



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of February 2, 2026

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## 703.02A Appraised Value and Underwriting Value

### Requirements

In addition to the Appraisal requirements in [Part II, Chapter 2: Valuation and Income, Section 202: Appraisal and Valuation](#), you must:

- Include 2 separate opinions of the Appraised Value based on:
  - Restricted Value from the Affordable Regulatory Agreement, using
    - comparable multifamily rental properties,
    - the Property's submarket,
    - properties with similar rent or income restrictions, and
    - any tax abatements or exemptions.
  - Unrestricted Value from 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,
    - the Property's submarket, and
    - full taxes if rental income restrictions are required by a tax abatement or exemption.
- 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); or
  - tax credit benefits.
- Determine the appropriate Appraised Value for the Underwriting Value per [Part II, Chapter 2: Valuation and Income, Section 202: Appraisal 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 per the Sponsor-Initiated Affordability Agreement ([Form 6490](#))).

### 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

### 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

## P



**P**roperty      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

**R**

**R**estricted Value      Appraised Value assuming a Property's Affordable Regulatory Agreement is in effect.

**U**

**U**nderwriting 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.

**U**nrestricted Value      Appraised Value assuming a Property's Affordable Regulatory Agreement is not in effect.