

APPRAISAL TASK FORCE UPDATE

Uniform Appraisal Dataset

The Uniform Appraisal Dataset (UAD) has been lurking around the halls of Fannie Mae/Freddie Mac (GSE) as part of the Uniform Mortgage Data Program for some time now. The UAD has been delayed several times but is finally going to go into effect for all Fannie Mae/Freddie Mac appraisals on September 1st. FHA/HUD has delayed implementation of the UAD for FHA appraisals until January 1st 2012. The UAD could have a profound impact on your clients both sellers and buyers.

The purpose of the UMDP is to "enhance the accuracy and quality of loan data delivered to each GSE". The UAD standardizes certain data points in the appraisal process including:

1. Standardized formats for fields that include dates, currency and other values,
2. Allowable values from a list of choices provided for certain fields
3. Standardized abbreviations to allow more information to fit on the printed appraisal forms
4. Standardized ratings and definitions for the "Condition", "Quality" and "Updated/Remodeled" status of a property.

The gathering of numerical data will eventually allow the use of more automated valuation models, scoring systems and other decision making processes that don't require appraisers or underwriters. Historically the use of such systems has resulted in unrealistic valuations and loans being denied which should have been approved.

The short term affects will most likely be longer appraisal and underwriting turnaround times and loans being denied due to lenders adopting various acceptable condition rating minimums. At this point no clear guidance has been given on what is the new "average".

The significant changes in data gathering/reporting will include changes in how Days On Market, Offering Price History, Sale Type, Financial Assistance, both monetary and non monetary, Property View, Property Style, Condition of the Property based on predefined condition categories, and whether the properties are "not updated", "updated" or "renovated" based on specific definitions for each of these terms. More detailed reporting of basement size, orientation and finished area will be required. Much of this information is not included in the MLS so appraisers will be having much more contact with listing agents and possibly property owners to gather the needed information.

To view the specific line by line appraisal requirements you may view the entire Uniform Appraisal Dataset Appendix D, at

<https://www.efanniemae.com/sf/lqi/umdp/pdf/uadappendixdfieldreqs.pdf>.