



Fannie Mae®

Multifamily Selling and Servicing Guide

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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 102.01: Single Borrower Ownership](#); and
 - the aggregate market value of all Projects; and
- regardless of any allocation in the purchase/sales agreement, the Appraiser's opinion of the market value excludes any value from
 - goodwill,
 - business value (permitted for Seniors Housing Properties),
 - intangibles,
 - furniture,
 - fixtures (unless customary in the market), or
 - equipment.

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:
• Property's fee simple or leasehold interest via a deed transfer; or
• Controlling Interest in the Borrower.

Synonyms

- Acquisitions

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

Synonyms

- Appraiser's
- Appraisers

B

Borrower Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

C

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 Borrower's 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

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 Origination Date

Date you fund a Mortgage Loan to the Borrower.

Synonyms

- Mortgage Loan's Origination Date
- Origination Date

P



Project

Multifamily buildings

- on multiple Properties,
- owned by the same Borrower, and
- that comply with [Part II, Chapter 1: Attributes and Characteristics, Section 102.01: 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

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

Borrower's 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](#)).