



# Appraiser Update

*Periodic updates for residential appraisers serving Fannie Mae lender customers*



Since our last edition, we've announced several significant changes to our appraisal and property eligibility policies. We retired our requirement for Form 1004MC and rebranded our appraisal waiver program. Working with the manufactured housing industry, we introduced a new manufactured housing option, MH Advantage™. We also updated our policy on manufactured homes with additions. Last but not least, our updated condo project standards greatly simplified a complex subject.

We appreciate the engagement with appraisers through our new mailbox launched in April. You'll find a breakdown of the types of questions we've received from you in this newsletter. Let's keep the conversation going!

Collateral Policy & Strategy Team  
Fannie Mae

## In this issue

Hot Topics	2
Appraisal Policy Updates	2
Engagement Update	3
Rural Round Up	4
Upcoming Events	4
Seeking Experts	4
Connect with Us!	4
Resources	4

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## Hot Topics

### Fannie Mae No Longer Requires Form 1004MC

By now we hope you've heard that we removed the requirement that Form 1004MC be included with appraisal reports. While many appraisers have breathed a collective sigh of relief, it's important to note that this policy update does not relieve appraisers of reporting market conditions.

Appraisers remain responsible for researching, analyzing, and reporting market conditions. This information should be summarized in the Neighborhood section of our appraisal forms.

Additionally, some lenders, investors, and appraisal management companies (AMCs) may still require the inclusion of Form 1004MC to satisfy their own documentation guidelines.

**Where to find it:** [Selling Guide Announcement SEL-2018-06](#)

### Property Inspection Waivers Renamed

We are adopting the name "appraisal waiver" to replace "property inspection waiver." This move aligns our terminology with general industry usage and is part of a broader effort to simplify the appraisal process and increase transparency in our communications with customers, investors, and appraisers. This is a name change only and does not impact our appraisal waiver policy.

For more information about appraisal waivers, see our [Appraisal Waivers page](#).

## Appraisal Policy Updates

### MH Advantage

In our June 2018 *Selling Guide* Update, we announced MH Advantage, an initiative geared to help bridge the gap in affordable housing by encouraging more consumers to consider manufactured homes as an alternative to site-built homes.

Loans secured by MH Advantage properties are afforded a number of flexibilities — including higher LTV ratios, standard mortgage insurance, and reduced loan-level price adjustments — compared with standard manufactured housing.

So what do you need to know when appraising an MH Advantage home?

We require the appraisal report to include photos of the MH Advantage Sticker, along with photos of the HUD Data Plate, the HUD Certification Label, and the exterior amenities such as car storage and driveway.

Be on the look-out for the following identifying physical characteristics:

- Higher-pitch rooflines
- Lower-profile foundation
- Attached garage or carport
- Porches and/or dormers
- Durable siding such as Hardie® board siding
- Energy-efficient standards
- Sheetrock throughout

The combination of these characteristics is intended to deliver a superior quality manufactured home, so positive adjustments for quality of construction may be



warranted if using traditional MH homes as comparables.

For more information, check out [MH Advantage Appraisal Requirements](#).

## Manufactured Homes with Additions

Previously, our policy stated that a licensed professional engineer must inspect manufactured homes with additions or structural modifications if the property is located in a state with no agency responsible for ensuring accordance with the HUD Manufactured Home Construction Safety Standards.

In June, we provided flexibility in states without an inspection requirement to allow any third party who is regulated by the state and qualified to make the determination to inspect the property.

The obligation to obtain the appropriate inspection is on the lender and not on the appraiser; however, appraisers should be aware of our broader policy on when to condition an appraised value “subject to inspection.”

If an appraiser is not qualified to evaluate the alterations or repairs needed on a property, the appraisal report must identify and describe the deficiencies and the property must be appraised subject to a satisfactory inspection by a qualified professional.

**Where to find it:** [B5-1-01, High-Balance Mortgage Loan Eligibility and Underwriting](#)

[B4-1.4-06, Property Condition and Quality of Construction of the Improvements](#)

## Condo Project Standards Updates

In response to customer feedback, we have made several updates to our condo, cooperative, and PUD project policies. While many of the changes may not impact appraisers directly, we have highlighted a few changes to consider the next time you complete an appraisal on one of the affected properties:

- Allowable single-entity ownership in projects with 21 or more units increased to 20%
- Allowable commercial space increased to 35%
- Legal non-conforming zoning requirements now align with standard appraisal policy
- Clarified criteria for identifying projects that operate as hotels or motels
- Simplified live-work project eligibility criteria

For a full list of all condo, cooperative, and PUD project policy changes, see [Selling Guide Announcement SEL-2018-05](#).

## Engagement Update

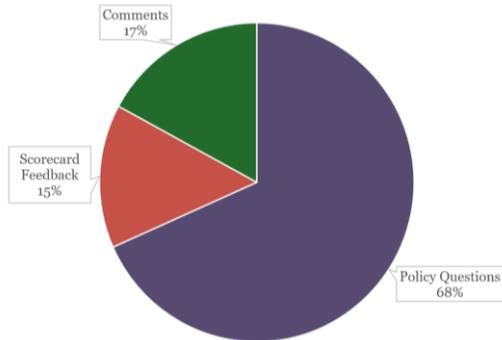
### Contact Us Form

In April we brought you the *Contact Us* Form, a dedicated resource for appraisers to gain clarity on common appraisal issues and provide feedback directly to Fannie Mae.

The below chart shows 68% of form entries received were appraisal policy questions, 15% provided feedback on Appraisal Process Modernization or UAD and Forms Redesign, and 17% were general comments.



### Contact Us Form Topics



The most common appraisal policy questions concerned accessory dwelling units, Form 1004D, and the use of appraiser trainees.

All policy questions were answered with an average turn-time of 48 hours.

*Do you have a question? Get answers [here!](#)*

## Rural Round Up

*Look out for a special edition newsletter this fall dedicated to appraising properties in rural areas!*

## Upcoming Events

Join us at the annual [Appraisal Summit + Expo](#) in Las Vegas for the latest appraisal policy updates and to learn more about how Fannie Mae is working with stakeholders to shape the appraisal industry of the future.

Don't miss this chance to make your voice heard! We will host an interactive workshop on modernizing the appraisal process and we need your feedback.

Register [here](#) to secure your spot!

## Seeking Experts

Do you or someone you know have experience appraising on Tribal Lands? Please [contact us](#) if you are willing to share your thoughts and insights!

## Connect with Us!



## Resources

- For more appraiser-specific information, bookmark the [Fannie Mae Appraisers](#) page.
- Find answers to your appraisal policy questions in the [Selling Guide](#).
- [Sign up](#) for *Selling Guide* updates and other Fannie Mae news.