

MPF Xtra® PFI Advisory

February 11, 2013

Special Attention: PFI MPF® Program Management and Origination Management

Subject: Conversion of Uniform Collateral Data Portal® (UCDP) Error Messages from Warning Edits to Fatal Edits

We would like to inform PFIs of forthcoming changes by Fannie Mae to the monitoring of the Uniform Appraisal Dataset (UAD) that is uploaded into the UCDP. These changes will support the continued successful compliance with the appraisal dataset requirement.

PFIs should be closely monitoring the UAD error messages produced by the UCDP which currently contain all warning edits that allow the UAD to be accepted and a Appraisal Document File Identifier (Appraisal ID#) to be obtained. In order to ensure compliance with the UAD requirements, we have been informed by Fannie Mae that the UCDP will begin converting some of the current warning edits to fatal edits during 2013. A fatal edit will result in a “Not Successful” status in the UCDP. A “Not Successful” status will prevent the PFI from transmitting the appraisal file and ultimately prevent the delivery of the associated mortgage under the MPF Xtra product. If a “Not Successful” status is received from UCDP, the appraisal must be resubmitted with the corrected or updated information based on the fatal edits received until a “Successful” status and Appraisal ID# are obtained. The correction process may take time to complete; please plan accordingly and adjust your process as needed to prevent delays.

In order for PFIs to prepare for the warning to fatal edit conversion, we are providing PFIs with the following list from Fannie Mae of UAD fields that will convert from warning to fatal edits this year:

- Subject and Comparable address (including unit number for condominiums);
- Appraisal effective date;
- Subject contract price/Comparable sale price;
- Subject contract date/Comparable date of sale/time;
- Condition rating (subject and comparables);
- Quality of construction rating (subject and comparables);
- Location rating (subject and comparables);
- View rating (subject and comparables);
- Above grade Gross Living Area (GLA) (subject and comparables); and
- Sale type (subject and comparables).

The edits on these data fields apply to the following four UAD forms:

- Uniform Residential Appraisal Report (Fannie Mae Form 1004/Freddie Mac Form 70);
- Individual Condominium Unit Appraisal Report (Fannie Mae Form 1073/Freddie Mac Form 465);
- Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae Form 1075/Freddie Mac Form 466); and
- Exterior-Only Inspection Residential Appraisal Report (Fannie Mae and Freddie Mac Form 2055)

The implementation of these changes will occur in phases during 2013. We will communicate the upcoming changes from Fannie Mae to the edits in future PFI Advisories as we are informed of their effective dates. PFIs are encouraged to start analysis on all of these data fields now and ensure that business processes are in place to evaluate UAD compliance for a smooth transition this year.

Reminder: PDF Extraction

We would like to remind PFIs that native XML files are generally more reliable than XML files created using PDF extraction. To clarify, uploading the appraisal data to the UCDP using an XML file received from the appraiser is the most reliable delivery method. Data extraction errors occurring with any PDF conversion process may result in UAD data integrity issues. Therefore, PFIs are strongly encouraged to transition to a native XML-based process without PDF extraction, if they have not done so already.

Update on Financing Concessions for Comparables

PFIs should expect the appraisers to determine the financing concessions, if any, for all settled sales used as comparables in Sales Comparison Approach section of the appraisal reports. Appraisers are expected to do what is necessary to determine concession amounts through the normal course of business and not automatically default to entering "0" (zero). If the concession amounts cannot be clearly determined, the appraiser should disclose the information in the sales comparison approach comment space or in an addendum. This field may not be left blank.

We greatly appreciate your efforts to adopt the UAD standard and to provide correct and accurate data required by the UCDP. If you have any questions, please contact your MPF Bank Representative or call the MPF Customer Support Desk at 877-INFO-MPF (877-463-6673).