Fannie Mae®

Multifamily Selling and Servicing Guide

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TABLE OF CONTENTS

Part II Section 202.03A Appraised Value 3
GLOSSARY 5

202.03A Appraised Value

☑ Requirements

You must ensure:

- the Appraiser's engagement letter requires compliance with Instructions for Appraisers (Form 4827);
- the Appraiser provides an opinion of the market value on an "as is" basis;
- the Appraiser's opinion of the market value covers:
  - each separate Project per Part II, Chapter 1: Attributes and Characteristics, Section 103.01: Single Borrower Ownership; and
  - the aggregate market value of all Projects; and
- regardless of any allocation in the PSA, the Appraisers opinion of the market value excludes any value from any
  - Personal Property (only including fixtures if customarily valued as real estate in the market), and/or
  - Intangible Property (only including business value for Seniors Housing Properties).

You may also request the Appraiser provide an opinion of the Property's market value on an "as completed" basis, but you must only use an "as completed" value if all of the following apply:

- less than 12 months have passed between the
  - Borrower's Acquisition, and
  - Commitment Date;
- for any capital improvements completed after the Mortgage Loan Origination Date to be considered in an "as completed" value, they must be:
  - Immediate Repairs listed in the PCA; or
  - improvements identified by the Borrower, if you agree the improvements will add Property value;
- all capital improvements are included in either the
  - Completion/Repair Schedule, or
  - Rehabilitation Reserve Agreement;

- sufficient funds to complete all capital improvements are deposited into either the Completion/Repair Escrow or the Rehabilitation Reserve Account:
  - for capital improvements identified as Immediate Repairs, the funds must cover any higher funding percentage you require; and
  - for capital improvements identified by the Borrower, the funds must cover the estimated cost (including a cost overrun allowance); and
- all capital improvements must be completed within:
  - 12 months after the Mortgage Loan Origination Date, if identified by the Borrower; or
  - any shorter time period per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 405: Completion/Repairs, if listed as Immediate Repairs.

Glossary

A

Acquisition	Any Purchase of either the: • Propertys fee simple or leasehold interest via a deed transfer; or • Controlling Interest in the Borrower. **Synonyms** • Acquisitions
Appraiser	Person engaged to estimate a Propertys market value per USPAP. **Synonyms** • Appraiser's • Appraisers

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

C

Commitment	Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan. **Synonyms** • Committed • Commitments

Commitment Date	Date a Commitment is confirmed by Fannie Mae per Part IV, Chapter 2: Rate Lock and Committing, Section 204: Commitments.
Completion/Repair Escrow	Custodial Account funded on the Mortgage Loan Origination Date for Completion/Repairs or capital improvements per the Loan Documents.
Completion/Repair Schedule	The Required Repair Schedule to the Multifamily Loan Agreement (Form 6001 series) and the applicable parts of the Multifamily Loan Agreement, or other Fannie Mae-approved agreement, evidencing: • the Borrowers agreement to - fund the Completion/Repair Escrow, and - perform Completion/Repairs; and • Completion/Repair Escrow disbursement terms. **Synonyms** • Completion/Repair Schedules
Completion/Repairs	Repairs or capital item replacements and deferred maintenance: • identified per the Property Condition Assessment; and • required per the - Completion/Repair Schedule, or - Completion/Repair Agreement. **Synonyms** • Completion/Repair

G

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

I

Improvements	Buildings, structures, improvements, and alterations, including the multifamily housing dwellings, now or hereafter constructed or placed on the Property, including all fixtures (as defined in the UCC). **Synonyms** • Improvements'
Intangible Property	Business value, goodwill, and any other intangible value attributed to the Property being operated as a multifamily housing development.

L

Lease	Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent. **Synonyms** • Leases

M

Mortgage Loan	Mortgage debt obligation evidenced, or when made will be evidenced, by • the Loan Documents, or • a mortgage debt obligation with a Fannie Mae credit enhancement. **Synonyms** • Mortgage Loans • Mortgage Loan's
Mortgage Loan Origination Date	Date you fund a Mortgage Loan to the Borrower. **Synonyms** • Mortgage Loan's Origination Date • Origination Date

P

Personal Property	Furniture, fixtures, equipment, and other tangible personal property located on or used in connection with the Property.
Project	Multifamily buildings • on multiple Properties, • owned by the same Borrower, and • that comply with Part II, Chapter 1: Attributes and Characteristics, Section 103.01: Single Borrower Ownership. **Synonyms** • Projects
Property	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
Property Condition Assessment	Assessment of the Property's physical condition and historical operation. **Synonyms** • PCA • PNA • Physical Needs Assessment • PCAs

Purchase/Sales Agreement	Final fully executed purchase or sales contract or agreement (including all amendments, assignments, extensions, joinders/acknowledgements, and related documents) for an Acquisition. **Synonyms** • PSA

R

Rehabilitation Reserve Account	Custodial Account established by the Lender and funded by deposits from the Borrower per the Rehabilitation Reserve Agreement to fund the Rehabilitation Work.
Rehabilitation Reserve Agreement	Borrowers agreement to undertake identified Rehabilitation Work, the terms for funding the Rehabilitation Work, and the disbursement of funds from the Rehabilitation Reserve Account (e.g., Form 6222 or Form 4523).

S

Seniors Housing Property	Multifamily residential rental property with any combination of Independent Living, Assisted Living, Alzheimers/Dementia Care, or Skilled Nursing units. **Synonyms** • Seniors Housing • Seniors Housing Properties