



New Appraisal Standards Effective September 1 for Fannie Mae and Freddie Mac

It's finally happened: You've found the perfect home for your clients. Their financing is in place. But then...despite the comparables....the appraisal comes back low, threatening to ruin the whole deal.

To help make appraisals more consistent and accurate, and prevent situations like this in the future, the Federal Housing Finance Agency has directed Fannie Mae and Freddie Mac to develop the Uniform Appraisal Dataset (UAD). The UAD will (1) define what fields are required for an appraisal submission and (2) standardize both responses and definitions for certain fields.

Here are just a few of the items impacted by the new appraisal standards:

- **Days on the Market:** Days on market is now defined as the total number of continuous days. If a property is taken off the market and then relisted, the appraiser will have to count all of the days it has been listed.
- **Offering Price:** The original offering price and history of all price changes must be reported.
- **Property Style:** Appraisers must use appropriate architectural design indicators such as "Colonial," "Farmhouse," etc. Descriptions such as 1 story, 2 stories, etc are no longer acceptable.
- **Condition of the Subject Property:** An overall condition rating must be assigned from the predefined condition categories provided.
- **Quality of Construction:** The appraiser must rate the quality of construction of the subject property and all comps using a list of 6 predefined quality levels.

The UAD appraisal standards are required for all appraisals conducted on or after September 1, 2011 for conventional loans sold to Fannie Mae and Freddie Mac.

To read FAQs about the UAD appraisal standards, visit <https://www.efanniemae.com/sf/lqi/umdp/pdf/uadfaqs.pdf>.