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# Multifamily Selling and Servicing Guide

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## 416.08 Capitalization Rate Derivation

For any required Capitalization Rate Derivation, the Servicer must:

- comply with [Part II, Chapter 2: Valuation and Income, Section 202.02A: Appraiser Selection](#); and
- ensure the Capitalization Rate Derivation:
  - includes:
    - a capitalization rate derivation;
    - market analysis;
    - sales comparables; and
    - an analysis of property-specific characteristics;
  - describes capitalization rate pressures;
  - evaluates factors applying upward or downward pressure on capitalization rates, including:
    - market volatility;
    - investor demand;
    - property supply; and
    - rental growth projections;
  - is signed by the Appraiser;
  - includes the Appraiser's qualifications; and
  - is certified by the Appraiser to conform with current USPAP requirements.



# Glossary

## A

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

**Synonyms**

- Appraiser's
- Appraisers

## C

**Capitalization Rate Derivation** Independent determination of the appropriate capitalization rate for a specific Property.

**Synonyms**

- Cap Rate Study

## S

**Servicer** Primary Person servicing the Mortgage Loan, including

- the originator,
- seller, or
- a third party.

**Synonyms**

- Servicers
- Servicer's

## U

**USPAP** Uniform Standards of Professional Appraisal Practice