

COMBOG Adopts 'Best Practices' on GSE Multifamily Inspections MBA (11/3/2005) Murray, Michael

The Mortgage Bankers Association's Commercial Real Estate/Multifamily Finance Board of Governors (COMBOG) adopted a "best practices" white paper, titled [GSE Multifamily Inspector Qualifications Best Practices](#)," to assist multifamily servicers with new GSE inspection requirements and ensure acceptable inspections from fee and staff inspectors on **Fannie Mae** and **Freddie Mac** multifamily loans.

"The 'best practices' for the industry help assure that inspectors for GSE loans are competent to perform the physical assessment requirements, and they simplify the requirements proposed or implemented by the GSEs. They also help to avoid redundancies among the various training requirements," said **Tari Flannery**, chair of MBA's **Multifamily Housing Committee**.

Multifamily servicers who worked with a variety of investors found the GSE inspection requirements excessive and time consuming on multifamily loans after Fannie Mae and Freddie Mac took different approaches on the requirements. Staff and fee inspector experience, requirements on training and the types of properties that fee inspectors were allowed to inspect became either redundant or confusing, servicers said.

In April, MBA set up an **Inspector Qualifications Working Group** of lending industry experts, including supervisors of in-house and third party property inspectors and representatives of 12 companies from various sizes that service a variety of investors. The group worked closely with Freddie Mac and Fannie Mae staff, third party inspection firms and the DUS Lenders Peer Group to form "best practices" for GSE inspections on multifamily housing.

"The Working Group has been careful to limit the 'best practices' to GSE multifamily loans," Flannery said. "We do not recommend that MBA expand beyond these two investors at this point. There have, however, been discussions of servicers utilizing these 'best practices' for other investors on a voluntary basis."

MBA's white paper includes background on the GSE fee inspection issue, a grid outlining inspector qualifications for different types of loans, as well as an outline of a quality control program for third party inspectors.

[Click here](#) to view the White Paper or click on Commercial/Multifamily on MBA's Website at www.mortgagebankers.org.