



Fannie Mae®

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