

## UCDP Fannie Mae Appraisal Messaging Change Notification

November 18, 2014

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 more information and help lenders identify potential defects during the appraisal review process:

- On January 26, 2015, Fannie Mae will introduce an **appraisal risk score, flags, and new messages** in UCDP from **Collateral Underwriter™ (CU™)**, a new proprietary appraisal risk assessment application developed by Fannie Mae to support proactive management of appraisal quality.
- Also on January 26, 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.
- On December 13, 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.

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

### New Collateral Underwriter Risk Score, Flags, and Messages

Beginning January 26, CU will perform an automated risk assessment of appraisals submitted to Fannie Mae through UCDP and will return a CU risk score, flags, and messages on the Fannie Mae Findings tab in UCDP, in the Submission Summary Report (SSR), and via direct integration.

Lenders may use the CU risk score to segment appraisals by risk profile, resulting in more efficient resource allocation, workflow management, and collateral risk management processes. The score will be provided in message ID FNM1000 and will be based on CU’s automated assessment on a scale of 1.0 (lowest risk) to 5.0 (highest risk). If a CU risk score cannot be generated on a 1004 or 1073 appraisal form, a “999” will be returned and a message in the FNM09XX series will provide more specific information about why the appraisal could not be scored. Some “999” messages can be resolved (for example, if there is a simple data entry error). CU risk scores and messages will not be returned for other form types.

Individual risk flags, if present, identify factors contributing to high risk scores: quality issues, overvaluation, and/or property eligibility or policy compliance violations.

Detailed messaging directs reviewers to specific aspects of the appraisal report that may warrant further attention. In addition to property eligibility and compliance, CU analyzes key appraisal components including data integrity, comparable selection, adjustments, and reconciliation. See Appendix A for the complete list of CU messages. Additional information on CU risk scores is available on the FannieMae.com [CU page](#).

**NOTE:** *The CU risk score, risk flags, and messages do not affect the UCDP submission status. Messages are warnings that are intended to alert users to potential issues and do not need to be “cleared,” but lenders are responsible for determining whether further action is required.*

For in-depth analysis, Fannie Mae will provide access to the CU web interface for Fannie Mae Sellers and their correspondent customers beginning in the first quarter of 2015.

## 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 on January 26. See Appendix B for the complete list of appraisal messages that will 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 C) to change the submission status to a “Successful” status in UCDP.

The failure rate for the 21 messages is small, but 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:** *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 that their systems can collect different submission status codes for each GSE (if applicable) and that their business processes address the 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 on December 13. 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/Serviceers

Fannie Mae will continue to provide the Appraisal Findings Reports to Fannie Mae Seller/Serviceers on a monthly basis in Message Manager. As a reminder, the data contained in the reports is based on the appraisals submitted to UCDP in the prior month. The reports provide an overview of all appraisal messages, summary information, as well as benchmark and trending details.

These reports will be updated in 2015 to reflect the 21 messages that will change to a hard stop with a manual override option (the date and other details for the report updates will be provided as they become available). 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 in the reports.

### For More Information

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

## Appendix A – Collateral Underwriter Appraisal Messages

Message ID	Message Text	Severity	Applicable Forms
FNM0401	The appraiser has reported materially different sale price(s) in one or more appraisal reports.	Warning	1004/1073
FNM0402	The reported comparable sale price is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0403	The appraiser has reported materially different GLA(s) in one or more appraisal reports.	Warning	1004/1073
FNM0404	The reported GLA is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0405	The appraiser has reported materially different lot size(s) in one or more appraisal reports.	Warning	1004/1073
FNM0406	The reported lot size is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0407	The appraiser has reported materially different above-grade bathroom count(s) in one or more appraisal reports.	Warning	1004/1073
FNM0408	The reported above-grade bathroom count is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0409	The appraiser has reported materially different above-grade bedroom count(s) in one or more appraisal reports.	Warning	1004/1073
FNM0410	The reported above-grade bedroom count is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0411	The appraiser has reported materially different age(s) in one or more appraisal reports.	Warning	1004/1073
FNM0412	The reported property age is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0413	The appraiser has reported materially different below-grade area(s) in one or more appraisal reports.	Warning	1004/1073
FNM0414	The reported total below-grade area is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0415	The appraiser has reported materially different finished basement area(s) in one or more appraisal reports.	Warning	1004/1073
FNM0416	The reported finished basement area is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0417	The appraiser has reported a materially different location in one or more appraisal reports.	Warning	1004/1073
FNM0418	The location rating is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0419	The appraiser has reported materially different view(s) in one or more appraisal reports.	Warning	1004/1073
FNM0420	The view rating is materially different than what has been reported by other appraisers.	Warning	1004/1073

Message ID	Message Text	Severity	Applicable Forms
FNM0421	The appraiser has reported a materially different quality in one or more appraisal reports.	Warning	1004/1073
FNM0422	The quality rating is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0423	The appraiser has reported a materially different condition in one or more appraisal reports.	Warning	1004/1073
FNM0424	The condition rating is materially different than what has been reported by other appraisers.	Warning	1004/1073
FNM0428	The reported finished basement area is materially different than what has been reported by other appraisers, but the total living area is consistent.	Warning	1004/1073
FNM0429	The appraiser has reported a materially different finished basement area in one or more appraisal reports, but the total living area is consistent.	Warning	1004/1073
FNM0430	The sale price is significantly different than what has been reported by any other appraiser.	Warning	1004/1073
FNM0431	The GLA is significantly different than what has been reported by any other appraiser.	Warning	1004/1073
FNM0432	The lot size is significantly different than what has been reported by any other appraiser.	Warning	1004/1073
FNM0433	The condition rating is significantly different than what has been reported by any other appraiser.	Warning	1004/1073
FNM0434	The quality rating is significantly different than what has been reported by any other appraiser.	Warning	1004/1073
FNM0435	The location rating is significantly different than what has been reported by any other appraiser.	Warning	1004/1073
FNM0436	The view rating is significantly different than what has been reported by any other appraiser.	Warning	1004/1073
FNM0437	The reported total living area for the subject is materially different than what has been reported in another appraisal of the same subject.	Warning	1004/1073
FNM0438	The reported total bedroom count for the subject is materially different than what has been reported in another appraisal of the same subject.	Warning	1004/1073
FNM0439	The reported total bathroom count for the subject is materially different than what has been reported in another appraisal of the same subject.	Warning	1004/1073
FNM0440	The reported lot size for the subject is materially different than what has been reported in another appraisal of the same subject.	Warning	1004/1073
FNM0441	The reported year built for the subject is materially different than what has been reported in another appraisal of the same subject.	Warning	1004/1073
FNM0442	The location rating for the subject is materially different than what has been reported in another appraisal of the same subject.	Warning	1004/1073
FNM0443	The view rating for the subject is materially different than what has been reported in another appraisal of the same subject.	Warning	1004/1073

Message ID	Message Text	Severity	Applicable Forms
FNM0444	The quality rating for the subject is materially different than what has been reported in another appraisal of the same subject.	Warning	1004/1073
FNM0445	The condition rating for the subject is materially different than what has been reported in another appraisal of the same subject.	Warning	1004/1073
FNM0446	The subject was excluded from data discrepancy computations due to a missing unit number.	Warning	1004/1073
FNM0483	The condition rating of "C1" conflicts with the reported age.	Warning	1004/1073
FNM0484	The condition rating of "C1" conflicts with the reported age.	Warning	1004/1073
FNM0485	The condition rating of "C2" conflicts with the reported age.	Warning	1004/1073
FNM0486	The condition rating of "C2" conflicts with the reported age.	Warning	1004/1073
FNM0487	The condition rating of "C3" conflicts with the reported age.	Warning	1004/1073
FNM0488	The condition rating conflicts with the reported age (condition rating is likely "C1").	Warning	1004/1073
FNM0489	The condition rating conflicts with the reported age (condition rating is likely either "C1" or "C2").	Warning	1004/1073
FNM0490	The condition rating conflicts with the reported age (condition rating is likely "C1").	Warning	1004/1073
FNM0491	The condition rating conflicts with the reported age (condition rating is likely either "C1" or "C2").	Warning	1004/1073
FNM0501	The appraised value is above the range of adjusted comparable sale prices provided by the appraiser.	Warning	1004/1073
FNM0502	The appraised value is below the range of adjusted comparable sale prices provided by the appraiser.	Warning	1004/1073
FNM0503	The appraised value is above the range of unadjusted comparable sale prices provided by the appraiser.	Warning	1004/1073
FNM0504	The appraised value is below the range of unadjusted comparable sale prices provided by the appraiser.	Warning	1004/1073
FNM0505	The appraised value is near the maximum adjusted comparable sale value with support from only that comparable sale.	Warning	1004/1073
FNM0506	The appraised value is near the minimum adjusted comparable sale value with support from only that comparable sale.	Warning	1004/1073
FNM0603	<Feature(s)> adjustment(s) is (are) in the wrong direction.	Warning	1004/1073
FNM0606	The GLA adjustment is larger than peer and model adjustments.	Warning	1004/1073
FNM0607	The GLA adjustment is smaller than peer and model adjustments.	Warning	1004/1073

Message ID	Message Text	Severity	Applicable Forms
FNM0610	The appraiser's wide range of adjusted values indicates potentially inadequate adjustment.	Warning	1004/1073
FNM0611	The lot size adjustment is materially different from peer and model adjustments.	Warning	1004/1073
FNM0612	The lot size adjustment is materially different from peer and model adjustments.	Warning	1004/1073
FNM0613	The condition adjustment is larger than peer and model adjustments.	Warning	1004/1073
FNM0614	The condition adjustment is smaller than peer and model adjustments.	Warning	1004/1073
FNM0615	The quality adjustment is larger than peer and model adjustments.	Warning	1004/1073
FNM0616	The quality adjustment is smaller than peer and model adjustments.	Warning	1004/1073
FNM0617	The view adjustment is materially different from peer and model adjustments.	Warning	1004/1073
FNM0618	The view adjustment is materially different from peer and model adjustments.	Warning	1004/1073
FNM0619	The location adjustment is materially different from peer and model adjustments.	Warning	1004/1073
FNM0620	The location adjustment is materially different from peer and model adjustments.	Warning	1004/1073
FNM0630	The appraiser's negative net adjustment indicates the comparable is materially superior to the subject, but the appraised value of the subject is materially higher.	Warning	1004/1073
FNM0631	The appraiser's positive net adjustment indicates the comparable is materially inferior to the subject, but the appraised value is materially lower.	Warning	1004/1073
FNM0640	The appraiser's net adjustments for the comparable sales are materially different from the model net adjustments.	Warning	1004/1073
FNM0797	The appraiser-provided comparables are materially different than the model-selected comparables.	Warning	1004/1073
FNM0801	The address is the same as the subject or one of the other comparables.	Warning	1004/1073
FNM0802	The raw USPS ZIP code data is invalid.	Warning	1004/1073
FNM0803	The property address cannot be geocoded.	Warning	1004/1073
FNM0804	The reported property value is outside the typical range (\$10,000 - \$10,000,000) and may be erroneous.	Warning	1004/1073
FNM0805	The reported sale date is invalid.	Warning	1004/1073
FNM0806	The reported property age may be erroneous.	Warning	1004/1073

Message ID	Message Text	Severity	Applicable Forms
FNM0807	The reported GLA may be erroneous.	Warning	1004/1073
FNM0808	The reported above-grade full bathroom count may be erroneous.	Warning	1004/1073
FNM0809	The reported above-grade half bathroom count may be erroneous.	Warning	1004/1073
FNM0810	The reported above-grade bedroom count may be erroneous.	Warning	1004/1073
FNM0811	The reported lot size may be erroneous.	Warning	1004/1073
FNM0812	The reported total below-grade area may be erroneous.	Warning	1004/1073
FNM0813	The reported finished basement area exceeds the reported total below-grade area.	Warning	1004/1073
FNM0814	The appraisal has fewer than 3 closed sale comps.	Warning	1004/1073
FNM0815	The appraisal's effective date is invalid.	Warning	1004/1073
FNM0816	The reported condition rating is outside of the model range (1-5).	Warning	1004/1073
FNM0817	The reported quality rating is outside of the model range (1-5).	Warning	1004/1073
FNM0818	The reported location rating is invalid.	Warning	1004/1073
FNM0819	The reported view rating is invalid.	Warning	1004/1073
FNM0820	The appraised value is suspected to have a data entry error.	Warning	1004/1073
FNM0821	The unadjusted sale price is significantly different than the appraised value.	Warning	1004/1073
FNM0822	The net adjustment is erroneous.	Warning	1004/1073
FNM0901	The appraisal report contains multiple data errors. No CU Risk Score available.	Warning	1004/1073
FNM0902	A subject attribute is not covered by the model. No CU Risk Score available.	Warning	1004/1073
FNM0903	The subject address cannot be geocoded. No CU Risk Score available.	Warning	1004/1073
FNM0904	The subject's location is not covered by the model. No CU Risk Score available.	Warning	1004/1073
FNM0906	Fewer than 3 appraiser-provided comparables can be geocoded. No CU Risk Score available.	Warning	1004/1073



Message ID	Message Text	Severity	Applicable Forms
FNM0908	Due to multiple data problems, an insufficient number of appraisal comparable sales exists for risk assessment. No Collateral Underwriter Risk Score available.	Warning	1004/1073
FNM0999	An unknown error has occurred. No Collateral Underwriter Risk Score available.	Warning	1004/1073
FNM1000	The Collateral Underwriter Risk Score is <#> on a scale of 1 to 5 where 5 indicates highest potential collateral risk. A score of 999 indicates no Collateral Underwriter Risk Score available.	Warning	1004/1073
FNM1002	There is a heightened risk of appraisal quality issues.	Warning	1004/1073
FNM1004	There is a heightened risk of overvaluation.	Warning	1004/1073
FNM1006	There is a heightened risk of Property Eligibility and/or Policy Compliance violations on this appraisal.	Warning	1004/1073
FNM1093	The CU Analysis could not be performed.	Warning	1004/1073
FNM1095	The CU analysis could not be performed. Only appraisals submitted on form 1004 or 1073 in UAD format are analyzed by CU.	Warning	1004/1073
FNM1096	The CU Analysis could not be performed.	Warning	1004/1073

## Appendix B – 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 C: 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