



Fannie Mae™

Policy Update from the GSEs

AARO Conference

April 7, 2017

— DAY1 —
CERTAINTY™



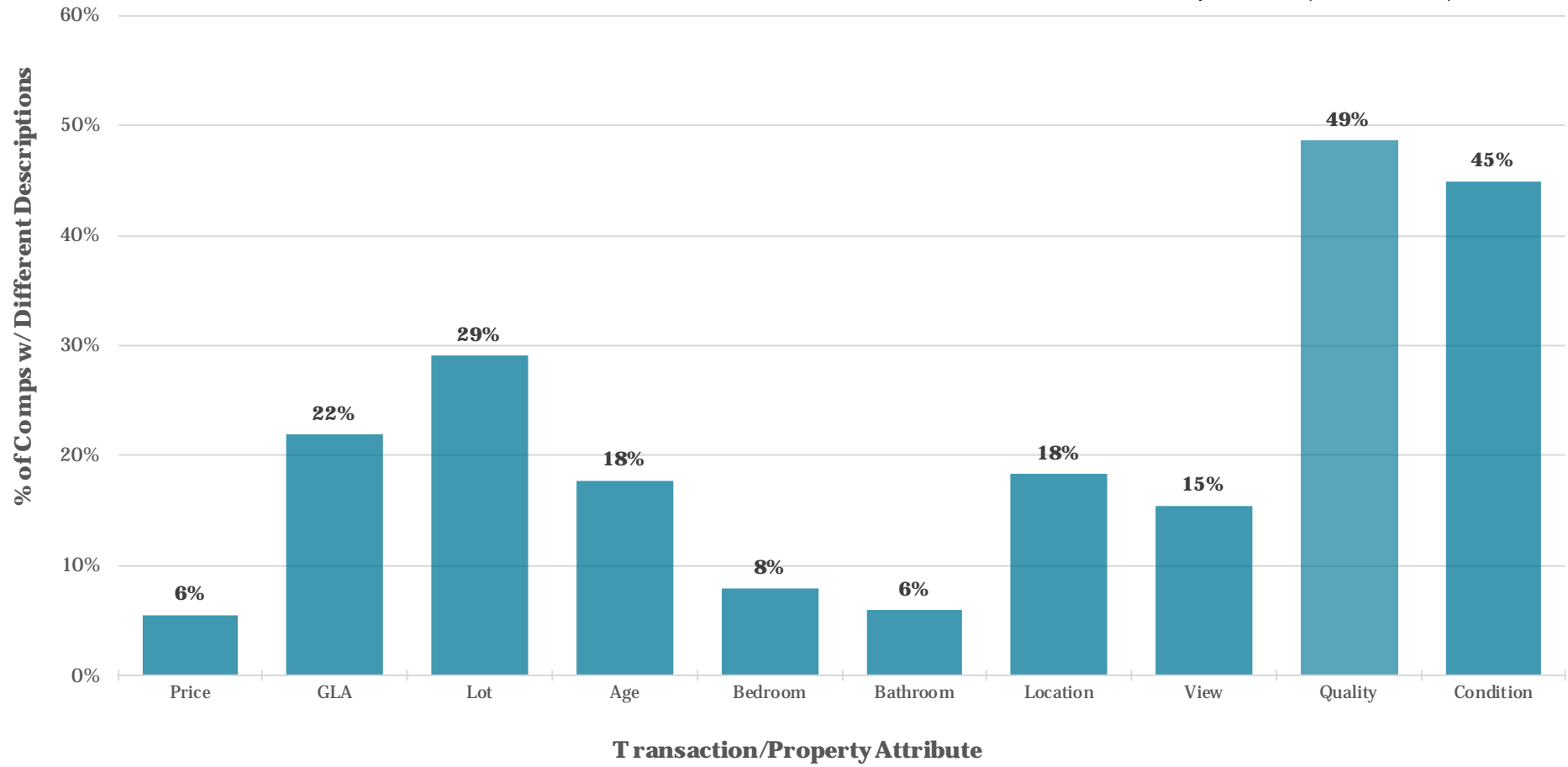
An important note about today's discussion

While every effort has been made to ensure the reliability of the session content, Fannie Mae's *Selling* and *Servicing Guides* and their updates, including *Guide Announcements* and *Release Notes*, are the official statements of Fannie Mae's policies and procedures and control in the event of discrepancies between the information in this seminar and the *Guides*.



Data Integrity

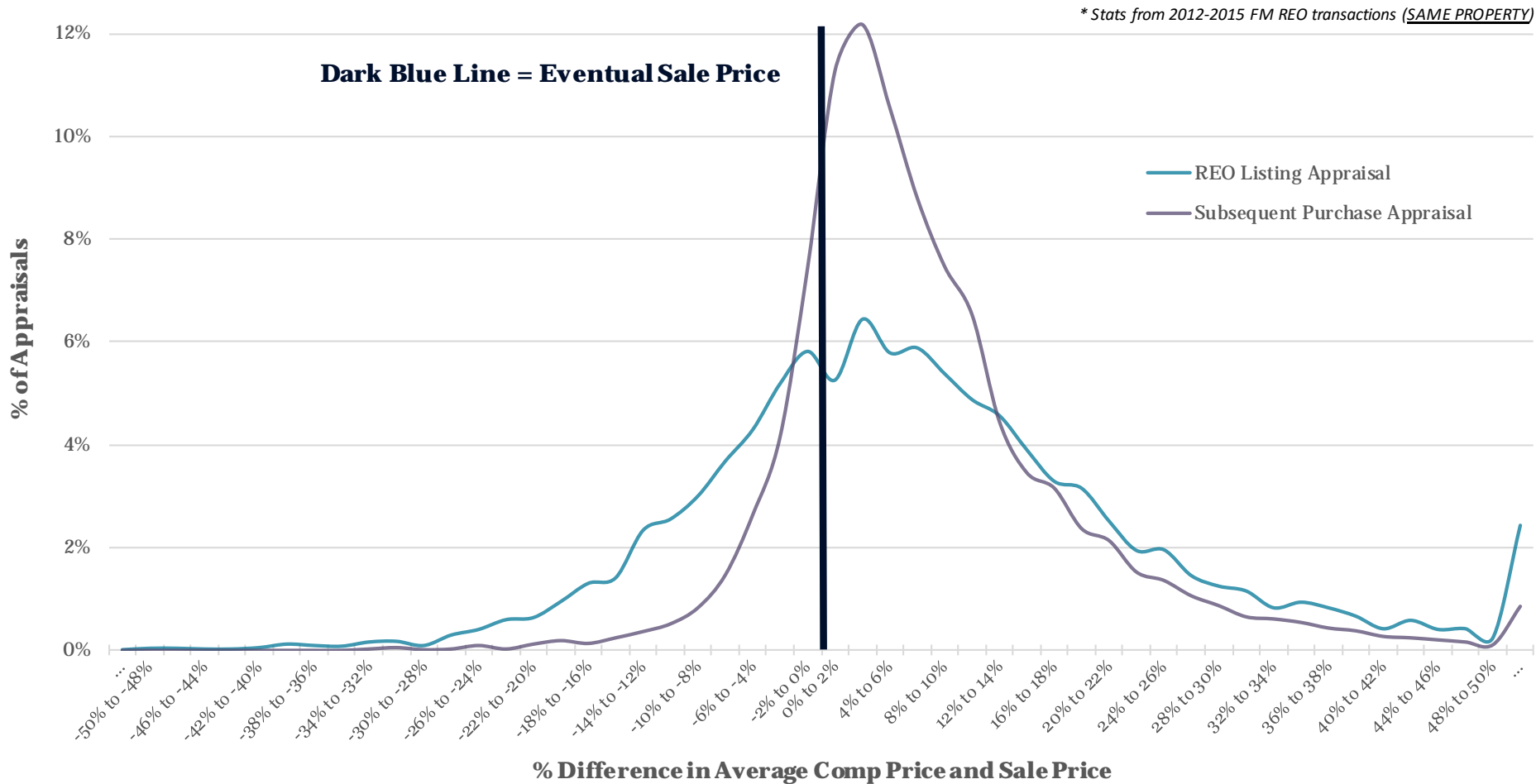
** Stats from 2015 comparables with multiple observations*



Data integrity has improved due to CU™ and AQM, but we have more work to do.



Comparable Selection

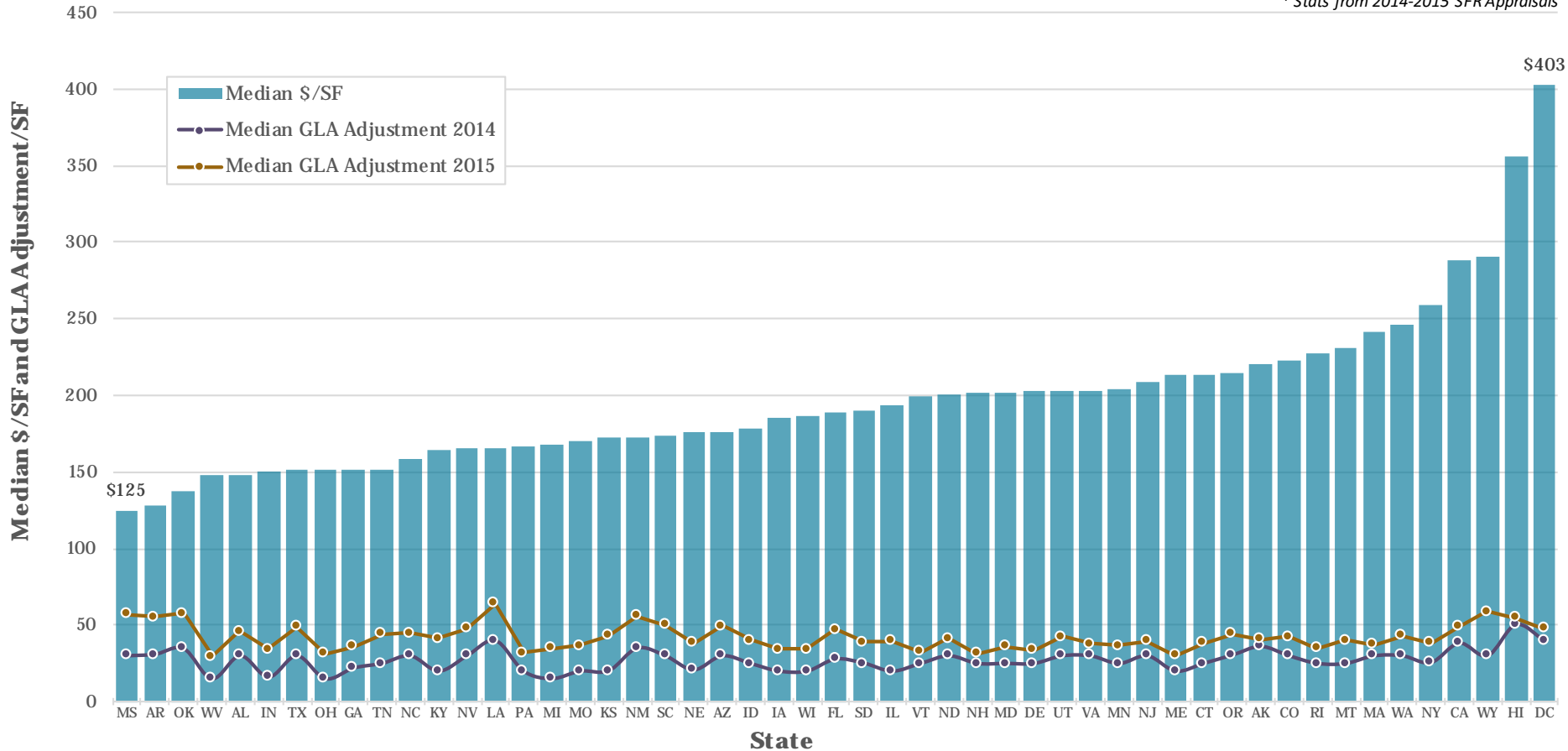


Comp selection largely varies between REO listing & subsequent purchase of same property.



Adjustments (SFR)

* Stats from 2014-2015 SFR Appraisals

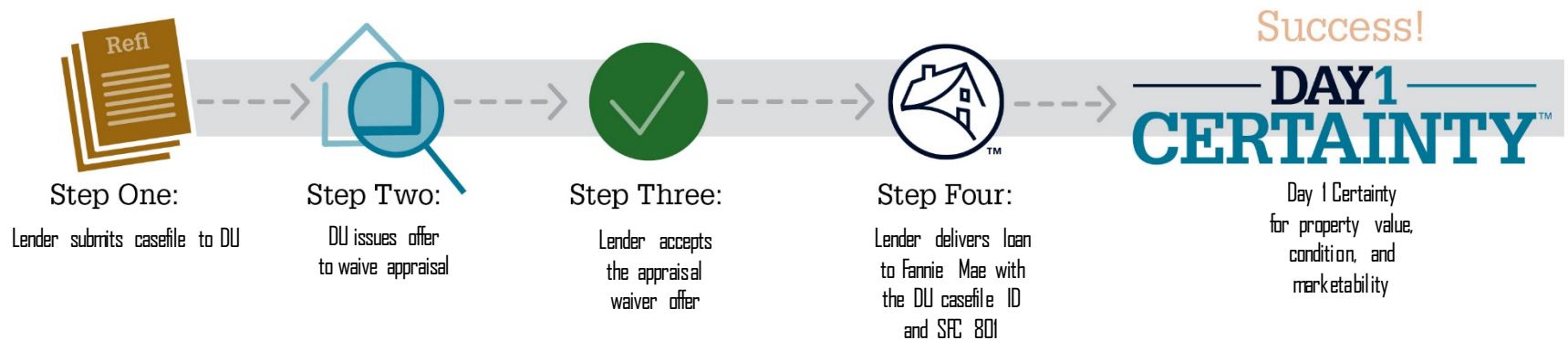


Despite improvement in the last year, GLA adjustments are still consistently near \$40 per square foot regardless of market location, property size, or price tier.



Property Inspection Waiver

DU offers to waive the appraisal for certain refi transactions.





Property Inspection Waiver - Benefits

- **Increased operational efficiencies**

The PIW can shorten the loan origination process by eliminating the need to obtain and review an appraisal on eligible refi transactions.

- **Day 1 Certainty**

Exercising a PIW offer relieves the lender from representations and warranties on the value, condition, and marketability of the property.

- **Reduced loan origination costs**

The PIW provides a lower cost alternative to an appraisal, while eliminating appraisal-related delays in the origination process.

- **Ease-of-use**

Lenders can exercise the PIW offer by providing Special Feature Code (SFC) 801 at time of loan delivery to Fannie Mae.





PIW – Eligible and Ineligible Transactions

Eligible Transactions	Ineligible Transactions
<ul style="list-style-type: none">• One-unit properties, including condominiums• Principal residence, second home, and investment property transactions• Limited cash-out refinance transactions up to a 90% LTV/CLTV for principal residences and second homes; up to 75% LTV/CLTV for investment properties• Cash-out refinance transactions up to a 70% LTV/CLTV for principal residences; up to a 60% LTV/CLTV for second homes and investment properties• Loan casefiles that receive an Approve/Eligible recommendation	<ul style="list-style-type: none">• Properties located in a disaster-impacted area• Purchase, construction, and construction-to-permanent loans• Two- to four-unit properties• Loan casefiles where the value of the subject property provided to DU is \$1,000,000 or greater• HomeStyle® mortgage products (Renovation and Energy)• DU Refi Plus™ loan casefiles*• Leasehold properties, community land trusts, or other properties with resale restrictions• Cooperative units and manufactured homes• DU loan casefiles that receive an ineligible recommendation

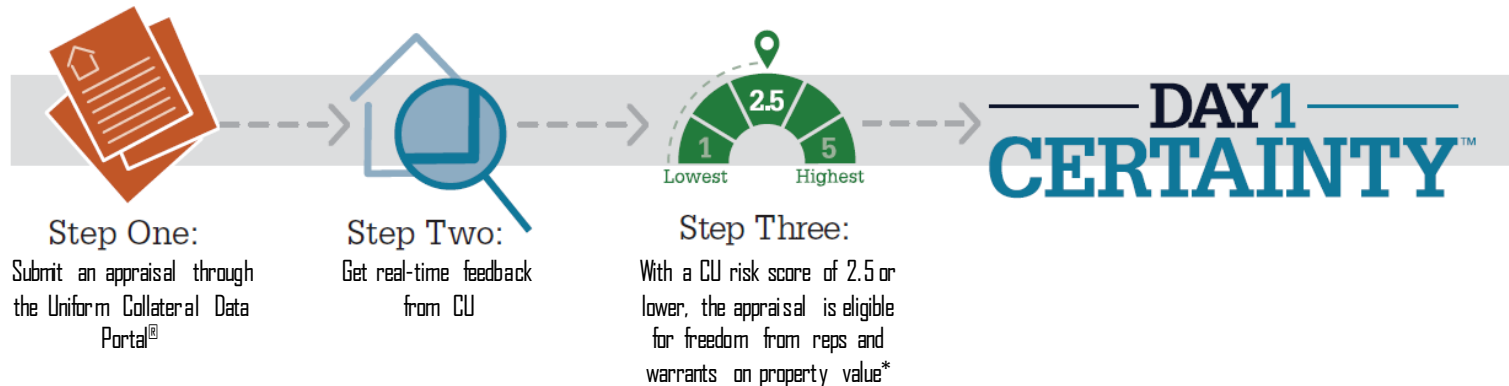
*[DU Refi Plus](#) loan casefiles will continue to be eligible for the DU Refi Plus property fieldwork waiver.





Certainty on Appraised Value

Harnessing the power of Collateral Underwriter[®] (CU[™]), Fannie Mae will offer freedom from representations and warranties related to the property value for eligible loan casefiles.





Collateral Policy Changes



Disclosure of Information to Appraisers

Previously, we required the lender to provide the appraiser with all amendments made to a sales contract, including amendments that are made after completion of the appraisal. With this update, we have clarified when the appraiser must be provided with updates to the sales contract and circumstances that warrant updates to the appraisal.

For example, if the contract is amended in a way that affects the description of the real property used by the appraiser, then the lender must provide the updated contract to the appraiser and the appraisal should be updated. However, minor updates to the contract, such as changes to seller paid closing costs or changes to the contract price, do not require an updated appraisal. In addition, we have updated the policy to require disclosure of changes to financing information (such as loan fees and charges, and subordinate financing provided by interested parties) to the appraiser only for purchase transactions.



Selling Guide Announcement SEL-2017-01

Comparables in New Projects or Subdivisions

Currently, we require the appraiser to select at least one closed sale from the subject subdivision or project and one sale from outside the subject subdivision or project when selecting comparables for the appraisal. (The third comparable can be from inside or outside the subdivision or project.) In new subdivisions or projects, compliance with this requirement may be difficult due to a lack of closed sales.

With this update, we will now accept two pending sales in lieu of one closed sale in the subject subdivision or project in the event closed sales are not yet available. When this flexibility is used, the appraiser must also provide at least three closed comparable sales from outside the subject subdivision or project.

Property Inspection by Appraiser Trainee

We have clarified our existing policy that allows an unlicensed or uncertified appraiser, or an appraiser trainee to complete the property inspection. When the unlicensed or uncertified appraiser or appraiser trainee completes the property inspection, the supervisory appraiser is not required to also inspect the property.



Appraiser Trainees (Appraiser Selection Criteria B4-1.1-03)

- Recently we clarified our long-standing policy allowing use of appraiser trainees: *the supervisory appraiser is not required to accompany the trainee on the inspection.*
- A trainee (or similar classification) may perform a significant amount of the appraisal (or the entire appraisal if qualified to do so) and sign the left side of the appraiser certification as the Appraiser if:
 - he or she is working under the supervision of a state-licensed or certified appraiser,
 - the right side of the appraiser certification is signed by that supervisor appraiser, and
 - it is acceptable under state law
- If a trainee is used, the supervisory appraiser does not need to physically inspect the subject property or comparables, but must sign the right side of the report and certify that he or she:
 - Directly supervised the appraiser (trainee),
 - Reviewed the appraisal report,
 - Agrees with statements and conclusions of the appraiser (trainee),
 - Agrees to be bound by certifications set forth in Fannie Mae's appraisal report forms, and
 - Takes full responsibility for the appraisal report.



***Selling Guide* Announcement SEL-2017-01 (cont.)**

Adjustments to an Appraisal for Sales Concessions

With this update, we have clarified that appraisers may use dollar for dollar adjustments for financing or sales concessions when such an adjustment approximates the local market's response to these types of concessions.

Effective Date


These changes and clarifications are effective immediately.

More Information

<https://www.fanniemae.com/content/announcement/sel1701.pdf>



Please Visit the CU Web Page For More Information:



LAUNCH APP

Need Help Logging In?

If account is **locked** or **deactivated** or you **forgot your user ID**, contact your Technology Manager administrator.

Reset Your Password

CU Availability

Every day, 24 hours a day, except the third Sunday each month from 12 midnight to 3 a.m. ET for monthly maintenance.

See Also: UCDP Outages

Related Links

Appraisers
Appraiser Quality Monitoring (AQM) **updated**
Uniform Appraisal Dataset (UAD)

Related Applications

Uniform Collateral Data Portal (UCDP)

Release Notes

CU Appraisal Sharing Notification | May 2016
CU V. 3.1 Release Notes | Dec. 12, 2015
CU V. 3.0 Release Notes | Sept. 26, 2015
CU V. 2.1 Release Notes | April 18, 2015

Getting Started

Collateral Underwriter Fact Sheet
Quick Tips for Managing CU Findings
Quick Guide to Data Discrepancies Video
Quick Guide to Basic Comp Selection Message Video

User Help

Collateral Underwriter User Guide

OnDemand eLearning Courses

Access the online courses below at your convenience, 24/7.

Introduction to Collateral Underwriter's Features and Benefits
Understanding CU's Risk Score, Flags, and Messages
CU User Interface Basic User Training (includes a demo and basic use cases)
CU User Interface Advanced User Training (includes a demo and advanced use cases)
CU Implementation Readiness: Tips on Implementing CU

Upcoming Webinars

Title	Date & Time	Status
Collateral Underwriter User Interface Basic Training	Click link for dates	Open

What's New

Collateral Underwriter Appraisal Sharing Functionality Mar 01, 2016

In May 2016, Fannie Mae will leverage the new UCDP appraisal-sharing solution to provide aggregators access to their correspondent's appraisal results in CU, providing aggregators greater certainty in their correspondent loan pipeline.

CU Quick Guide Videos Now Available Feb 02, 2016

New short videos (~4 min) show how to easily use the CU web application to research common messages. See "Getting Started" on this page for links to the videos.

[Show All](#)

Frequently Asked Questions

FAQs | Collateral Underwriter
FAQs | Collateral Underwriter (Users)

Guide Resources

Selling Guide | Part B (See B4-1: Appraisal Requirements and B2-3: Property Eligibility)
Lender Letter LL-2015-02: Appraisal Tools, Processes, and Policies

Registration & Account Management

To learn how to register for CU, click on the guide links below. Once registered, you can set up your password and update your personal profile via Technology Manager.

CU User Interface Registration Guide
CU Non-Seller Implementation Guide
Technology Manager for Administrators: Registration & Account Management
Technology Manager for Users: Profile & Password Management

Available Resources

- Quick Guide Videos
- Quick Tips
- eLearning Courses
- Webinar Registration
- User Guide
- FAQs

<https://www.fanniemae.com/singlefamily/collateral-underwriter>



QUESTIONS?