Automated Property Service: Frequently Asked Questions

April 2015

APS Overview

Q1: What is Fannie Mae’s Automated Property Service (APS)

Fannie Mae’s Automated Property Service (APS) is an automated property assessment service that provides three report types for a user:

1. A property’s predicted value with confidence score;
2. The property fieldwork required for the loan to be delivered to Fannie Mae as well as a Property Inspection Waiver (PIW) (if available); and
3. A combined report with both the property’s predicted value with confidence score as well as a property fieldwork required for the loan to be delivered to Fannie Mae and/or a Property Inspection Waiver (if available).

Additionally, a Prior Sales History report may be requested with any of these reports.

APS is a stand-alone property assessment tool separate from Desktop Underwriter® (DU®). APS returns unbiased property values that reflect the predicted value of a property as of the date that the request is submitted. When using APS, lenders have access to one of the largest property valuation databases and the benefits of Fannie Mae’s extensive in-house modeling expertise.

Q2: In what areas of a lender’s business might APS be implemented?

APS can be easily implemented in the following areas of a lender’s business:

- Point of sale – to receive excessive value and rapid appreciation messaging cautioning a lender against potentially inflated property valuations when fieldwork is ordered.
- Origination – to obtain the property fieldwork required for a loan to be eligible for delivery to Fannie Mae; and to reduce processing costs and time to close a loan when exercising a PIW.
- Post-funding Quality Control – to lower your quality control administrative costs by helping to ensure that reported property values are reasonable.
- REO – to provide predicted values for foreclosed properties held in portfolio.
- Portfolio retention – to assist in streamlining the refinance process for existing customers when exercising a PIW.

**NOTE:** APS may not be used to establish the valuation to be reported to Fannie Mae in the Loan Schedule or Schedule of Mortgages.

Q3: How do lenders access APS?

Lenders that are Fannie Mae Seller/Servicers and that have completed the APS registration process may access APS either via FannieMae.com or through direct integration to their loan origination systems.
APS Predicted Value and Confidence Score

Q4: What is the APS predicted value and confidence score?

The APS predicted value, generated when the APS request is submitted, is an estimate of the property value that is calculated using Fannie Mae’s property valuation modeling techniques.

The APS confidence score is a product of Fannie Mae’s valuation and prediction process. The confidence score is derived from the amount, quality, and timing of information that Fannie Mae has for a particular property. It is a rank-ordered measure, which ranges from 1 to 5, where 1 is the highest level of confidence that Fannie Mae can assign.

For example, APS may give a confidence score of 1 for a property for which there are recent tax and sales records. Alternatively, APS may give a confidence score of 5 on a property if the last sales record dates back several years and the property is located in a county for which there is no tax record in the database.

Q5: What data elements do lenders provide to obtain a predicted value with confidence score in APS?

The complete property address is required to obtain the predicted value with confidence score in APS.

Q6: Does APS use borrower credit data to provide the value?

No. APS requires only a property address to generate the predicted value with confidence score. However, if a lender is requesting the property fieldwork required for the loan to be delivered to Fannie Mae or is seeking a PIW offer, the lender must enter certain key data elements related to the property, borrower (for example, credit score), and loan characteristics.

**NOTE:** APS does not pull a borrower's credit report.

Q7: Can APS provide a predicted value with confidence score for all properties?

No. While APS has national coverage with one of the largest property valuation databases in the industry, including more than 3,000 counties in all 50 states and the District of Columbia, APS is not able to provide a predicted value with confidence score for all properties. The APS property database consists of only single family properties and does not include multi family properties.

Q8: Can the predicted value with confidence score change from one submission to another when APS is analyzing the same property?

Yes. Fannie Mae regularly refreshes its database information to ensure that APS predicted values are as up-to-date as possible. Because the database is updated frequently, valuations may change upon resubmission of a casefile.

Q9: Can the APS predicted value with confidence score report be used instead of an appraisal for delivery to Fannie Mae?

No. An APS predicted value with a confidence score complements the lender’s current use of appraisals. By using the predicted value with confidence score along with an appraisal, lenders can improve their confidence in the value of the property established by the appraiser.
Q10: Why is an appraisal required if the confidence score is 1?

The predicted value with confidence score is generated using only the property address; it does not take into consideration any of the details of the loan transaction. In determining whether to offer a PIW and/or the property fieldwork that the lender must perform in order for the loan to be delivered to Fannie Mae, APS assesses the reasonableness of the property sales price (or the lender’s estimated value for a refinance transaction) in conjunction with the details of the transaction.

Q11: Does the appraised value have to equal the predicted value provided by APS?

No. The predicted value is an objective statement of value independent of the actual appraisal.

APS Property Fieldwork Responses

Q12: What are APS property fieldwork responses?

APS provides the property fieldwork that must be performed for a loan to be delivered to Fannie Mae, based on the property type. APS will provide a message with one of the property fieldwork documentation types listed:

- Uniform Residential Appraisal Report (Form 1004)
- Individual Condominium Unit Appraisal Report (Form 1073)
- Individual Cooperative Interest Appraisal Report (Form 2090)
- Manufactured Home Appraisal Report (Form 1004C)
- Small Residential Income Property Appraisal Report (Form 1025)

In addition, certain loan casefiles may receive a separate message indicating that the loan casefile is eligible for a PIW. PIW is an offer to waive the property fieldwork otherwise required by APS for certain lower risk transactions for a fee. If this waiver offer is not exercised, the lender must obtain the property fieldwork provided by APS for the loan to be eligible for delivery to Fannie Mae.

Q13: What data elements do lenders need to provide to obtain the property fieldwork response within APS?

To obtain the property fieldwork response within APS, lenders need to provide certain key borrower and transaction data elements. These include, but are not limited to property address, number of units, property type, occupancy type, combined loan to value, loan amount, and credit score.

Q14: Does APS pull a credit report to obtain the borrower’s credit score?

No. APS relies on the user to enter the borrower’s credit score obtained from a credit agency. Fannie Mae recommends obtaining at least two credit scores for each borrower. Select a single applicable score for each borrower. When two credit scores are obtained, choose the lower score. When three scores are obtained, choose the middle score. If two of the three scores are the same, choose the middle of the three scores. For example: 700, 680, 680 = 680; 700, 700, 680 = 700. If there is only one borrower, the single applicable score used to underwrite that borrower is the representative credit score for the mortgage. If there are multiple borrowers, determine the applicable credit score for each
individual borrower and select the lowest applicable score from the group as the representative credit score for the mortgage.

Q15: Does the lender need to submit a loan casefile to DU before submitting it to APS?
No. APS is a stand-alone tool that is offered independent of DU.

Q16: Will the APS Prior Sales History Report show ALL the property transfers on a particular property?
The APS Prior Sales History Report is designed to list the date of the prior sales and the sale amounts for up to five property transfers for the subject property since 1985. However, the report may not include all (or any) transfers since 1985 of the subject property.

Q17: Does Fannie Mae offer representation and warranty relief on the property fieldwork required for the loan to be delivered to Fannie Mae?
Representation and warranty relief on the value, marketability, and condition of the property is extended only when a PIW is offered on the last/final submission of the loan casefile to APS and the lender exercises the waiver by delivering the loan to Fannie Mae with the APS casefile ID and SFC 801. There is a fee associated with exercising this waiver. As with all other loans delivered to Fannie Mae, loans for which the PIW is exercised must be delivered with standard documentation as specified in the Fannie Mae Selling Guide.

Q18: Which transactions are eligible for consideration for PIW?
The following transactions are eligible for a PIW:

- One-unit properties;
- Purchase money and limited cash-out refinance transactions; and
- Primary residences, second homes, and investment properties.

When determining PIW eligibility, DU and APS will apply the maximum allowable loan-to-value (LTV) ratios consistent with limits published in the Selling Guide, though PIW will not be offered on LTVs greater than 80% in DU or APS.

When determining PIW eligibility, DU and APS will apply the maximum allowable combined loan-to-value ratios (CLTV) consistent with limits published in the Selling Guide, though PIW will not be offered on CLTVs greater than 80% in DU or APS.

Cash-Out refinances, condominiums, leasehold properties, cooperative units, manufactured homes, construction-permanent transactions, construction transactions, high-balance mortgage loans, two- to four-unit properties, and DU loan casefiles that receive an Ineligible recommendation are not eligible for a PIW.

Q19: How does a lender know if a PIW is offered on a loan casefile?
Loan casefiles that are eligible for PIW will receive two fieldwork messages:

- One message indicating the availability of the PIW (see message text below); and
- A second message indicating that the lender will need to obtain an appraisal with an interior and exterior property inspection if the lender chooses not to exercise the PIW when delivering the loan to Fannie Mae.
For lenders using APS and requesting a property fieldwork response, the following message will be displayed when a loan receives a PIW offer:

_The Fannie Mae Automated Property Service (APS) accepts the value submitted as the market value for this subject property. This loan is eligible for delivery to Fannie Mae without an appraisal if the Property Inspection Waiver is exercised by the lender at the time of loan delivery to Fannie Mae. To exercise this Property Inspection Waiver and be eligible for representation and warranty relief on the value, condition and marketability of the subject property, Special Feature Code 801 and the Casefile ID must be included in the loan delivery file. A fee will be charged for this waiver. If the waiver is not exercised, an appraisal based on an interior and exterior property inspection reported on Form 1004 is required for this transaction._

**Example:** A lender submits a loan casefile to APS and receives a message indicating the availability of a PIW and a message indicating the need for an appraisal based on an interior and exterior property inspection on Form 1004. The lender can either (a) obtain the interior and exterior appraisal on Form 1004 or (b) exercise the PIW for a fee.

**Q20: What is the process for exercising a PIW offer received in APS?**

The method for exercising a PIW on an eligible loan casefile is to deliver the loan to Fannie Mae with SFC 801 along with the applicable APS casefile ID reported on the Loan Schedule or Schedule of Mortgages.

**Q21: If a lender receives a PIW offer on a loan casefile, are there situations in which the lender would still need to obtain an appraisal?**

Yes. There may be certain situations in which the lender needs to obtain an appraisal, even though APS offered a PIW on the loan casefile.

Examples of when an appraisal would need to be obtained include the following:

- When the lender has reason to believe that fieldwork is warranted based on additional information obtained about the property or subsequent events such as a hurricane or other natural disaster, or based on additional information provided by APS regarding the subject property and/or loan casefile.

- Another example would be for purchase transactions where the borrower is purchasing an REO property, or where the property has been in foreclosure at any time in the 12 months prior to the loan application date.

- A third example would be when the lender is required by law to obtain an appraisal.

When an appraisal is obtained, the PIW may not be exercised and the loan cannot be delivered with Special Feature Code 801.

**Q22: If a lender obtains an appraisal or property inspection and also receives a PIW offer from APS, may the lender exercise the PIW?**

No. If a lender obtains an appraisal and also receives a PIW offer, the PIW may not be exercised and the loan cannot be delivered with Special Feature Code 801.
Q23: If a mortgage insurance (MI) provider requires that the lender obtain an appraisal based on an interior and exterior property inspection, but the loan casefile was eligible for a Property Inspection Waiver, could the lender exercise the PIW and receive the limited waiver of property-related representations and warranties?

No. If a mortgage insurance provider requires an appraisal for the transaction, the lender must comply with the MI provider’s requirements. When a lender obtains an appraisal and also receives a PIW offer, the PIW may not be exercised and the loan cannot be delivered with Special Feature Code 801 (as stated in Q22).

Q24: The policy guidelines for refinance transactions in Announcement 08-22 require lenders to confirm that the subject property is not currently listed for sale. As the lender typically relies on the appraiser to provide it with this information, when the loan casefile receives the Property Inspection Waiver message and an appraisal is not obtained, does the lender need to contact an appraiser to obtain this information?

If an appraisal is not obtained, as an acceptable alternative to contacting an appraiser, the lender may obtain a signed affidavit from the borrower at the time of the loan application disclosing how long the borrower has owned the property, and stating that the property is not currently listed for sale.

Q25: Could APS provide a PIW offer on a casefile that DU would not? Or vice versa?

Yes. The PIW offers could differ because DU has underwriting eligibility information that could affect the PIW offer.

Additional Information

Q26: Are there occasions when the lender needs to resubmit the loan to APS to ensure salability to Fannie Mae?

Yes. A lender will need to resubmit a loan to APS to ensure salability to Fannie Mae when (a) a property fieldwork response has been requested and key data elements of the transaction have changed – such as the property address, occupancy, transaction type, loan amount, CLTV, and FICO® score; or (b) the loan has not closed within four months of receiving a PIW offer.

NOTE: Upon resubmission of the loan data, the loan casefile may or may not receive a PIW offer.

For additional information, please contact your Fannie Mae account team.