



# Annual Inspection Form

## *Desk Reference*

### INTRODUCTION

This desk reference highlights the Annual Inspection Form submission protocols and template submission requirements and provides guidelines on how to complete the form to ensure pertinent information on property performance is communicated appropriately.

As a reminder, thoughtful and thorough completion of the form should provide clarity on the current performance of property management and the complete physical condition of the property, including if it is being adequately maintained to ensure protection of Freddie Mac's collateral.

### NOTE

This desk reference should be used in conjunction with the **MBA Reference Guide for Commercial and Multifamily Property Inspection Reports**, which provides information regarding due diligence for property inspections, guidance on completion of the inspection form report, helpful tips regarding the inspection process, and best practices on review of the final report. If there are any conflicts in protocol between the MBA Reference Guide and Freddie Mac's Guide requirements, Freddie Mac's requirements take priority.

You can download the new MBA inspection form from the MBA website (see link on last page). It will also be available in the Property Reporting System, where you will be able to download it as a blank template or a prepopulated template. While Freddie Mac Multifamily Inspection form contains all tabs, you will not be required to complete all tabs on the form. This desk reference highlights all required tabs in the form. Please note that photos and rent roll are required to be submitted as separate attachments and are not required to be provided within the form.

**SUBMISSION PROTOCOL**

This table lists submission protocol for the AIF effective for all inspections.

Steps	Comments
<b>Quick Start Guide</b>	<p>For successful completion of the AIF and submission to PRS, observe the following quick start guide:</p> <p>The AIF can be downloaded from PRS or the MBA website. Once downloaded, users must enable Macros in Excel for the form to work properly.</p> <p>The template is to be completed and stored on your local machine, file server, or document management system (depending upon local IT policies and procedures). Upon successful completion, the completed form can be uploaded into the PRS system.</p>
<b>Retrieve the AIF</b>	<p>Within PRS, you have the option of downloading a blank AIF or a pre-populated form. When you download a pre-populated form, the system will populate the following data fields where applicable:</p> <ul style="list-style-type: none"> <li>Freddie Mac Loan Number</li> <li>Property Name</li> <li>Servicer Name</li> <li>Owner of Loan</li> <li>Investor Loan Number</li> </ul>
<b>Understanding the Revised AIF</b>	<p>Always enable the macro and Active X controls before using the template. Refer to the General Tips for Using the MBA Property Inspection Form provided in the MBA Reference Guide.</p>
<b>Complete the AIF</b>	<p>The <b>AIF</b> is an Excel based workbook that contains worksheets providing information on the property condition and management. Additional reporting is required on Healthcare properties; you are required to complete one additional tab for properties categorized as Healthcare.</p>
<b>Data Validation and Completeness Verification – Submitting the AIF Package</b>	<p>The system will perform data validation and completeness verification at the time of the form submission:</p> <p>Forms that do not pass the data validation and completeness verification will not be accepted and will be rejected for submission. Only forms that pass the data validation and completeness verification will be accepted by Freddie Mac.</p> <p>Incomplete forms or forms with incorrect data will be rejected by Freddie Mac and Servicers will be notified at the time of submission.</p> <p>Attachments can be uploaded to the system before, concurrently with or after form submission. Assessments will not move to Complete status until all required attachments have been uploaded.</p>

**GENERAL GUIDANCE**

The MBA Reference Guide and Section 40 of the *Seller/Servicer Guide* provide comprehensive instructions on how to prepare for and conduct an inspection as well as how to complete the AIF.

**AIF GUIDANCE**

The guidelines listed below are Freddie Mac anticipated responses on certain data fields. The list is not all encompassing of all data fields but focuses on data fields which may need further guidance.

**GENERAL INFORMATION TAB**

Section	Data Fields	Comments
Rating Scale	Rating Scale	Ensure you are using the MBA rating scale
Servicer and Loan Information	Loan Balance (UPB)	Include all Freddie Mac debt
	Asset Manager Name, Phone, Email	Provide the contact information for the primary preparer of the AIF
Inspection Scheduling Contact Information	Contact Company	Provide the contact information for the company and person with whom the inspection was scheduled. This may or may not be the same company or person as is provided in the Management Company Information section.
Management Company Information	Management company change since last inspection	<p>Only answer “Yes” if there has been a change in the Property Management Company (not simply a change in Property Manager or specific personnel)</p> <p>If “Yes”, include a comment if Freddie Mac approvals were required/obtained and also a brief description of the Property Management Company (PMC). If the onsite Property Manager or specific personnel has changed and this has negatively impacted the property, describe the change and impact. Provide these comments in the “Other Information or Comments” box at the bottom of the Management Interview tab</p>

## GENERAL INFORMATION TAB (Cont'd)

Section	Data Fields	Comments
Servicer and Inspector Comments	Property Inspector's General Comments	Required input: In addition to what is suggested in the MBA reference guide, please provide a brief summary of the overall performance/condition of the property
Property Profile and Occupancy	Property offers Rental Concessions	If yes, enter details of concessions in comment box
	Are there down units?	If yes, enter details of down units in the comment box
Operations and Maintenance (O&M) plans	List of O&M Plan(s) Required in Loan Documents	Includes Asbestos, Lead Paint, Moisture/Mold, Radon, Storage Tanks, PCB, and Other. If "Other" is selected, please specify type of O&M plan in the comment box below. Please indicate if Management is aware of the plan and if the plan is available. Loan will be considered O&M non-compliant if management is not aware OR if the plan is unavailable. This section is expandable, and you may add up to 5 O&M plans.
Capital Expenditures	Repairs, Replacements or Capital Improvements within the past 12 or future 12 months	This section is expandable, and you may add up to 15 capital expenditures.
Neighborhood and Site Comparison Data	All data fields in this section are required inputs	As suggested in the reference guide, please use the comment box in this section to describe the Subject's surroundings and trends that impact operations. For example, new construction that competes directly with Subject, high crime area, or poor visibility due to location.
Other Information	Additional Collateral Description	Provide any pertinent information that could explain property performance. Examples include property management negligence, tenant profile (student), LIHTC/rent regulations limiting tenant base, high turnover issues, absence of commercial tenants causing decline in income and unique unit configurations.

PHYSICAL CONDITION & DM TAB

Section	Data Fields	Comments
Property Assessment	Overall Rating and Trend	Overall Rating is required on all items except Down Units; trend required if an overall rating of 1-5 is entered. "Unknown" is not an acceptable response for Trend. If a building component is not accessible or not applicable, please enter the response accordingly and leave a "Blank" Response for Trend
	Environmental Rating	Indicate if there is a minor, major or no environmental issue. If minor or major selected, enter the appropriate Trend; Unknown is not an acceptable response. Provide details in the comments
	Inspector Comments	Required Input. Please enter comments pertinent to the physical condition element  Identify and describe the severity of capital needs and/or deferred maintenance where applicable  Include cost estimates in the Deferred Maintenance Items list and photos (including comments) in the Photos attachments where applicable
	Exterior/Interior – Additional description of the property conditions	Comment on any completed/outstanding repair agreements/capital expenditure requirements/renovations and the status of completions relative to due dates  Comment on deferred maintenance items that <b>have been</b> corrected from previous inspection  Comment on status of units brought online/offline due to hazard loss situations
	Deferred maintenance Items	Ratings, Photo#, Life Safety, and Estimated Cost are required inputs if a deferred maintenance item is identified and described. With MBA inspection form v3.03, you may easily transfer deferred maintenance items to this list from the Photos tab. The deferred maintenance list is expandable up to 50 items. Distinguish between Imminent and Potential Life Safety with I for Imminent or P for Potential and position the designation prior to each Deferred Maintenance Item. Note: Seniors Housing Healthcare Items should <b>not</b> be included here. Use the Srs Supplement Tab 1 to detail

		Deferred Maintenance Items for Healthcare properties. Do not duplicate repair estimates in both tabs.
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**FANNIE MAE ASSESSMENT**

Section	Data Fields	Comments
All sections	Not Required	Not Required

**PHOTOS**

Section	Data Fields	Comments
Photos	Add photos	A photos document is required to be submitted as a separate attachment; however, photos may be included in the inspection form. MBA Inspection Form v3.02 has enhanced the photos tab functionality to integrate with the Deferred Maintenance and Repair Verification tabs. This new functionality allows photos to be sent directly to the DM list, complete with description, rating, life/safety indicator, cost, and photo identifier. Photos can alternatively be added to the Repairs Verification list, complete with comments and repair status. In order to take advantage of this enhancement, we encourage you to upload photos into the form itself, and either create a copy of the sheet or upload a blank sheet as the required photos attachment. The form can hold up to 99 photos

**RENT ROLL TAB**

Section	Data Fields	Comments
Rent Roll	N/A	Rent Roll is required to be submitted as a separate attachment, but may also be included in the form

**MANAGEMENT INTERVIEW TAB**

Section	Data Fields	Comments
<p><b>Management Information &amp; Interview</b></p>	<p>In the past 12 months, have there been any fires, significant water intrusion or other property damage?</p>	<p>Select yes and comment on the situation if applicable</p> <p>Ensure Form 1140 – Hazard Loss Summary was submitted timely if required (refer to Section 43.8 of S/S Guide)</p> <p>Provide any updates on the Hazard Loss</p>
	<p>Is the property undergoing any significant rehab/construction?</p>	<p>If Yes, in addition to location, size and costs, comment if Freddie Mac approval is required/obtained, how many units are impacted and expected rehab completion dates</p>
	<p>To the best of your knowledge, are there any pending lawsuits that may negatively impact the property?</p>	<p>If yes, in addition to providing details of the lawsuit(s), provide any information on mitigations, settlements and/or expected resolution dates.</p>
	<p>Are there units or corporate leases for the purposes of home sharing (home sharing can be defined as short term (&lt;1 month) rentals generally marketed through an online platform such as Airbnb)?</p>	<p>If yes, provide details of number of units and actions taken if leases are not in compliant with loan documentation.</p>

**MULTIFAMILY TAB**

Section	Data Fields	Comments
Property Information	Unit Breakdown	Ensure there is no discrepancy between total units/inspected units in this section and the Overview of Property Information section on the General Info tab. A validation check below the table has been added to assist in reconciliation.
Property Condition	Detailed Report of Units Inspected	At least three must be entered for the form to be accepted as complete. Please refer to Chapter 40 of the S/S Guide for full inspection requirements

**FRE ASSESSMENT ADDENDUM TAB**

Section	Data Fields	Comments
Physical Inspection Additional Questions	Q1. Are any deferred maintenance items outstanding from last inspection?	If “Yes”, comment on severity (minor/major) of items, what is being or will be done to have deferred maintenance corrected, estimated costs/anticipated date of remediation and whether follow up (annually or sooner) is required
	Q2. Was a harmful environmental condition observed that is not covered by an existing O&M plan (such as mold)?	If “Yes”, comment on severity (minor/major) of items, what is being or will be done to have deferred maintenance corrected, estimated costs/anticipated date of remediation and whether follow up (annually or sooner) is required. For example, isolated instances of bathroom mold in the tub would rate much lower in severity than mold that has penetrated through the dry wall and is visible on the wall surfaces
	Q3. Is property out of compliance with any applicable ADA requirements?	If “Yes”, describe ADA requirement, why property is out of compliance, what is being or will be done to ensure compliance, estimated costs/anticipated date of remediation and whether follow up (annually or sooner) is required. If Property is exempt from certain requirements (for example, due to age), the inspector should state “No”, the property is not out of compliance



**REPAIRS VERIFICATION TAB**

Section	Data Fields	Comments
Repairs Verification	General description of improvements and summary comments	In addition to the general description of improvements, highlight any repair agreements in place. Include explanations of repairs that are behind schedule where applicable
	Verification Items – Item Description and Location	List Deferred Maintenance items noted in prior year’s inspection and with appropriate comments and repair status of each item. These items can be transferred directly from the Photos tab. Include Repair Agreement items, comments and status as appropriate
	Expected percentage completed and Overall observed percentage completed	For Repair Agreement / Deferred Maintenance items: Input the percentage of repairs expected to be completed by the time of inspection and the percentage of completed repairs observed

**SENIORS HOUSING SUPPLEMENT**

The Seniors Supplement is required to be completed for all Healthcare properties. The Seniors Supplement is divided into 6 sections

**SRS SUPPLEMENT PART I**

Section	Data Fields	Comments
Part I: Physical Inspection	Site / Interior Common Areas / Amenities	<p>Current Condition, Trend, and Life/Safety are required inputs</p> <p>If “Yes” to Life safety, comments become required inputs</p> <p>Comment on severity (minor/major) of items, what is being or will be done to have Life/Safety issues corrected, estimated costs and whether follow up (annually or sooner) is required</p> <p>Enter only cost to repair amounts that are specific to additional Senior Housing components. Other deferred maintenance cost to repair amounts should be captured in the Physical Condition and Deferred Maintenance tab. Do not enter duplicate repair estimates in both tabs.</p>

**SRS SUPPLEMENTS PARTS II & III**

Section	Data Fields	Comments
Part II: Resident Rooms/Occupancy	Types of Services Provided	Required inputs Provide occupancy based on # of beds to be consistent with senior housing industry standards
	Does the unit mix comply with the unit mix specified in the Mortgage and/or approved by Freddie Mac since origination?	If “No”, describe why it is not in compliance, whether Freddie Mac has been notified of non-compliance and steps taken to ensure compliance
Part III: Resident Services	Safety & Security	This subsection becomes a required input if Alzheimer’s/Memory Care is part of the unit mix

**SRS SUPPLEMENT PART IV**

Section	Data Fields	Comments
Part IV: Management	Are there written Policies and Procedures in place for the eight items listed	Required Input If “No”, explain what steps are being taken to ensure compliance

**SRS SUPPLEMENT PART V**

Section	Data Fields	Comments
Part V: Marketing	Inspector’s discussion with Marketing staff	Comment as appropriate
	Competitor Analysis	Comment as appropriate

**SRS SUPPLEMENT PART VI**

Section	Data Fields	Comments
Part VI: Regulatory Compliance	Regulatory/Licensing Agency: Expiration Date of Operating License	Required input.  For evergreen licenses, enter date of next scheduled Agency inspection. If there is no expiration date applicable, enter the next annual inspection date and add a comment in the Certification/Licensure row just below explaining why you used the next annual inspection date
	Purpose of Visit: 8 questions	5 of 8 are required inputs  If property is not in compliance, please describe why, severity of non-compliance, and steps taken toward ensuring compliance
	Were any of the corrective actions related to the resident care and/or criminal background checks?	If "Yes", describe issue at hand and status of resolution
Miscellaneous	Are there any material violations, lawsuits or judgments against any licensed professional employed by the operator?	If "Yes", describe issue at hand and status of resolution
	Are there any material violations, lawsuits or judgments against any other personnel at the property?	If "Yes", describe issue at hand and status of resolution

**HOSPITALS TAB**

Section	Data Fields	Comments
All sections	Not required	Not required

**ASSESSMENT TYPE/ATTACHMENT REQUIREMENTS/ NAMING CONVENTIONS/ DUE DATES**

Inspections must be submitted within 60 days of the inspection date. The Annual Inspection Form must be submitted prior to or on the Due Date or it will be considered late.

Assessment Type	Submissions	Naming Convention	Due Dates
Annual Inspection	<p>Required:</p> <ol style="list-style-type: none"> <li>1. FM Inspection Form</li> <li>2. Photos</li> </ol> <p>Other optional attachments include:</p> <ul style="list-style-type: none"> <li>• Payment history</li> <li>• Repair agreements</li> <li>• O&amp;M compliance certificates</li> <li>• Market surveys</li> </ul>	<p>xxxxxxxxx_Inspection_MMDDYY_SYY YY (xxxxxxxxx = loan number; MMDDYY = due date of inspection; YYYY = Submission Period)</p> <p>xxxxxxxxx_AIF_Photos_MMDDYY_SY YYY (xxxxxxxxx = loan number; MMDDYY = date of Photo Attachment; YYYY = Submission Period)</p> <p>xxxxxxxxx_AIF_Other_MMDDYY_SYYYY (xxxxxxxxx = loan number; MMDDYY = due date of Inspection; YYYY = Submission Period)</p>	<p>Quarterly of Anniversary of Note Date (unless stated otherwise) i.e., 3/31, 6/30, 9/30</p>

**RENT ROLL SUBMISSION REQUIREMENT**

Submitted in separate queue.

Assessment Type	Submissions	Naming Convention	Due Dates
Rent Roll	Rent Roll	xxxxxxxxx_RR_MMDDYY (xxxxxxxxx = loan number; MMDDYY= expected end date of Rent Roll(a))	Expected End Date is the first day of the Due Date month, i.e. 3/1, 6/1, 9/1 & 12/1

**Note:** The Rent Roll requirement related to an Inspection (AIF) will have a Due Date of quarter end and Expected Date of the first day of the Due Date month (i.e., Due Date of 3/31/18, 6/30/18, 9/30/18 and 12/31/18 would have Expected Date of 3/1/18, 6/1/18, 9/1/18, and 12/1/18, respectively). However, the Rent Roll submitted to PRS to satisfy an AIF's completion is required to be within plus or minus 2 months of the Inspection Date of the property. The Inspection Date is noted on the General Info Tab of the Inspection form. If an inspection is performed earlier than the quarter in which the inspection is due in PRS, Servicers will need to adjust the Expected End Date for the Rent Roll to satisfy the AIF submission requirements. For example, if the AIF due date is 12/31/2018, the corresponding Rent Roll will have an Expected Date 12/1/2018 and Due Date of 12/31/2018. If the inspection was performed in July, the Servicer needs to adjust the Expected End Date in PRS on the Fin Stmt / Rent Roll Due Queue by selecting the Rent Roll and clicking on Expected End Date Update/Request to change the Expected End Date to 9/1/2018 so that the submitted Rent Roll will be within 2 months (plus or minus) of the submitted inspection date. More details and pictures can be found in the FS/RR Desk Reference.

**OTHER TOOLS**

- MBA Inspection Form v3.03

[https://www.mba.org/Documents/CREF/MBA%20Standard%20Inspection%20Form%20\(Version%203.03\).xism](https://www.mba.org/Documents/CREF/MBA%20Standard%20Inspection%20Form%20(Version%203.03).xism)

- The MBA Property Inspection Reference Guide

[https://www.mba.org/Documents/mba.org/files/CREF/WhitePapers/13332\\_CMF\\_RefGuide\\_PropertyInspection.pdf](https://www.mba.org/Documents/mba.org/files/CREF/WhitePapers/13332_CMF_RefGuide_PropertyInspection.pdf)

- Section 40 of the *Seller/Servicer Guide* <http://www.allregs.com>