



Multifamily Selling and Servicing Guide

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703.02B Appraised Value and Underwriting Value

Requirements

In addition to the Appraisal requirements in [Part II, Chapter 2: Valuation and Income, Section 201.02: Appraisal](#), you must:

- Include 2 separate opinions of the Appraised Value based on:
 - the Affordable Regulatory Agreement, using
 - comparable multifamily rental properties,
 - the Property's submarket, and
 - properties with similar rent or income restrictions; and
 - the Property's income and expenses without the Affordable Regulatory Agreement (e.g., market rents, occupancy, and operating expenses), using
 - comparable multifamily market rate rental properties, and
 - the Property's submarket.
- Ensure that each Appraised Value is based on a market cap rate without any upward or downward adjustment for:
 - special financing (other than adjusted cap rates for Credit Enhancement Mortgage Loans);
 - tax credit benefits; or
 - any perceived special risks or benefits associated with the Property and its Affordable Regulatory Agreement.
- Determine the appropriate Appraised Value for the Underwriting Value per [Part II, Chapter 2: Valuation and Income, Section 201: Market and Valuation](#).



Glossary

A

Affordable Regulatory Agreement

Regulatory, land use, extended use, or similar agreement or recorded restriction limiting rents, imposing maximum income restrictions on tenants, or placing other affordability restrictions on the use or occupancy of the Property (whether imposed by a government entity or self-imposed by a Borrower).

Appraisal

Written statement independently and impartially prepared by a qualified appraiser stating an opinion as to the market value of the Property as of a specific date, supported by the presentation and analysis of relevant market information.

Synonyms

- Appraisals

Appraised Value

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

Synonyms

- Appraised Values

P

Property

Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

Synonyms

- Properties
- Property'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 201: Market and Valuation.