Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of October 26, 2026

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402.02 Capital Item Replacements

Requirements

For replacement of capital items, you must:

- for refinances, obtain:
  - an itemized list of capital items completed within the last 24 months; and
  - for any capital item replacements you cannot independently confirm were completed, the invoices showing the associated actual costs;
- use best efforts to obtain the PCA Consultants written confirmation that capital items were completed;
- evaluate the Propertys actual condition, considering:
  - the list of capital items reportedly completed within the last 24 months; and
  - their associated actual costs;
- confirm with the Appraiser that the actual cost of capital items completed within the last 12 months was factored into the Appraised Value; and
- document your analysis in the Transaction Approval Memo.

Transaction Approval Memo Documentation	
For...	You must document the...
Interior Unit Renovations	• specific scope, and • estimated percentage of units updated.
Replacements of capital items for refinances	• work has been completed based on: - an inspection by ▪ you, or ▪ the PCA Consultant, or - invoices or documentation; or • if the work completed cannot be verified, request invoices or other documentation to confirm its completion.

Glossary

A

Appraised Value	Appraisers 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 Propertys market value per USPAP. **Synonyms** • Appraiser's • Appraisers

G

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

P

PCA Consultant	Individual or firm conducting a PCA and preparing a PCA Report. **Synonyms** • PCA Consultant's

Property Condition Assessment	Assessment of the Property's physical condition and historical operation. **Synonyms** • PCA • PNA • Physical Needs Assessment • PCAs

R

Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement