



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of August 29, 2025

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



TABLE OF CONTENTS

Part II Section 202.03C Underwriting Value 3

GLOSSARY 5



202.03C Underwriting Value

Requirements

Your Underwriting Value must not exceed the Appraised Value, as reduced by any adjustments you deem necessary, accounting for:

- your analysis of the Property's sales history; and/or
- Property deficiencies that cannot be cured within 6 months after the Appraisal Date.

If less than 12 months have passed between the Borrower's Acquisition and the Commitment Date, your Underwriting Value must not exceed the lower of the

- Appraised Value, or
- sum of the:
 - Property's Acquisition price per the title company settlement statement, with no allocations to:
 - goodwill,
 - business value (permitted for Seniors Housing Properties),
 - intangibles,
 - furniture,
 - fixtures (unless customary in the market), or
 - equipment;
 - cost of capital improvements or repairs that increase the Property's value, if
 - completed and fully paid, or
 - sufficient funds for completion are deposited in the Completion/Repair Escrow or reserve account; and
 - actual Acquisition costs, not exceeding 3% of the Acquisition price (but excluding all costs or fees paid to a Borrower Affiliate), including:
 - Origination Fee;
 - arm's length Acquisition fee (generally 1% - 2%) paid to an unrelated Person if documented in the Settlement Statement;
 - third-party report fees;



- Borrower-paid legal fees incurred on your behalf;
- title search and title insurance fees;
- survey fees;
- real estate and stamp taxes;
- deed-recording fees; and
- credit report charges.

Guidance

Actual Acquisition costs should exclude any prepaid operating expenses or deposits applied toward future operating expenses or Property improvements, including:

- prepaid or escrowed
 - real estate taxes, or
 - insurance premiums;
- prepaid
 - utilities,
 - Mortgage Loan interest, including any interest rate buydown expense,
 - rents, or
 - security deposits;
- funded
 - Replacement Reserve (including any initial deposit),
 - Interest Rate Cap cost,
 - operating or Restabilization Reserve, or
 - Borrower-controlled Property operating or capital accounts;
- fees included in the Gross Note Rate, including any
 - Origination Fee, or
 - broker fee; and
- for an MAH Property, pre-paid Bond-related and compliance monitoring fees.



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

Affiliate

When referring to an affiliate of a Lender, any other Person or entity that Controls, is Controlled by, or is under common Control with, the Lender.

When referring to an affiliate of a Borrower or Key Principal:

- any Person that owns any direct ownership interest in Borrower or Key Principal;
- any Person that indirectly owns, with the power to vote, 20% or more of the ownership interests in Borrower or Key Principal;
- any Person Controlled by, under common Control with, or which Controls, Borrower or Key Principal;
- any entity in which Borrower or Key Principal directly or indirectly owns, with the power to vote, 20% or more of the ownership interests in such entity; or
- any other individual that is related (to the third degree of consanguinity) by blood or marriage to Borrower or Key Principal.

Synonyms

- Affiliates
- Affiliate's

Appraisal Date

Effective date of value in the Appraisal.



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

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.

G

Gross Note Rate

Interest rate stated in the Loan Documents.

I



Interest Rate Cap

Interest rate agreement between the Borrower and a provider for which the Borrower receives payments at the end of each period when the interest rate exceeds the Cap Strike Rate. The Interest Rate Cap provides a ceiling (or cap) on the Borrower's Mortgage Loan interest payments.

Synonyms

- Interest Rate Caps
- Interest Rate Hedge
- Interest Rate Hedges
- Interest Rate Swap
- Interest Rate Cap's

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

O

Origination Fee

Fee you charge the Borrower for underwriting and originating the Mortgage Loan.

Synonyms

- Origination Fees

P



Person

Legal person, including an

- individual,
- estate,
- trust,
- corporation,
- partnership,
- limited liability company,
- financial institution,
- joint venture,
- association, or
- other organization or entity (whether governmental or private).

Synonyms

- Persons
- Person's

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

Replacement Reserve

Custodial Account the Borrower funds during the Mortgage Loan term for Replacements.

Synonyms

- Replacement Reserves

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 202: Appraisal and Valuation](#).