

UCDP Fannie Mae Appraisal Messaging Change Notification

May 1, 2014

Updated: July 29, 2014

July 29, 2014 Update – *The following updates are being made to this change notification:*

- Updated implementation dates are provided below

In preparation for the upcoming UCDP changes, lenders should contact their vendors for additional information on their implementation plans, timing, and testing availability.

Fannie Mae launched proprietary appraisal messages in the Uniform Collateral Data Portal® (UCDP®) in January 2013. These messages have assisted lenders in detecting data inconsistencies and improving the overall reasonableness and quality of appraisal data.

Fannie Mae plans to implement additional changes to the proprietary messages in UCDP to provide further clarity and help lenders identify potential defects early in the appraisal review process:

- In **January 2015 (previously Q4 2014 or Q1 2015)**, the severity level for 21 Fannie Mae proprietary appraisal messages that relate to eligibility violations will be modified. The severity level will change from a warning message that is automatically overridden to a hard stop that will require a lender action (a manual override or the submission of a corrected appraisal) to obtain a “Successful” submission status in the UCDP.
- In **December 2014 (previously August 9, 2014)**, numerous other Fannie Mae proprietary appraisal messages will be retired in order to focus lenders’ attention on eligibility and compliance messages, and to better align with appraisal policy. These actions are part of a broader collateral strategy to provide enhanced feedback to lenders.

Fannie Mae Appraisal Messages Requiring Lender Action

Based on Fannie Mae’s review of the eligibility and compliance appraisal messages in the UCDP, the severity status for 21 messages will be modified in January 2015 (at least 90 days’ notice will be provided before the implementation date). See Appendix A for the complete list of appraisal messages that convert from a warning message that is automatically overridden to a hard stop that will require a manual override or the submission of a corrected appraisal in UCDP.

Consistent with the process for the joint Fannie Mae and Freddie Mac manually overridable hard stops in UCDP (e.g., Hard Stop 302), lenders will receive a “Not Successful” status when one or more of the 21 appraisal messages are issued. Lenders will be required to review the Fannie Mae appraisal message(s) to verify if the information is correct as submitted or if a new or corrected appraisal is required. If the information is verified as correct and it is determined that there is no impact to loan eligibility, the lender may request a manual override and provide a reason code (a list of reason codes is provided in Appendix B) to change the submission status to a “Successful” status in UCDP.

Lenders and vendors will need to ensure appropriate testing and business process enhancements are completed to prepare for the messages to be manually overridden, if appropriate. Fannie Mae will provide a



testing window for direct integration vendors to test the override process for the proprietary messages. Lenders and vendors should work together to manage the timeliness of their own required testing.

Note that once the 21 messages become fatal in January, it is possible for the Fannie Mae submission status to differ from Freddie Mac's submission status (*Successful* vs. *Not Successful*). Vendors and lenders should ensure their business processes are designed to address these differences.

Retirement of Fannie Mae Appraisal Messages

To streamline the messaging and focus on critical eligibility and compliance policies, Fannie Mae will retire many of the existing proprietary appraisal messages in December 2014. The 44 messages that will remain in UCDP relate to policy and property eligibility. The UCDP User Guide for Fannie Mae Messaging will be updated to reflect this change. This change will not require lenders or vendors to perform additional testing.

Message Manager Appraisal Findings Report for Fannie Mae Seller/Serviceicers

Fannie Mae will continue to provide the Appraisal Findings Reports to Fannie Mae Seller/Serviceicers on a monthly basis in Message Manager. These reports will be updated to reflect the 21 messages that will change to a hard stop with a manual override option. In addition, the detailed results for the remaining appraisal messages in UCDP will continue to be available.

Currently the Appraisal Findings Reports contain a list of Critical appraisal messages. The 21 messages that will become hard stops will replace the need for a list of Critical appraisal messages, and the current list of Critical messages will be retired within the reports.

The updates to the Appraisal Findings Reports will be effective the month after the messages become hard stops in January 2015. As a reminder, the data contained in the reports is based on the appraisals submitted to UCDP in the prior month. The reports give an overview of all appraisal messages, summary information, and benchmark and trending details.

For More Information

Review the Fannie Mae [UCDP web page](#) for additional details on UCDP and the Fannie Mae proprietary appraisal messaging.

Appendix A – Fannie Mae Overridable Appraisal Messages

Message ID	Message Text	Severity	Applicable Forms
FNM0083	The sales contract was not analyzed.	Overridable	1004/2055, 1073/1075
FNM0084	There was no comment on market conditions, even though one or more negative housing trends were indicated (declining, over supply, over 6 months).	Overridable	1004/2055, 1073/1075
FNM0085	Less than three settled sales were used as comparables.	Overridable	1004/2055, 1073/1075
FNM0086	Research of prior sale was not performed.	Overridable	1004/2055
FNM0087	Research of prior sale was not performed.	Overridable	1073/1075
FNM0092	State certificate is not provided on transaction amount over \$1 million.	Overridable	1004/2055, 1073/1075
FNM0093	Appraiser license state does not match subject property state.	Overridable	1004/2055, 1073/1075
FNM0094	Supervisor license state does not match subject property state.	Overridable	1004/2055, 1073/1075
FNM0096	Illegal zoning compliance has been indicated in appraisal. Review description to verify if the property may be eligible per the Selling Guide.	Overridable	1004/2055
FNM0097	Illegal zoning compliance has been indicated in appraisal. Review description to verify if the property may be eligible per the Selling Guide.	Overridable	1073/1075
FNM0098	Present use is indicated as not highest and best use.	Overridable	1004/2055
FNM0099	Present use is indicated as not highest and best use.	Overridable	1073/1075
FNM0101	The subject property may be a hotel/motel or condo hotel.	Overridable	1004/2055, 1073/1075
FNM0102	The subject property is in a condominium project that may be ineligible for delivery to Fannie Mae.	Overridable	1004/2055, 1073/1075
FNM0174	The project name suggests that the property may be a condo hotel. Verify the subject is located in a project that meets Fannie Mae's Selling Guide requirements.	Overridable	1073/1075
FNM0176	The appraisal indicates that the subject property has legal nonconforming zoning and cannot be rebuilt to the current density. This data indicates that the property is ineligible for delivery to Fannie Mae.	Overridable	1073/1075
FNM0179	The appraisal indicates the subject property has a C6 condition rating. If the loan is not a DU Refi Plus or Refi Plus loan, the property is not eligible for delivery to Fannie Mae.	Overridable	1004/2055, 1073/1075
FNM0193	Based on the overall quality of this appraiser's work, Fannie Mae has decided to review 100% of the appraisals prepared by this appraiser for any loans delivered to Fannie Mae.	Overridable	1004/2055, 1073/1075
FNM0194	Based on the overall quality of this supervisory appraiser's work, Fannie Mae has decided to review 100% of the appraisals prepared by this appraiser for any loans delivered to Fannie Mae.	Overridable	1004/2055, 1073/1075
FNM0195	Fannie Mae will not accept appraisals from this appraiser.	Overridable	1004/2055, 1073/1075
FNM0196	Fannie Mae will not accept appraisals from this supervisory appraiser.	Overridable	1004/2055, 1073/1075

Appendix B: List of Reason Codes for Fannie Mae Overridable Messages

If the override is accepted and all other hard stops/findings have been resolved, the submission status changes from “Not Successful” to “Successful” status.

Override Reason Code Description	Comment Request
Lender has a variance from Fannie Mae.	N
Lender confirmed that the appraisal meets Fannie Mae requirements.	N
Lender confirmed that the property meets Fannie Mae requirements.	N
Lender validated that the message fired in error.	N
Other (see comments)	Y