e. number of units, dark units, etc.) is inconsistent with the information in the prior inspection report (if available) or information provided by the Servicer, the inspector should add an explanatory comment.
TIPS FOR IN-PERSON MANAGEMENT INTERVIEW

Management Interview — Determine the experience level of the other Subject Property personnel and the depth of knowledge of the Subject Property. The purpose of the interview is to gain better understanding of the property. Ask questions where information provided seems to differ from that observed.

• Determine that management’s understanding of information is accurate in terms of the information you are gathering (e.g. dark versus down units).

• Build a rapport but stay in control of the interview.

• Learn about management’s plan for the asset and operations, Rent roll/Vacancies, Concessions

• Discuss the resolution of issues identified in the previous worksheets.

• Discuss plans for future repairs and capital projects.

• Discuss Subject Property and market trends.

• Discuss competitive properties.

• Discuss any construction in the area.

• Define current challenges in the market and at the Subject Property.

• Evaluate Management Performance — be sure to consider the following:
  • What additional responsibilities does the manager have? (e.g., managing additional properties)
  • Does the manager know what needs to be done at the Subject Property and have a plan to assure it is accomplished?
  • Is the Subject Property owner-managed?
  • Is management aware of any required O&M Plans?
  • Are they O&M Plans accessible to management?

• Look for signs of concern based on the management’s responses:
  • Does the owner lack commitment to the Subject Property?
  • Are there any cash flow strains (maintenance or repairs) on the Subject Property?
  • Is there any lack of market appeal or potential reputation problems?
  • Any recent increase in vandalism or potential for increased vandalism?

• In-Person interview skills to remember:
  • Ask questions in a friendly manner — remember it’s not an interrogation.
  • If it appears management isn’t providing a “straight” or complete answer, put a check mark by the question and come back to it later or ask it from a different angle.
  • Ask open-ended questions, such as “What repairs would you like to see made at the Subject Property” to give the manager an opportunity to discuss issues or concerns.
+ How well does the manager know the market and the immediate neighborhood?

+ Ask if the manager faces any particular challenges managing the Subject Property. What is causing the challenges — general market conditions, inadequate staffing, or funding problems?

+ Ask follow-up questions — Don’t just complete the form. Understand the situation at the Subject Property.

**COMPLETING THE MGMT INTERVIEW REPORT TAB**

- **Management Company Name** — The management company name entered on the General Info tab will be displayed here.

- **Phone Number** — Enter the phone number of the Information Source.

- **Name of Information Source** — Enter the name of the individual with whom the interview was conducted (interviewee) or the name of the property management representative who filled out the interview form as first name / last name.

- **Email Address** — Enter the email address of the Information Source.

- **Role or Title of Information Source** — Enter the role or title of the Information Source.

- **Length of time at property** — Select the length of the time (from the drop-down menu) the Information Source has been at the Subject Property.

- **Management Affiliation** — The management company’s affiliation with the Borrower entered on the General Info tab will be displayed here.

- **Management change since last inspection** — The Management change since last inspection entry made on the General Info tab will be displayed here.

**NEIGHBORHOOD AND RENTAL MARKET**

- **In your opinion, how does the property perform compared to similar properties in the area?** — Using the drop-down menu, enter the Information Source’s response.

- **In your opinion, what is the average percentage of vacancy in similar properties in the area?** — This question is to be answered by the interviewee or the person completing the interview form. Express the response as a percentage. DO NOT provide a range.

- **What is the current average rent paid in the area ($ per square foot / units / beds)?** — This question is to be answered by the interviewee or the person completing the interview form. Express response as a dollar amount only, without a notation of square foot / units / beds. DO NOT provide a range.

- **How does the current vacancy compare with last year at this time?** — This question is to be answered by the interviewee or the person completing the interview form. Choose from the drop-down options:
  + Similar
  + Increased
  + Decreased
  + Unknown

- **In your opinion, explain the reason for any variance on vacancy and rents between the market and the subject property** — This question is to be answered by the interviewee or the person completing the interview form. This may be answered in a short paragraph format.

- **Any change to a major employer in the area, or major commercial / retail operation in the area?** — Select response from the drop-down box. If the answer is “Yes”, comment on the significant change or event that has taken place and how this event has / may impact occupancy at the Subject Property. Indicate changes to major employers in the submarket including significant increases or decreases in employment; new entrants to the market; major employers who have left the submarket; impacted by a significant event, etc. Indicate if there has been a change to commercial / retail operations in the submarket including significant expansion, contraction, new openings or closings (i.e. anchor tenants leaving a shopping mall); impacted by a significant event; etc. If the answer is “yes”, comment on the significant change or event that has taken place and how this event has / may impact occupancy at the Subject Property.
• **Amount of the last rent increase** — This question is to be answered by the interviewee or the person completing the interview form. The answer to this question may be expressed as a dollar amount or a percentage. In the event a program designed to optimize leases is used at the property (typically multifamily), please note.

• **Date of last rent increase** — This question is to be answered by the interviewee or the person completing the interview form. In the event a program designed to optimize leases is used at the property (typically multifamily), please note.

• **Number of Administration Employees** — Enter the number provided by management.

• **Number of Maintenance Employees** — Enter the number provided by management.

• **Utilities** — Using the drop-down menu, indicate responsibility for payment of each of the following (Tenant or Owner): Heat at the Property, Gas at the Property, Water at the Property, Trash at the Property, Electric at the Property, and Cable at the Property.

• **Tenant Profile** — The Inspector should report any concentration of residents with ties to a single employer, partial year residency, or who are seniors. Select the appropriate percentage in increments of 5% from the drop-down box. The percentages should not exceed 100%.
  a. **Corporate** — Units leased to a business.
  b. **Military** — Residents who are enlisted in or employed by any branch of the military.
  c. **Seasonal** — Residents with leases corresponding to certain parts of the year, i.e., “Snowbirds” in Florida in the winter months.
  d. **Seniors** — Residents who are over the age of 55.
  e. **Students** — Residents who are students, i.e. college, graduate, or trade school.
  f. **Other** — Will automatically calculate based on the other inputs so the total for all equals 100%.

• **PROPERTY EVENTS**
  • **In the past 12 months, has there been any key employee turnover or any key employee replaced?** Choose from the drop-down:
    + Yes
    + No
    + Unknown.

  • **In the past 12 months, have there been any fires, significant water intrusion or other property damage?** This question is to be answered by the interviewee or the person completing the interview form. Select response from the drop-down menu. If “Yes”, explain the location on the property, costs associated, any insurance claims in the comment box below. Ensure that the response includes detail related to: location, scope, cost associated, claims submitted, resolution and leasability of affected area.

  • **In the past 12 months, to the best of your knowledge, have any code violations been received?** This question is to be answered by the interviewee or the person completing the interview form. Select response from the drop-down menu.
    + If yes, please describe the violation, the costs associated and any resolution or outstanding issues: This question is to be answered by the interviewee or the person completing the interview form. This comment box corresponds with the question concerning code violations. This may be answered in a short paragraph format. Ensure that the response includes details as to the location, scope, cost associated, resolution and outstanding issues.

  • **Is the property undergoing any significant rehab/construction?** This question is to be answered by the interviewee or the person completing the interview form. Select a response from the drop-down menu.
    + If yes, explain the location, size and estimated costs: This question is to be answered by the interviewee or the person completing the interview form. This comment box corresponds with the question concerning rehab/construction. This may be answered in a short paragraph format. Ensure that the response provides details as to the location, scope, cost associated and time to complete.
• Any change or violations of a Franchise Agreement, License(s) or any lawsuits at the property? This question is to be answered by the interviewee or the person completing the interview form. Select response from the drop-down menu.
  + If yes, please explain any change or violation, costs, and any resolution or outstanding issues: This question is to be answered by the interviewee or the person completing the interview form. This comment box corresponds with the question concerning Franchise Agreements, Licenses or lawsuits. This may be answered in a short paragraph format. Ensure that the response details any changes or violations, costs and any resolution or outstanding issues related to franchise agreements or license(s) and the nature of any lawsuit and the potential impact the Subject Property.

• To the best of your knowledge, are there any lawsuits pending that may negatively impact the property? This question is to be answered by the interviewee or the person completing the interview form. Select response from the drop-down menu.
  + If yes, please explain any lawsuits and describe how it may negatively impact the property. This question is to be answered by the interviewee.

• If a Co-op, has the corporation had the need to impose special assessments to cover expenses? Select response from the drop-down menu.
  + If yes, please explain the purpose of the special assessment. This question is to be answered by the interviewee or the person completing the interview form. This comment box corresponds with the question concerning Co-op special assessments.

• Are there units or corporate leases for the purposes of home sharing (home sharing can be defined as short-term (<1 month) rentals generally marketed through an online platform such as Airbnb)? — This question is to be answered by the interviewee or the person completing the interview form. If yes, the specific tenants should be noted.

• Other Information and Management Evaluation Comments: This comment box is available for the Inspector to record additional information or concerns. It may also be used, if needed, to provide additional comments regarding an interview question, or to add any relevant comments about the property management. — Please specify the interview question being addressed in the “Other Information of Comments” box.
Multifamily, Mobile Homes, Cooperative Housing, Student Housing

There are various types of multi-unit rental housing, including Multifamily, Manufactured Home/Mobile Home Communities, Cooperative Housing (also referred to as Co-Ops) and Student Housing. Below are the definitions of each:

**Multifamily** — Rental housing with five or more residential units. A multifamily property may consist of a single building or multiple buildings. Subtypes include mid to high-rise buildings and garden apartments. A building under 10 stories is generally considered mid-rise while a building over 10 stories is considered high-rise, each type having at least one elevator. Mid and high-rise buildings may stand alone or form a single complex of multiple buildings some of which may contain commercial spaces. Garden style apartments may be defined as a one to three story development, with one or more buildings, built in a garden or park-like setting.

**Manufactured Home/Mobile Home Communities** — A manufactured home is one that is prefabricated and assembled either in a factory or on site. In commercial real estate finance, the inspection will generally include the pads and common areas.

- **Condominium** — A type of legal ownership in which individuals own a specific piece of the real estate (usually a unit or apartment) while the building, exterior areas and common areas are under ownership of the condominium association. In Commercial real estate finance, the individual units are not the subject to the inspection.

- **Cooperative Housing (Co-Op)** — A type of legal ownership in which the Shareholders purchase the right to occupy a unit in the building, while the cooperative corporation owns the entire Subject Property.

- **Student Housing** — Multi-unit housing not owned by any school affiliate, but due to its proximity to a university, college, or trade school, has a resident profile that is primarily, if not solely, comprised of students.

NOTE: The property information provided may impact occupancy and therefore the financial performance of the Subject Property.

- **Any Commercial Units?** — Select from the drop-down box to indicate any commercial units on the property. If “Yes”, indicate the number of commercial units in the below field.

- **Number of Commercial units Inspected** — Indicate the number of commercial units which were inspected during the inspection. Note: inspected commercial units are not counted towards the Multifamily units inspected totals.
MULTIFAMILY UNIT BREAKDOWN AND STATUS BY UNIT TYPE

Identify each type of unit within the Subject Property. For commercial units, i.e. a convenience store, provide comment in the General Comment box at the bottom of the page.

a. **Bedrooms** — Enter the total number of bedrooms for this unit type (i.e., 1)

b. **Baths** — Enter the total number of full and half bathrooms (i.e., 1.5).

c. **Units of this type** — Enter the total number of units of each corresponding type/size. Note: unit types may be categorized by number of Bedrooms and Baths (i.e. 1 bed/1.5 bath). Units of the same unit type which have differing floorplans, or differing square footage, may be combined into a single unit type row on the unit breakdown.

d. **Avg. Square Feet/Unit** — Enter the average net rentable square footage of each associated unit type.

e. **Avg. Monthly Rent** — Enter the average rent per month for the associated unit type.

f. **Occupied** — Enter the total number of occupied units for each associated unit type.

g. **Non-Revenue** — Enter the number of Non-Revenue units that are not available for rent (e.g. models, employee units, etc.) of each associated unit type. On the General Info tab, Non-Revenue units are counted as either Vacant or Occupied (depending on use). On the Multifamily tab they are counted only as Non-Revenue.

h. **Vacant** — Enter the total number of vacant units, not including down units.

i. **Down** — Enter the total number of down units for each associated unit type. On the General tab, the Vacant Space unit count also includes any Down units, however, on the Multifamily Unit Breakdown, Down units are counted separately from Vacant units.

j. **Inspected** — Enter the total number of units inspected for each associated unit type. Inspected Commercial units are not to be included in this column, as they are not counted towards the Multifamily units inspected totals.

k. **Totals** — Will calculate automatically for each column.

l. **General Info** — This read-only grey-shaded row displays the totals input on the General Info tab to assist in validating the occupancy data is consistent. If math errors are detected, some fields will turn red.

m. **Detailed Report of Units Inspected** — This read-only grey-shaded row displays the totals input on the identically-named below list of units inspected to assist in validating that the occupancy data is consistent. If math errors are detected, the respective fields will turn red.

DETAILED REPORT OF UNITS INSPECTED

Completion of this section for Multifamily, Mobile Home, Cooperative Housing, and Student Housing may be required by the Servicer or other Requestor. If asked to complete this part of the form, report on the status and overall condition of each individual unit inspected. Click the command button labeled “Add” to show additional rows to be completed for each unit inspected.

- **Unit Number** — Identify the specific unit number of the space inspected.

- **Bedrooms** — Enter the total number of bedrooms of the space inspected.

- **Baths** — Enter the total number of full and half bathrooms (i.e., 1.5).

- **Square Feet** — Enter the total net rentable square feet.

- **Asking Rent** — Enter the actual rent, if it is occupied, or the market rent, if it is vacant.

- **Current Use** — Select the appropriate choice from the drop-down box based on the occupancy, readiness, and furnished status of the unit:
  - **Occupied Unfurnished** — Unit is occupied/leased; resident supplies the furniture; the unit is leased without furniture.
  - **Occupied Furnished** — Unit is occupied/leased; owner supplies the furniture; the unit is leased with furniture.
+ **Down Unit** — “Down” space is defined as any space which cannot be made rent ready with Routine Maintenance or in a regular turnover period. Down space is usually caused by unplanned events such as fire or flood but may also be due to cannibalized units (when appliances, fixtures, or equipment are taken from one unit for use in repairing another). Down units typically require significant repairs. Units undergoing scheduled renovations generally would not be considered Down, nor would commercial units undergoing tenant improvements.

+ **Vacant Unfurnished Ready** — Unit is not occupied (may be pre-leased); resident supplies the furniture; the unit is leased without furniture; the unit is in move-in condition.

+ **Vacant Unfurnished** — Unit is not occupied (may be pre-leased); resident supplies the furniture; the unit is leased without furniture; the unit can be made ready with Routine Maintenance.

+ **Vacant Furnished Ready** — Unit is not occupied (may be pre-leased); owner supplies the furniture; the unit is leased with furniture; the unit is in move-in condition.

+ **Vacant Furnished** — Unit is not occupied (may be pre-leased); owner supplies the furniture; the unit is leased with furniture; the unit can be made ready with Routine Maintenance.

+ **Non-revenue** — A unit from which the owner derives no income; it may be occupied by an employee of the Subject Property, or it may have an alternate use such as a model, or service unit.

+ **Commercial Unit** — A unit leased for a business, as opposed to residential purpose such as a convenience store, salon, or office.

- **Overall Condition** — Select the most appropriate overall condition rating from the drop-down box for the unit according to the Rating Definitions provided at the beginning of this chapter. Remember to differentiate between the Fannie Mae rating scale (for Fannie Mae Loans) and the MBA rating scale (for all other loans) as indicated on the General Info tab.

**General Comments** — Any comments regarding units inspected or any other part of the Multifamily report tab may be inserted in the “Other Information” comment box at the end of the General Information page. This comment box will automatically resize dynamically based on the length of the text comment.

**SUBSIDIZED UNITS**

The form does not have a dedicated space to identify any possible subsidies at the Subject Property, but the type, number of units designated, and the percentages occupied are information that should be provided in the comment box.
Fannie Mae Assessment Addendum

This report tab is to be completed for all Fannie Mae inspections.

FANNIE MAE TIPS TO PREPARE FOR AN INSPECTION

• For multifamily properties, check apartment rental websites for comments from current and past tenants. Most managers monitor these sites and are more than willing to address shortcomings or negative comments that are posted.

• Drive or walk the complex before the meeting with the manager to form a first impression of the Subject Property. If Deferred Maintenance is noted, ask questions about the issues during the interview section of the inspection or during your walk through (if accompanied). Is there a plan to repair the Deferred Maintenance? If so, is it realistic? Are funds available? Is staff available to complete the plan?

• The best-case scenario is to interview the manager and walk the Subject Property with the maintenance supervisor. The Inspector will receive a different perspective on the Subject Property from the maintenance supervisor. The maintenance supervisor and his team are the people performing the work at the Subject Property and typically will be proud to show off their work or inform the Inspector of work that should be done.

• If within the scope of the inspection and if the information is provided to the Inspector, confirm that repairs reimbursed from the repair account or replacement reserve account were completed in a good and workmanlike manner.

• If within the scope of the inspection and if the information is provided to the Inspector, confirm that the Borrower has completed the repairs needed according to the last inspection report (or engineer’s report for first inspections).

• Ask the maintenance supervisor if there are any particular challenges in maintaining the Subject Property. Ask the manager or maintenance supervisor if there are any deferred or otherwise unaddressed maintenance issues.

• Listen carefully to what the maintenance supervisor says and/or doesn’t say. Maintenance supervisors can be one of the best sources for property level information.

• Pay particular attention to properties that are self-managed, as replacement of carpets, fixtures, appliances, etc. may occur later than Stakeholders prefer, and Borrowers who self-manage properties tend to perform some or much of the maintenance work themselves.

• Down Units
  + Check to see if the down unit is being cannibalized (appliances and/or fixtures being removed from the down unit to be used in another unit).
  + Down units may be indicators of management problems including a lack of owner commitment and/or cash flow strain.

• The Inspector should select the units, rooms, and/or bays to be walked. Prior to the inspection, instruct Management to notify all tenants of the upcoming inspection in order that any unit, room, and/or bay on the Subject Property including any unit, room, or bay that appears to have physical issues or concerns is available for inspection.
• When selecting the units, room, or bay to inspect, consider: vacant and down units indicated on the prior inspection report, current vacant and down units, a random sampling of occupied units (including all unit types), and units in any area the manager seems to be want to avoid. An inspection of ceilings in top floor units, rooms or bays can reveal whether or not there are roof leaks. It’s also helpful to request a rent roll showing move-in dates. Inspecting older leased units may show what has, or has not, been done to a unit to bring it up to current property standards. Generally, do not allow the manager/maintenance supervisor to direct the inspection around the Subject Property. Though the inspector should select the areas to be inspected, there may be valid reasons (fire damage, mold, etc.) for the manager to steer away from those selected.

If the manager’s key will not open a requested unit, then make any reasonable attempt to view the unit/area while at the Subject Property. If the Inspector is unable to gain access after a reasonable attempt, make a note in the inspection report about the lack of access; be as specific as possible about the location of the unavailable unit/area and the attempt to gain entry.

• Document observations of the Subject Property conditions with photographs and notes. Establish a consistent method of taking detailed notes.

• Talk to tenants when given the opportunity and gauge complaints. Note the familiarity between manager or maintenance supervisor and tenants.

• Ask follow-up questions to understand the situation at the Subject Property.

• Check camera periodically during the inspection, to determine that all photographs are viewable, are in focus and tell the story before leaving the Subject Property.

• Allow enough time to thoroughly inspect the Subject Property. Walk all common areas including amenities. Follow requirements (loan type, client instructions, etc.) for inspecting the Subject Property.

• If appropriate, share high level findings with the manager and/or maintenance supervisor before departing the Subject Property. Discuss noted Deferred Maintenance. Ask about plans for repair and if funds are available to complete the project. Be sure to take photographs of all Deferred Maintenance noted. Frame the photographs to give the viewer the best perspective of the situation, i.e., is there a small midew problem or is the room overrun with mold.

• Notify the manager that a letter addressing any Deferred Maintenance items may be sent asking for: a written response outlining plans for correcting the Deferred Maintenance and/or Life Safety issues and the timetable for completing the projects, as well as providing a deadline for receipt of a response.

As a historical note, the Comprehensive Assessment Addendum was derived from the Fannie Mae form 4260. The Addendum assists in ascertaining the Subject Property’s condition in relation to Life Safety, Deferred and Routine Maintenance, Capital Needs, and the overall Level/Volume of issues, as well as developing a plan for appropriate follow up.

LIMITATIONS OF FIELD ASSESSMENT

Using the drop-down menu, indicate if any of the listed limiting conditions noted. Use the “Other Limitation” box to indicate an additional or other limiting condition to provide a full assessment of any conditions that may have impaired the inspection.

• Management unavailable for the interview or Management experience on the property is less than six months — Many Investors require that the person answering the interview questions have more than six months of experience at the Subject Property.

• Occupied units were unavailable for assessment, or the total number of units available (occupied or unoccupied) was insufficient. — Lack of cooperation from the manager (following reasonable diligence) should be noted. The Servicer and/or the Investor will then decide how to proceed.

• Snow was covering most exterior areas (parking lots, roofs, landscape areas).

• Other Limitation — If any additional issues were encountered at the Subject Property, then choose Yes and explain the issue in the comment box.
COMPREHENSIVE PROPERTY ASSESSMENT RATINGS

This section highlights five specific areas of concern based on the inspection and aids the Investor in developing any follow-up response. Enter comments in the Comment box provided. As much information and color should be provided in the comments. When in doubt, comments should be written. Note that the comment boxes will resize automatically based on the amount of text input.

LIFE SAFETY
Select the choice from the drop-down menu that most closely applies to the Subject Property:

1. No Life Safety issues observed.
2. No/ minor Life Safety issues observed.
3. Some Life Safety issues observed requiring immediate attention; but no capital expenditure.
4. Life Safety issues observed that require immediate attention and possible capital expenditure.
5. Significant Life Safety issues requiring capital expenditure.

Notification regarding Life Safety issues is critical. Follow client instructions regarding notification. Click the “Add” button to automatically copy the captions of all photos categorized as Life Safety into this comment box.

DEFERRED MAINTENANCE
Select the choice from the drop-down menu that most closely applies to the Subject Property:

1. No observed or reported Deferred Maintenance issues.
2. Isolated or minor Deferred Maintenance can be addressed in-house and/or at limited expense.
3. Deferred Maintenance of heightened concern; likely not addressed in house.
4. Substantial Deferred Maintenance affecting major/several property areas/systems, requiring significant investment.
5. Excessive Deferred Maintenance affecting multiple areas/property systems, requiring significant investment; impacting collateral value.

A well-maintained property will be more attractive to tenants and demand higher rents. Knowledge of the Borrower’s performance in maintaining the property will allow the Investor/Servicer to develop any needed follow-up plans. Take care to provide the most accurate response without being too critical of minor issues. Note that ignoring or downplaying Deferred Maintenance may result in additional deterioration in the long run. Click the “Add” button to automatically copy the captions of all photos categorized as Deferred Maintenance and Life Safety into this comment box.

ROUTINE MAINTENANCE (RM)
Select the choice from the drop-down menu that most closely applies to the Subject Property:

1. Superior RM practices that are extending the RUL of systems and components.
2. Proactive RM practices ensuring good overall system performance and functionality.
3. Some reactive RM practices impacting a limited number of components requiring attention.
4. Reactive RM practices that do not address concerns in a timely manner.
5. Inadequate RM practices that do not ensure reasonable functionality of the property systems and components and may impact collateral value.

As stated above, the condition of the Subject Property is important to the financial success of the loan. The Routine Maintenance of the Subject Property should be seriously considered. The Inspector should give honest feedback without being too critical of minor issues. Click the “Add” button to automatically copy the captions of all photos categorized as Routine Maintenance into this comment box.

CAPITAL NEEDS
Select the choice from the drop-down menu that most closely applies to the Subject Property:

1. Capital needs are addressed; major components and systems are like new, in excellent condition and high probability they will significantly exceed the loan term.
2. Majority of capital needs are being addressed, property performance does not appear to be impacted; components and systems in good condition and very likely will exceed the loan term.
3. Critical capital needs are being addressed as needed, but additional capital required to maintain asset quality and system functionality; RUL of major systems/components may not meet or exceed the loan term.

4. Some critical capital needs are not being addressed, and property performance may be negatively impacted; very likely that the remaining useful life (RUL) of major systems/components will not meet or exceed the loan term.

5. Major and pervasive issues with major components and systems; critical capital needs are not being addressed, property performance is being impacted and RUL of major systems/components has been exceeded.

Every property will need capital improvements over its useful life. If the repairs are made in a proactive manner then the useful life of the Subject Property can be extended and financial success of the property should also continue. The Inspector should judge how well the Borrower is addressing the capital needs of the Subject Property.

LEVEL/VOLUME OF ISSUES NOTED AND APPROPRIATE FOLLOW-UP RECOMMENDS
Select the choice from the drop-down menu that most closely applies to the Subject Property:

1. No concerns observed. No further action required.

2. Some minor issues noted. Limited follow-up required.

3. Overall declining condition or isolated deterioration. Documented follow-up required.

4. Substantial issues noted. Documented follow-up with possible action plan required.

5. Severe Deferred Maintenance observed. Follow-up and substantial action plan required.

OVERALL PROPERTY RATING AND ADDITIONAL COMMENTS
Provide the overall property rating for the Subject Property based on the Overall Rating Scale as provided on the Fannie Mae Ratings tab. Note the form will automatically sync the Overall Property Rating input on the Fannie Mae Assmt Addendum, to the Property Overall Rating input on the General Info tab. The Inspector should take special note that only one rating scale is to be used throughout the report (as indicated on the General Info tab) and if the Fannie Mae Assmt Addendum tab is used then it indicates the Fannie Mae Rating scale should be used throughout the report. If there are any questions concerning the meaning of the rating scale, please contact the Investor. A comment box is provided. Detailed comments should be given to provide information and color to the selection. The higher rating numbers will require more comments.

SELLER/SERVICER CERTIFICATION
To be completed by Servicer.
FRE Assessment Addendum

This report tab is to be completed for all Freddie Mac inspections.

1. Are there any Deferred Maintenance items outstanding from the last inspection?
   + Yes
   + No

   If “yes” specify — The Inspector should specify the items that remain outstanding and include impact of outstanding items on overall property appeal and condition.

2. Was a harmful environmental condition observed which is not covered by an existing O&M plan (such as mold)?
   + Yes
   + No

   If “yes” — Include property management’s response in the text box provided. If management was unable to provide this information, select “No” and include a comment stating that the information was requested but not provided.

3. Is the property out of compliance with any applicable ADA requirements?
   + Yes
   + No

   If “yes” — Provide property management’s response in the text box provided. If management was unable to provide this information, select “No” and include a comment stating that the information was requested but not provided.
Repairs Verification

The Repairs Verification sheet provides an opportunity to document the status of repairs as provided by the Servicer or other Requestor. Additional rows can be displayed by clicking the "Add 6 rows" button at the bottom right of the page. Six rows of repair items represent one printed page.

The form is designed to function as a stand-alone Repairs Verification form and can be set as such by clicking the "Repairs Verification" preset on the Tools tab which will hide all tabs except the Repairs Verification report tab and the Photos report tab. Once set, the Subject Property and Contact Information sections at the top of the Repairs Verification report tab form will become editable (instead of greyed-out). Conversely, if the General Info report tab is shown, then these fields will become read-only and display the input data from their respective fields on the General Info report tab.

- **Item Description and Location** — List the repair items, to be verified, as provided by the Servicer or Other Requestor.

- **Inspector Comments** — Inspector’s comments about the repair item or its repair status, or to clarify any outstanding repairs remaining.

- **Photo** — Indicate the representative photo of the associated Repair Verification item.

- **Repair Status** — Select the appropriate drop-down option to represent the current status of the repair item:
  - Repairs Complete
  - Partially — In Process
  - Partially — Halted
  - Repairs Scheduled
  - Repairs Planned
  - No Repairs Planned
  - Unknown
Senior Supplement

As Seniors loans require more scrutiny of operations, the inspection form contains a dedicated report tab which must be completed by the Inspector when conducting an inspection for a seniors housing property. Since most of the information required on the Seniors report tab can only be obtained from the property’s management, it is recommended this tab is printed (using Print/PDF function on the Tools tab) and sent to management ahead of the inspection as a courtesy to provide them ample time to gather the information requested.

PART I: PHYSICAL INSPECTION
Rate each Seniors Housing component

Site (Seniors) — Bus-Van-Handicapped Parking; Building Accessibility; Outdoor Activity Area; Generator

Interior Common Areas (Seniors) — Healthcare Assistance Rooms; Pharmacy/Medication Storage; Nurses Station; Bathing Assistance Areas; Employee Restroom; Facility Furniture; Kitchen; Pantry-Supplies Storage; Common/Private Dining Areas

Amenities (Seniors) — Television-Sitting Areas; Exercise-Wellness Room; Game-Entertainment Room; Library-Reading Room; Craft-Activity Room; Beauty/Barber Shop; Sundry Shop; Family-Meeting Area; Garden; Wheelchairs-Walkers

- **Current Condition** — Use the drop-down menu to describe the current condition of each item described as observed at the property. The drop-down will allow the Inspector to rate each item using the rating scale indicated on the General Info tab.

- **Trends** — Trends are generally determined based on prior inspections including photographs or discussion with management or maintenance personnel.

- **Repair Cost** — Add the cost to repair the item(s). These costs can be obtained from the property management, maintenance personnel, construction bids, or by using current industry standards, or estimated.

- **Life Safety** — Indicate if there are any Life Safety items in any of the associated components

- **Inspector Comments** — Comment to describe the component’s condition, Trend, Cost, or to describe any Life Safety items.

The cost to repair totals will calculate at the bottom of the sheet.

PART II: RESIDENT ROOMS / OCCUPANCY

**Type of Services Provided** — Use the drop-down to enter Yes/No or N/A if the property being inspected contains the listed services. Please Note: Not all seniors living facilities will have all of the services.

Enter the number of units, and how many of those total units are currently occupied (not including pre-leased units), as well as the number of beds, and number of beds currently occupied.

The total units and the occupancy percentage will automatically calculate on the form.
PART III: RESIDENT SERVICES

Resident Services Administration — Resident Services is an important component of the senior facility properties and can also be a revenue generator for the property. It is important that the lender and management understand what services are available at the property.

For the various resident services select Yes or No to show if they are offered, and how many times per day or per week they are offered to the residents as a basic service (i.e. included in their base rental without supplemental charges). Add any additional comments applicable in the field provided.

Safety & Security / Meal Service / Medication Administration — Use the drop-down to enter Yes/No or N/A if the property being inspected contains the listed services.

Medication Administration / Staff Permitted to Administer Medication / Medication Documentation — Use the drop-down to enter Yes/No or N/A to indicate how medication is administrated. The comment boxes are to list staff members who are permitted, and to describe how medication is documented.

Direct Care Personnel (Staff on Duty) — Enter the number of Direct Care personnel working at any given time at the property.

The personnel should be listed by their certification type (i.e. RN, LPN, other), and the Inspector should denote how many staff personnel work per shift on the form. Include pertinent comments to the right of the fields.

PART IV: MANAGEMENT

Inspector’s Discussion with Management Staff — During the discussion with management staff, address each of the items indicated on the Management section. All fields with a “required field” comment must be completed. Select a response from the drop-down menu for each of the eight items listed. If the answer is “No” or “N/A”, ask management staff to explain the steps being taken to obtain compliance and provide a description in the Comments section.

Property Budget — A copy of the property annual budget should be requested at the time the inspection is scheduled. Indicate in the space provided if a copy of the budget was provided. If “Yes” is indicated, attach copy of budget. If “No” or “N/A” is indicated, provide an explanation in the Comments section.

Management staff should be asked if there are any planned capital improvements in the next 12 months. Indicate Yes, No or N/A. If “Yes” is indicated, provide a list of the improvements planned. If “No” or “N/A” is indicated, an explanation can be provided if appropriate.

Property Staffing — The first four items in this section should be answered with Yes, No or N/A. If answered Yes, indicate how often in the Comments section.

Estimated Annual Employee Turnover — Request an estimate of the annual employee turnover for the two items indicated in the form of a percentage. List any additional information provided in the Comments section.

Indicate Staffing Experience Of Key Personnel — Indicate the number of years’ experience for the Administrator / Executive Director and Head Care Giver / Resident Assistant in the spaces provided. Include any additional details regarding these key personnel in the Comments section.

Inspector’s Comments on Management Performance — Observe the following and provide comments on each:

• Staff interaction with residents
• Appearance of residents / suitability for time of day
• Attire and demeanor of staff
• Overall cleanliness of facility; any odors present

PART V: MARKETING

Inspector’s Discussion with Marketing Staff — When scheduling the inspection, the Inspector should request to meet with or schedule a telephone interview with the marketing staff at the property and request copies of the property brochure and resident handbook prior to date of inspection. All items in this section should be answered as Yes, No or N/A, and additional comments should be provided.

Competitor Analysis — Ask marketing staff to list the names of up to five competitor facilities, indicating the number of units, property type and name of operator for each.

PART VI: REGULATORY COMPLIANCE

Regulatory / Licensing Agency — Enter the name of the Regulatory or Licensing Agency, Contact Name, and Expiration Date of the Operating License (mm/dd/yyyy).
**Regulatory/Licensing Agency Inspection** — Enter the date of the last inspection. Use the drop-down to describe the purpose of the inspection. Enter comments as necessary.

**Purpose of Visit** — Indicate Yes, No or N/A. Provide explanatory comments as appropriate.

**Changes in Regulatory Oversight?** — Use the drop-down box to indicate any change in regulatory oversight for each of the listed criteria. Enter comment related to any “yes” response to indicate the reason for the change.

**Other Required Property Licenses** — Use the drop-down box to indicate if any additional licenses are required for each of the listed criteria. Include the license expiration date for each required license. Provide comments as necessary.

**MISCELLANEOUS**

Please use the drop-down box to indicate any material violations, lawsuits, or judgments against any licensed professional employed by the operator. If yes, describe. Use the drop-down box to indicate any material violations, lawsuits, or judgments against any other personnel at the property. If yes, describe.
Hospitals, Dedicated Healthcare, & Dedicated Nursing Homes

This report tab is intended to be used only for properties which are substantially oriented towards providing medical care such as hospitals, healthcare clinics, or skilled nursing facilities. It is usually not applicable for Seniors properties or assisted living facilities.

TIPS FOR HOSPITALS AND DEDICATED HEALTHCARE INSPECTION AND REPORTING

- Inspecting Healthcare properties requires a keen eye for detail and thorough documentation. Issues impacting tenants in a multifamily, office or retail facility are dramatically different from those impacting people housed within a healthcare facility.

For example, the absence of handrails in an area might be a small risk in a multifamily property but pose a significant Life Safety issue in a healthcare facility due to the frailty of the health/condition of these particular residents.

- The key driver for the income stream in the healthcare field is the number of occupied beds and/or units. Therefore, accurate bed counts must be observed and documented. This simple data can reveal many issues if the Inspector can tie a few pieces of information together. For example, an assisted care facility with 100 beds total, 70 occupied and 30 vacant, yet shows a waiting period of greater than 30 days should raise a red flag. Why is there such a long wait if there are so many empty beds? One can look at many factors to answer the question: (1) The condition of the Subject Property, or, a significant component issue; (2) staffing concerns; or (3) poor management. An Inspector’s understanding of these issues will deepen over time and with a greater number of healthcare inspections completed.

- Licensing is also a critical component to healthcare. The Subject Property must meet all federal, state and local licensing board requirements to remain open for business. A loss of a license can sometimes lead very quickly to the Subject Property closing down, all patients leaving the facility and a significant drop in the revenue income stream. Proactive reviews and inspections can give insight into minor infractions that could lead to larger violations.

- It is understood that Inspectors are not expected to make judgments regarding the level of medical care being provided. What is generally observed might not be true in all cases, rather simply an isolated incident. The recommendation would be to perform a thorough inspection as if one was putting a loved one in the facility. Although the Inspector is assessing the physical condition of the Subject Property, these additional factors come into play with healthcare properties.

- Accurate documentation cannot be stressed enough when inspecting this type of facility. The audience reading the inspection needs to be able to make sound business decisions based on the data provided. The more detail, the more the overall picture of the Subject Property’s condition will be apparent. Besides the standard photographs (Signage, ingress, egress, parking lot, etc.) any item of significant concern should be photographed. Again, this in concert with the physical form itself, paints the total picture for the reader. All these items will add up to a successful inspection.
GENERAL INFORMATION

• **Total Number of Beds** — Field will automatically be populated by taking the sum of the Total # of beds from the Level of Care Breakdown section.

• **New Patients Currently Being Accepted** — Select from drop-down box to indicate if the facility is accepting new patients. This would only be applicable for Assisted Living, Skilled Nursing or Alzheimer’s Facilities.

• **Number of Beds Occupied** — Field will automatically calculate based on the data entered in the level of care breakdown section.

• **% Occupied** — Field will automatically calculate based on the data entered in the level of care breakdown section.

• **Admission Waiting Period** — Select from drop-down menu.

• **Proximity to a Hospital** — Select from drop-down menu.

LEVEL OF CARE BREAKDOWN

• **Unit Type** — Select from these choices:

  + **Congregate Care/Assisted Living** — A facility that utilizes a home health-care service provided by in-house staff or an outside agency. A supportive housing facility designed for those who need extra help in their day-to-day lives but who do not require the 24-hour skilled nursing care found in traditional nursing homes.

  + **Hospital** — An institution that provides medical, surgical, or psychiatric care and treatment for the sick or the injured.

  + **Nursing Home, Unskilled** — An establishment that assists with daily living, which includes bathing, eating, dressing, and other routine activities. Special training or medical skills are not required. It is provided by unskilled nursing assistants in nursing homes, day care centers, and at home. It is often called personal care.

  + **Nursing Home, Skilled** — An establishment with three or more beds that provides skilled nursing care that must be given by a registered nurse, or a licensed practical (vocational) nurse under the supervision of a registered nurse, to be safe and effective. These services are provided to the older population, infirm, or chronically ill.

  + **Specialty (Alzheimer’s/Memory Care)** — Communities specifically designed for residents with identified loss of mental ability severe enough to interfere with normal activities of daily living.

• **Total # of Beds** — Enter the total number of beds for each level of care offered by the community.

• **Total # of Beds Occupied** — Enter the total number of beds occupied for each level of care.

• **Total # of Units** — Enter the total number of units for each level of care. In most circumstances, the total number of units should not exceed the total number of beds.

• **Total # of Units Occupied** — Enter the total number of units occupied for each level of care. All units should be considered occupied unless they are 100% physically vacant (i.e. all beds are physically vacant in the unit).

• **Avg S.F./Unit** — Enter the average square footage for units, for each level of care.

• **Monthly Rent** — Enter the monthly rent for units, for each level of care.

• **# Beds Vacant** — Field will automatically populate based on information entered.

• **Totals** — Fields will automatically populate based on information entered.

• **Administrator’s Name** — Enter the name of the Property Administrator/Property Manager / Executive Director. Input as First Name / Last Name.

• **Length of Time at Property** — Select from drop-down box.

• **Director of Nursing’s Name** — Enter the name of the Director of Nursing. Input as First Name / Last Name.

• **Length of Time at Property** — Select from the drop-down box.
• Direct Care Staff Number — Enter the number of onsite during the day, evening and night:
  + RN’s — Include Nurse Practitioners in “RN” section and describe in Comments.
  + LPN’s
  + Other Direct Care — Examples include Certified Nursing Assistants, Physical and Rehabilitation Therapists, etc.
  + Non-Direct Care — Examples include housekeeping, kitchen staff, administration, bookkeeping, maintenance, etc.
  + Part-time Employees — Indicate the number of part-time employees in each category in the applicable comments section.
• Total Staff — Fields will automatically populate based on the information input.

REGULATORY/LICENSEING AGENCY INFORMATION
This section relates to the Community’s Regulatory/Licensing Agency compliance. Information regarding the community licenses as well as Medicare and Medicaid inspections and certification should be input in this section. A comment box is provided at the end of this section to allow a full description of any violations, costs associated with violations (if applicable), resolution or outstanding issues.

• Name of Agency — Enter the name of the Regulatory/Licensing Agency that conducts the annual compliance survey for the community.

• Contact Person — Enter the name of the designated contact person for the Regulatory/Licensing Agency that conducts the annual compliance survey. Input as First Name/Last Name.

• Expiration Date of Operating License — Enter the expiration date of the community’s operating license. Note that healthcare communities often display the Operating License in the lobby.

• All Licenses Current — Select from drop-down menu.

• Date of Last Medicare Inspection — Enter the date of the community’s last Medicare Inspection (usually annual inspections).

• Property Medicare Certified — Select from drop-down menu.

• Date of Last Medicaid Inspection — Enter the date of the community’s last Medicaid Inspection (usually annual inspections).

• Property Medicaid Certified — Select from drop-down menu.

• Comment Box — Describe any violations, costs associated with violations (if applicable), resolution or outstanding issues.

• Property Condition — A comment box is provided at the end of this section to allow a full description of any violations or concerns noted with the community.

• Handrails in the Halls — Select from drop-down menu. Indicate whether the community has handrails in the common area hallways, designed to assist residents with mobility.

• Exits Clearly Marked — Select from drop-down menu. Egress from the community should be clearly marked and easily identifiable to residents and staff.

• Grab Bars Present in Rest Rooms — Select from drop-down menu. Indicate whether grab bars, designed to assist residents, are present in both community and inspected unit rest rooms.

• Intercom System — Select from drop-down menu. Indicate whether the community has an Intercom or other communication system. Intercom systems could include bedside or pull cord handset systems and nurse station monitored call systems.

• Staff Interacts Well with Residents — Select from drop-down menu. Indicate staff interaction with community residents.

• Generator Function — Select from drop-down menu. Indicate the purpose of the community’s generator during emergencies.

• Facility Looks and Smells Clean — Select from drop-down menu.

• Comment Box — A comment box is provided at the end of this section to allow additional description of any safety or deficiency issues observed.
DETAILED REPORT OF UNITS INSPECTED
Enter the following information for each unit inspected.

• **Unit #** — Enter the unit number of the unit inspected.

• **# of Bedrooms** — Enter the number of bedrooms for each inspected unit.

• **# of Baths** — Enter the number of bathrooms of each inspected unit.

• **Square Feet** — Enter the square footage for each inspected unit.

• **Asking Rent** — Enter the current asking rent for each inspected unit.

• **Current Use** — Select from the drop-down menu:
  - **Occupied Unfurnished** — Unit is occupied/leased; resident supplies the furniture; the unit is leased without furniture.
  - **Occupied Furnished** — Unit is occupied/leased; owner supplies the furniture; the unit is leased with furniture.
  - **Down Unit** — “Down” space is defined as any space which cannot be made rent ready with Routine Maintenance or in a regular turnover period. Down space is usually caused by unplanned events such as fire or flood but may also be due to cannibalized units (when appliances, fixtures, or equipment are taken from one unit for use in repairing another). Down units typically require significant repairs.
  - **Vacant Unfurnished Ready** — Unit is not occupied (may be pre-leased); resident supplies the furniture; the unit is leased without furniture; the unit is in move-in condition.
  - **Vacant Unfurnished** — Unit is not occupied (may be pre-leased); resident supplies the furniture; the unit is leased without furniture; the unit can be made ready with Routine Maintenance.
  - **Vacant Furnished Ready** — Unit is not occupied (may be pre-leased); owner supplies the furniture; the unit is leased with furniture; the unit is in move-in condition.
  - **Vacant Furnished** — Unit is not occupied (may be pre-leased); owner supplies the furniture; the unit is leased with furniture; the unit can be made ready with Routine Maintenance.
  - **Non-revenue** — A unit from which the owner derives no income; it may be occupied by an employee of the Subject Property or it may have an alternate use such as a model or service unit.
  - **Owner Occupied** — A unit occupied by the owner of the Subject Property.
  - **Commercial Unit** — A unit leased for a business, as opposed to residential, purpose such as a convenience store, salon, or office.

• **Overall Condition** — Select from the drop-down menu. Remember to differentiate between the Fannie Mae Ratings (for Fannie Mae Loans) and the MBA Ratings (for all other loans).
Conclusion

Servicing commercial real estate loans is a demanding business. It requires sound business practices and procedures to ensure the underlying collateral is properly managed, maintained and preserved for the full life of the loan, as the Subject Property is typically the only collateral.

The Reference Guide provides the foundation for an Inspector to successfully utilize the inspection form as a risk monitoring tool. The Guide identifies best practices associated with preparing for, conducting, and reporting on property inspections. The procedures for performing inspections and the criteria for completing the form are standardized, leading to more accurate assessments and more effective asset management by the Servicers.
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