



Fannie Mae®

---

# Multifamily Selling and Servicing Guide

Effective as of February 12, 2025

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



## TABLE OF CONTENTS

---

Part II Section 202.01 Appraisals .....	3
202.01A Appraiser Selection .....	3
202.01B Permissible Appraiser Communications .....	5
202.01C Valuation Date .....	5
202.01D Appraisals Ordered by Another Lender .....	6
202.01E Lender Appraisal Review .....	6
202.01F Subsequent Appraisals .....	10
202.01G Appraiser Discontinuance or Misconduct .....	11
GLOSSARY .....	12



## 202.01 Appraisals

### 202.01A Appraiser Selection

#### Requirements

You must:

- document the selection and approval of an Appraiser, who is:
  - a Certified General Appraiser (or licensed or certified per state law, if that state does not use the Certified General Appraiser designation);
  - listed in good standing on the state roster per Title XI of FIRREA; and
  - actively prepares multifamily appraisals in the Property's market;
- require the Appraisal to:
  - be in a narrative format, using only objective factors;
  - be signed by the Appraiser;
  - be certified by the Appraiser to conform with current USPAP requirements; and
  - comply with:
    - Instructions for Appraisers ([Form 4827](#)); and
    - any governmental regulations in effect when the Mortgage Loan was originated, including
      - FIRREA,
      - all fair lending laws, and
      - all fair housing laws;
- provide the Appraiser all applicable documents needed to accurately assess Property's value, including:
  - the most recent PCA Report, or any other inspection reports (e.g., a structural engineering report);
  - a rent roll dated within 60 days of the Appraiser's inspection date;
  - Property operating statements detailing
    - income and expenses for the previous year (if available, for the previous 2 years), and
    - year-to-date income and expenses;



- your sample of residential leases reviewed;
- copies of any:
  - executed commercial leases, including all amendments and attachments;
  - ground leases;
  - easements or regulatory agreements; and
  - any purchase/sales contracts executed within 3 years before the Appraisal date;
- any Environmental Site Assessments;
- architectural plans, if the Property is not yet completed;
- site plans/surveys, if available;
- for a Moderate Rehabilitation Property, details of the
  - capital expenditures incurred, and
  - total construction costs; and
- any information that may affect the Appraiser's estimate of the Property's value; and
- not accept any Appraisal completed by an Appraiser selected, retained, or compensated by:
  - the Borrower;
  - the Sponsor;
  - any Key Principal;
  - any Guarantor;
  - for an acquisition, the seller or any related party; or
  - any third party, including Mortgage Loan
    - Brokers, or
    - Correspondents.

## Guidance

If final reports are unavailable, you may send draft versions of the

- PCA Report, and



- Environmental Site Assessments.

If the final reports differ materially from the drafts sent to the Appraiser, you must:

- forward the final reports to the Appraiser; and
- inquire whether the Appraisal should be updated based on the final reports.

## 202.01B Permissible Appraiser Communications

### Requirements

When communicating with an Appraiser, you must comply with the Appraiser Communications table.

Appraiser Communications	
You may...	You must not...
<ul style="list-style-type: none"> <li>• obtain supporting information for a specific market, including:               <ul style="list-style-type: none"> <li>- sales or rental comparable properties;</li> <li>- rent or expense data;</li> <li>- capitalization rate data;</li> <li>- recent sales; or</li> <li>- price per unit or square footage ranges;</li> </ul> </li> <li>• provide all documents needed to accurately assess the Property's value per this Chapter;</li> <li>• share or request additional supporting comparable property information; and</li> <li>• request additional documents supporting the Appraiser's conclusions.</li> </ul>	<p>provide any Mortgage Loan data, such as</p> <ul style="list-style-type: none"> <li>• LTV,</li> <li>• DSCR,</li> <li>• amount, or</li> <li>• Underwritten NCF.</li> </ul>

## 202.01C Valuation Date

### Requirements

Valuation Date	
If the Appraisal Date is more than...	You must...



Valuation Date	
6 months before the Commitment Date	Instruct the Appraiser to update the Appraisal per Instructions for Appraisers (Form 4827).
12 months before the Commitment Date	Order a new Appraisal.

### Guidance

You may be required to obtain a new or updated Appraisal if Fannie Mae determines the market deteriorated between the

- Appraisal Date, and
- Commitment Date.

## **202.01D** Appraisals Ordered by Another Lender

### Requirements

If you Deliver a Mortgage Loan with an Appraisal prepared by an Appraiser selected by another lender, you must:

- make all representations and warranties to Fannie Mae regarding the Appraisal; and
- confirm it complies with this Guide.

## **202.01E** Lender Appraisal Review

### Requirements

Your employees must:

- review and approve each Appraisal for adequacy and compliance; and
- ensure the Appraisal includes:
  - an accurate description of the Property and the market, including:
    - the Property's complete legal description;
    - any information you provided the Appraiser;
    - color photographs of the Property's
      - exterior,



- interior common areas,
  - typical unit interiors,
  - surrounding area,
  - rental comparables,
  - sales comparables, and
  - commercial rental comparables;
- maps showing the Property's location relative to the location of the
    - land comparables,
    - current rental comparables,
    - future rental comparables, and
    - sales comparables;
- qualifications of the
    - Appraiser, and
    - any supervising Appraiser; and
- a copy of your
    - complete signed engagement letter with the Appraiser, and
    - communications with the Appraiser regarding the Appraisal scope;
- an opinion of the Property's value per [Part II, Chapter 2: Valuation and Income, Section 202.02A: Appraised Value](#), and supported by
    - market data,
    - logical analysis, and
    - sound professional judgment;
  - an opinion of the Property's insurable value; and
  - an industry standard form of Appraisal appropriate for the Mortgage Loan's
    - size, and
    - structure.

You must:



- return any report to the Appraiser that:
  - is incomplete; or
  - lacks credibility; and
- ensure your Appraisal review:
  - is documented in the Transaction Approval Memo;
  - is accompanied by all other Appraisals you ordered on the Property during the past 3 years; and
  - includes all information per the following Appraisal Analysis table.

Appraisal Analysis	
For...	You must...
Market Conditions	Confirm the Appraisal accounts for current market conditions, including <ul style="list-style-type: none"><li>• supply and demand dynamics,</li><li>• interest rates, and</li><li>• economic factors.</li></ul>
Data Accuracy	Verify the Appraisal's data accuracy, including <ul style="list-style-type: none"><li>• Property details,</li><li>• recent sales prices, and</li><li>• relevant market data.</li></ul>
Property Inspections	Determine if the Appraiser conducted a thorough inspection of the Property, including random sampling of occupied and vacant units per Instructions for Appraisers (Form 4827).





Appraisal Analysis	
Sales/Rental Comparable Analysis	<ul style="list-style-type: none"> <li>• Determine if the Appraiser used appropriate comparable properties similar in:               <ul style="list-style-type: none"> <li>- size and/or unit count (on both a per-unit and a per-square foot basis);</li> <li>- type (e.g., high-rise, mid-rise, garden, etc.);</li> <li>- age;</li> <li>- condition;</li> <li>- in-unit finishes;</li> <li>- amenities;</li> <li>- location, including                   <ul style="list-style-type: none"> <li>▪ market,</li> <li>▪ submarket, and</li> <li>▪ distance to subject; and</li> </ul> </li> <li>- sales of comparable properties, with at least 1                   <ul style="list-style-type: none"> <li>▪ being a listing/pending sale, or</li> <li>▪ sold within 24 months of the Appraisal Date.</li> </ul> </li> </ul> </li>   <li>• If appropriate comparable properties were not used, either:               <ul style="list-style-type: none"> <li>- coordinate with the Appraiser to obtain additional comparable properties; or</li> <li>- provide the Appraiser additional comparable properties from Appraisals                   <ul style="list-style-type: none"> <li>▪ for any prior transactions you originated within the last 12 months before the Appraisal Date, or</li> <li>▪ from any external data sources verifiable by the Appraiser.</li> </ul> </li> </ul> </li> </ul>
Market Rents and Expense Analysis	<p>If the Appraiser's proforma income or expenses substantially differ from the Property's income and expenses used to calculate the Underwritten NCF, provide additional supporting comparable property data or rationale supporting your conclusions.</p>



Appraisal Analysis	
Capitalization Rate Analysis	Provide your assessment that the capitalization rate: <ul style="list-style-type: none"><li>• supports your final Underwriting Value; and</li><li>• is within comparable capitalization rates compared to<ul style="list-style-type: none"><li>- your portfolio data, or</li><li>- any other external data sources you use to review appraisals.</li></ul></li></ul>
Value Reconciliation	<ul style="list-style-type: none"><li>• Review how the Appraiser reconciled the values obtained from different approaches to determine the final opinion of value.</li><li>• Document your assessment.</li></ul>

For each Appraisal, you must ensure all:

- [Potential Red Flags for Mortgage Fraud and Other Suspicious Activity](#) were considered and the review documented in the Transaction Approval Memo; and
- unresolved red flags were reported per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 308: Compliance](#).

## 202.01F Subsequent Appraisals

### Requirements

For any Mortgage Loan, you must not order, obtain, use, or pay for a subsequent Appraisal unless:

- you document in your Transaction Approval Memo that the initial Appraisal:
  - was not credible; or
  - violated legal and/or professional standards related to
    - USPAP, or
    - nondiscrimination; and
- the subsequent Appraisal:
  - is required per your pre-established written pre- or post-funding Appraisal review policy;
  - adheres to a policy of selecting the most reliable Appraisal rather than



the Appraisal with the highest value; or

- is required by law.

## **202.01G** Appraiser Discontinuance or Misconduct

### Requirements

You must promptly notify:

- Fannie Mae if you discontinue using any Appraiser who completed Appraisals within the past 12 months for Mortgage Loans you Delivered; and
- Fannie Mae and the applicable state Appraiser certifying and licensing agency, or other regulatory body, if you believe an Appraiser is:
  - violating USPAP, fair lending, fair housing, or other applicable laws;
  - not complying with Instructions for Appraisers ([Form 4827](#)) in violation of its engagement with you; or
  - engaging in unethical conduct.



## Glossary

### A

**Appraisal** Written statement independently and impartially prepared by a qualified Appraiser stating an opinion of the Property's market value

- as of a specific date, and
- supported by the presentation and analysis of relevant market information.

#### **Synonyms**

- Appraisals
- Appraisal's

**Appraisal Date** Effective date of value in the Appraisal.

**Appraised Value** Appraiser's opinion of the Property's market value documented in the Appraisal, on an "as is" basis, unless use of an "as completed" basis is specifically permitted per the Guide.

#### **Synonyms**

- Appraised Values

**Appraiser** Person engaged to estimate a Property's market value per USPAP.

#### **Synonyms**

- Appraiser's
- Appraisers

### B

**Borrower** Person who is the obligor per the Note.

#### **Synonyms**

- Borrowers
- Borrower's



## C

**Commitment Date** Date a Commitment is confirmed by Fannie Mae per Part IV, Chapter 2: Rate Lock and Committing, Section 204: Commitments.

## F

**FIRREA** Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

## G

**Guarantor** Key Principal or other Person executing a

- Payment Guaranty,
- Non-Recourse Guaranty, or
- any other Mortgage Loan guaranty.

### **Synonyms**

- Guarantors

**Guide** Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise.

### **Synonyms**

- DUS Guide

## K

**Key Principal** Person who

- controls and/or manages the Borrower or the Property,
- is critical to the successful operation and management of the Borrower and the Property, and/or
- may be required to provide a Guaranty.

### **Synonyms**

- Key Principals
- Key Principal's

## M



Moderate Rehabilitation Property

Property that will undergo at least \$8,000 per unit of Rehabilitation Work.

**Synonyms**

- Moderate Rehabilitation

Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by

- the Loan Documents, or
- a mortgage debt obligation with a Fannie Mae credit enhancement.

**Synonyms**

- Mortgage Loans
- Mortgage Loan's

## P

PCA Report

Property Condition Assessment Report documenting the findings of a PCA.

Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

**Synonyms**

- Properties
- Property's

## S

Sponsor

Principal equity owner and/or primary decision maker of the Borrower (often the Key Principal or the Person Controlling the Key Principal).

**Synonyms**

- Sponsors
- Sponsor's



## U

Underwriting Value

Value of the Property determined by the Lender to size the Mortgage Loan per [Part II, Chapter 2: Valuation and Income, Section 202: Appraisal and Valuation](#).

USPAP

Uniform Standards of Professional Appraisal Practice