



## Appraiser Quality Monitoring (AQM) Frequently Asked Questions

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Fannie Mae began collecting appraisal data in 2011 through the Uniform Collateral Data Portal® (UCDP®). Millions of appraisals have been submitted by lenders and their authorized agents, enabling Fannie Mae to monitor and evaluate appraisals for data accuracy and consistency. Leveraging the availability of standardized appraisal data, Fannie Mae issued [Lender Letter LL-2013-10, Appraisal Quality](#) to remind lenders of Fannie Mae's appraiser selection requirements, highlight several data quality issues, and describe new processes that Fannie Mae has implemented to identify and monitor individual appraisers. These FAQs relate to the Appraiser Quality Monitoring (AQM) process.

### Q1. What actions will Fannie Mae take with respect to specific appraisers?

Fannie Mae will provide information directly to appraisers whose appraisal reports exhibit a pattern of minor inconsistencies, inaccuracies, or data anomalies. The intent and expectation of communicating these issues to appraisers is for training and educational purposes, and to provide them with an opportunity to improve their work. Future appraisal reports from those appraisers will be monitored to assess improvement.

Fannie Mae also has developed a process to identify appraisers whose appraisal reports exhibit egregious issues. In those cases, Fannie Mae will contact the appraiser and the lender that delivered the loan(s) informing them that either 100% of the loans submitted with appraisals from the identified appraiser will be reviewed by Fannie Mae in the post-purchase file review process or Fannie Mae will no longer accept loans with appraisals completed by the specific appraiser.

### Q2. Why will Fannie Mae correspond directly with appraisers without notifying lenders?

One of our objectives is to improve the quality of appraisal data submissions. Training and educating the appraiser through targeted correspondence is expected to be an effective way to improve data quality in many instances.

### Q3. What are the implications of 100% Fannie Mae review for egregious issues?

All loans delivered to Fannie Mae that include an appraisal completed by an appraiser whose work product is subject to 100% review by Fannie Mae will be selected for a post-acquisition quality control review. Affected lenders will be notified so they can perform appropriate due diligence. If a loan is found in the post-acquisition review to be ineligible for delivery to Fannie Mae for any reason, it will be subject to the standard remedies per the *Selling Guide*, including repurchase.

This is not a refusal by Fannie Mae to accept the appraisal. We will judge each appraisal on its own merits.

As a reminder, effective for all 2013–forward acquisitions, Fannie Mae performs an initial loan eligibility assessment (approximately 150 days after delivery) using loan-level assessment tools, including technology and proprietary analytical models, to identify loan files that may merit further review. Based on the assessment, Fannie Mae may choose to conduct a more in-depth review of any aspects of loan eligibility, including the appraisal (regardless of whether the appraiser's work has been previously identified by Fannie Mae as requiring 100% review).



**Q4. Will appraisers have the opportunity to appeal or offer a rebuttal?**

Yes. Fannie Mae will offer a formal rebuttal process for appraisers whose work has been identified as requiring 100% review or whose work product is no longer acceptable to Fannie Mae. Appraisers who are sent letters initially for reports that exhibit a pattern of minor inconsistencies, inaccuracies, or data anomalies will not have a formal rebuttal process because the letter is intended for educational purposes to provide them with an opportunity to improve their work; however, the appraiser may choose to respond to the letter.

**Q5. What should an appraiser do if he or she believes that the rebuttal would violate the Confidentiality section of the Ethics Rule as set forth in the Uniform Standards of Professional Appraisal Practice (USPAP)?**

Fannie Mae expects that appraisers will be able to respond to most, if not all, Fannie Mae inquiries using publicly available information. Moreover, USPAP specifically authorizes an appraiser to disclose confidential information to “persons specifically authorized by the client [the lender],” and Fannie Mae’s *Selling Guide*, which forms part of a lender’s contract with Fannie Mae, specifically states that “All records pertaining to mortgage loans sold to Fannie Mae – including but not limited to [the property appraisal] ... are at all times the property of Fannie Mae.” (*Selling Guide* A2–5.2–01.)

If the appraiser is still concerned about divulging information to Fannie Mae, he/she should contact the lender to obtain the lender’s approval to speak to Fannie Mae about the appraisal. If the lender refuses to grant the appraiser such permission, the appraiser may request that Fannie Mae contact the lender on the appraiser’s behalf to resolve the matter. Fannie Mae will extend the timeline for the appraiser’s rebuttal as reasonably necessary to resolve this issue.

**Q6. Could the 100% review apply to appraisals submitted before the effective date of the 100% review list?**

Yes. Because Fannie Mae conducts post-purchase reviews at different times after loan acquisition, the selection of a specific appraiser for 100% review will trigger reviews of appraisals on loans that were delivered several months earlier.

For example: An appraisal is submitted to UCDP in mid September, and the loan is delivered to Fannie Mae a week later. The appraiser is selected for 100% review in early October. The loan goes through discretionary post-purchase review with other September acquisitions in January; because the appraiser is on the 100% quality control list, it is selected for appraisal review regardless of any other factors.

It should be noted that if there are patterns of egregious issues with an appraiser’s work, there is a high probability that loans delivered to Fannie Mae with appraisals by that appraiser will be selected for additional review even if the appraiser has not been placed on the 100% review list. Lenders should not consider placement of an appraiser on the 100% review list as the only trigger for further review of loans with appraisal concerns. Lenders should also be reminded of their responsibilities under the provisions of the *Selling Guide*, B4-1.1-03, Appraiser Selection.

**Q7. What will happen if a lender submits an appraisal from an appraiser for whom Fannie Mae has invoked its right to refuse to accept appraisals?**

If a lender submits an appraisal report prepared by an appraiser from whom Fannie Mae will not accept appraisals, the lender will receive a message in UCDP stating “Fannie Mae will not accept appraisals from this appraiser.” (Refer to the [Fannie Mae Appraisal Messaging Change Notification dated December 10, 2013](#) for details.)



As provided in the *Selling Guide* (Section B4-1.1), “Fannie Mae may refuse to accept appraisals prepared by specific appraisers, or Fannie Mae may notify a lender that appraisals prepared by a given appraiser are no longer accepted. When a lender is notified that appraisals from specific appraisers are no longer accepted, the lender is prohibited from delivering mortgages to Fannie Mae secured by properties appraised by that individual immediately following its receipt of Fannie Mae’s notice.”

Fannie Mae retains its ability to seek appropriate remedies, including repurchase, in the event Fannie Mae does acquire the loan.

**Q8. When appraisers are subject to 100% review, will Fannie Mae inform lenders of the reason?**

Lenders that have delivered loans to Fannie Mae supported by appraisals from that appraiser may be informed upon request to their Fannie Mae Customer Account Risk Manager of the general nature of the reason for the action. Fannie Mae encourages lenders to also conduct their own due diligence with regard to reviewing appraisers’ work.

Lenders that have not delivered loans to us with appraisals by the individual appraiser will not have access to the reasons for the 100% review action.

**Q9. Does Fannie Mae’s appraiser monitoring alter lenders’ obligations related to appraisers and appraisal quality?**

No. Lenders remain directly responsible for the selection and management of appraisers and appraisal quality, as described in the *Selling Guide*. Appraiser monitoring augments lenders’ controls but does not replace or alter lenders’ obligations. (See also Q13.)

**NOTE:** *The AQM process may not identify all issues that could lead to an appraisal-related repurchase request. The presence or absence of communications between Fannie Mae and an appraiser, or Fannie Mae and a lender, concerning the quality of appraisals submitted through UCDP does not imply that a lender has met its responsibilities under the Selling Guide regarding appraisals, or that a lender will not be required to repurchase a loan for reasons related to the appraisal or the performance of the appraiser.*

**Q10. How will a lender know if an appraiser is selected for 100% post-acquisition quality control reviews or refusal to accept?**

There are two ways that lenders may become aware of appraisers whose appraisals require 100% review or whose appraisals are no longer accepted by Fannie Mae:

- 1) Messaging in UCDP notifies lenders when they submit an appraisal from an affected appraiser (see [UCDP December 2013 Notification](#) for details).
- 2) Approved sellers/servicers have access to the AQM list identifying appraisers whose appraisals require 100% review or whose appraisals are no longer accepted by Fannie Mae. The AQM list is protected content on our business portal, and lenders may set up access through Technology Manager. For details, refer to the [AQM web page](#).

**Q11. When is the AQM list posted?**

The AQM list is posted monthly.



**Q12. If only approved seller/servicers have access to the AQM list, may the lender share that information with a service provider, such as an appraisal management company (AMC)?**

Yes. Lenders may inform service providers with which they have a business relationship, including AMCs, of the presence or absence of a specific appraiser on the list. The actual AQM list may not be distributed.

**Q13. Would it conflict with Appraiser Independence Requirements (AIR) for the lender to notify an AMC that Fannie Mae has invoked our right to refuse to accept appraisals from a specific appraiser?**

No. The implementation of our appraiser monitoring process has no impact on the AIR. Section I.B.(8) of the AIR prohibits lenders from removing an appraiser from a list of qualified appraisers in connection with influencing or attempting to influence the outcome of an appraisal; however, it does not preclude lenders from managing appraiser lists for bona fide administrative reasons based on written, management-approved policies. Notifying an AMC that Fannie Mae has invoked its right to refuse to accept appraisals from an appraiser would be an instance of managing an appraisal list for bona fide administrative reasons.

**Q14. Will Fannie Mae notify AMCs of actions taken with respect to appraisers?**

No. Fannie Mae will not notify AMCs. It is the lender's responsibility to notify any impacted third parties. (See also Q12 and Q13.)

**Q15. Will Fannie Mae report to state regulatory boards and/or law enforcement?**

Matters involving suspected fraud will be reported to Fannie Mae's Mortgage Fraud group, consistent with company policy. That group will notify state appraiser licensing boards in appropriate circumstances, and provide information to law enforcement agencies consistent with applicable rules and guidelines for reporting suspected fraud.

**Q16. Who can lenders contact with questions about appraiser quality monitoring?**

Lenders should contact their Fannie Mae Customer Account Risk Managers (CARMs) with questions about appraiser monitoring.