

# MPF Xtra<sup>®</sup> PFI Advisory

May 16, 2011

## **Special Attention: PFI MPF<sup>®</sup> Program Management and Origination Management**

### **Subject: Appraisal Data Delivery for MPF Xtra<sup>®</sup> Product**

In the February 14, 2011, MPF Xtra PFI Advisory, we informed PFIs of a joint Fannie Mae and Freddie Mac effort to establish a uniform set of data elements and formats under a project known as the “Uniform Mortgage Data Program” (UMDP). Since loans sold under the MPF Program’s MPF Xtra product are concurrently sold to Fannie Mae, it will be necessary for these loans to adhere to the UMDP appraisal and loan data requirements. The purpose of this Advisory is to introduce the appraisal data delivery requirement of the UMDP, known as the Uniform Appraisal Dataset (UAD) and provide information for what PFIs can do to prepare for the delivery of the UAD.

The UAD delivery effort consists of three separate components:

1. Appraisal form standardization (facilitates uniform data usage by appraisers), effective for appraisals dated on or after September 1, 2011;
2. Collection of the UAD (standardized appraisal data) by the PFI (in an electronic format), effective for loan applications dated on or after December 1, 2011; and
3. The Uniform Collateral Delivery Portal (UCDP) which is the electronic portal for delivery of UAD files to Fannie Mae. Data must be delivered through this portal on or after March 19, 2012, for all loan applications dated on or after December 1, 2011.

Although the use of the UCDP will not become mandatory until March 19, 2012, PFIs must prepare to use the standardized appraisal forms and collect the UAD as outlined below to ensure they will be prepared to meet the mandatory delivery requirements.

### **Appraisal Form Standardization**

In order to facilitate the UAD project, the data in many of the existing appraisal form fields reported by the appraisers will be standardized. Note that the actual appraisal forms will not change. Within the standardized appraisal form fields, the appraiser will not be able to use his or her own particular terminology or description, but only those available terms acceptable for that specific data field. However, appraisers may still provide free-form information within certain comment fields. Fannie Mae and Freddie Mac have been in communication with appraisal

industry professional organizations and vendors with respect to coordinating the UAD preparation effort and new appraisal form standardization.

To provide sufficient lead time prior to the mandatory electronic format delivery of every appraisal subject to UAD, appraisers will be required to begin using the new electronic appraisal report **forms** with the standardized data fields effective with appraisals dated on or after September 1, 2011. It is therefore imperative that if appraisers have not already done so, they should prepare for the transition to the new electronic, standardized forms by contacting their software vendor and/or participate in training with qualified professional appraisal organizations for further guidance with respect to the use of the standardized appraisal forms.

**We recommend that PFIs also prepare for this transition by communicating with their appraisers and/or Appraisal Management Companies (AMCs) to ensure that all appraisals dated on or after September 1, 2011, will be completed on the new electronic, standardized appraisal forms that are compliant with UAD electronic delivery requirements.**

Following are the appraisal report forms that must be completed using the UAD standardization on or after **September 1, 2011**:

- Uniform Residential Appraisal Report (URAR) FNMA Form 1004 / FHLMC Form 70;
- Individual Condominium Unit Appraisal Report (FNMA Form 1073 / FHLMC Form 465);
- Exterior-only Inspection Residential Appraisal Report (FNMA / FHLMC Form 2055); and
- Exterior-only Inspection Individual Condominium Unit Appraisal Report (FNMA Form 1075 / FHLMC Form 466).

Note the following two forms will not be “UAD standardized”. For data collection requirements on these forms, see the “PFI Collection of UAD Standardized Appraisal Data” section below.

- Small Residential Income Property Appraisal Report (FNMA Form 1025 / FHLMC Form 72); and
- Manufactured Home Appraisal Report (FNMA Form 1004C / FHLMC Form 70B).

### **PFI Collection of UAD Standardized Appraisal Data**

As noted above, appraisers will be required to begin using standardized appraisal forms on or after September 1, 2011; therefore, the appraisal data should be available in a UAD compliant format after this date. PFIs will be required to begin collecting the UAD compliant data from the appraiser or Appraisal Management Company (AMC), in **electronic format**, for all loans that will be delivered under the MPF Xtra product with an application date on or after December 1, 2011.

While PFIs are required to collect this electronic file, delivery of this data to Fannie Mae (under the MPF Xtra product) will be mandatory for loans delivered on or after March 19, 2012 that have a loan application date on or after December 1, 2011. However, to get accustomed to the

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process and the impact on the loan origination timeline, we encourage PFIs to begin submission of UAD, either for live files or test files, as soon as they are capable of doing so, in order to fully verify their system and process readiness (see the UCDP section following for data submission).

The UAD file, delivered by the appraiser to the PFI, must be collected in one of the following formats:

- One of the XML data stream formats below:
  - Mortgage Industry Standard Maintenance Organization (MISMO) 2.6 Errata 1 GSE Extended format (preferred);
  - ACI format;
  - AI Ready format; OR
- First generation PDF. A first generation PDF is a PDF file of the appraisal report that is produced by the appraiser's forms software before the appraisal report is transmitted by the appraiser to the PFI (note that the first generation PDF will need to be converted to the XML format prior to submission through the UCDP – see below for conversion information).

Note that for the two appraisal forms that are not “UAD standardized” (see the “Appraisal Form Standardization” section of this Advisory for information concerning “UAD standardized” forms), the PFI must collect the related appraisal data in the data format described above for loan applications dated on or after December 1, 2011.

### **Uniform Collateral Delivery Portal (UCDP)**

After the PFI collects the appraisal data in electronic format in the process described above, it may begin submission of the data through the UCDP, an electronic appraisal data delivery portal, the “Portal”. PFIs and their respective AMC's will be able to submit electronic appraisal data through the Portal, however, please note that individual appraisers will not. For the purpose of loan delivery under the MPF Xtra product, PFIs or their respective AMC's must select “Fannie Mae” as the recipient of the UAD file through the Portal.

The UCDP Portal will become available, for either testing of “sample” UAD or “live” UAD file submission on June 27, 2011. We encourage PFIs use the Portal as soon as practical in order to test their readiness. **For loans delivered under the MPF Xtra product on or after March 19, 2012 with an application date on or after December 1, 2011, the delivery of UAD files through the Portal will be mandatory.**

If the PFI's appraiser or AMC delivers a UAD file that is in an XML compliant format, the PFI (or its AMC) will have the ability to submit the UAD directly through the Portal. If the PFI's appraiser or AMC cannot supply a UAD file that is in an XML compliant format but instead will provide an appraisal report in a first generation PDF format, the PFI will need to convert the first generation PDF data into the XML data format at the time of submission through the Portal. Further details regarding the conversion service will be provided in a future Advisory. (Please note that if the PFI must convert the first generation PDF data into MISMO XML data for

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submission through the Portal, a nominal conversion fee will likely be charged by the Portal administrator).

Note that for the two appraisal forms that are not “UAD standardized”, the appraisal data from either appraisal must also be collected in a UAD compliant format to be submitted through the Portal for Mortgage Loans delivered under the MPF Xtra product on or after March 19, 2012.

When a UAD file submission is successfully completed, the UCDP will provide an “Appraisal Document File Identifier” (Appraisal ID#). This Appraisal ID# will be mandatory data for completing the Loan Presentment data submission process under the MPF Xtra product for loans with an application date on or after December 1, 2011 that are delivered on or after March 19, 2012.

### **Key Dates:**

- **June 27, 2011** – the Fannie Mae UCDP is scheduled to become available for either testing or live UAD electronic file submissions;
- **September 1, 2011 (Date of appraisal)** – Appraisers must use new appraisal forms, with electronic standardized data, for appraisals completed on or after this date;
- **December 1, 2011 (Date of application)** - New loan data requirements go into effect; PFIs must begin collection of UAD appraisal data in electronic, standardized format in preparation for any deliveries on or after March 19, 2012; and
- **March 19, 2012 (Delivery date)** - All loan data must be delivered in the new XML format; Appraisal data must be delivered via the UCDP portal, prior to funding under the MPF Xtra product, if the loan application date is on or after December 1, 2011.

The MPF Program will be providing additional webinar training regarding both UMDP and UAD in the near future. Watch the Webinar Training Calendar under the Education link at <http://www.fhlbmpf.com> for more information on upcoming UMDP and UAD webinars.

PFIs, appraisers, AMCs or appraisal vendors who need further technical specifications or information regarding UAD may also find more information on Fannie Mae’s website at the following link - <https://www.efanniemae.com/sf/lqi/umdp/uad/index.jsp>. \*

PFIs who need further assistance in finding a vendor that offers a technology solution to enable the submission of electronic appraisal data to UCDP can find more information on Fannie Mae’s website at the following link - <https://www.efanniemae.com/sf/technology/commitloandel/ucdp/pdf/ucdpvendorlist.pdf> \*

We look forward to working with all of our partners on this important initiative.

**If you have any questions, please contact your MPF Bank Representative or call the MPF Xtra Service Center at 888-362-0011.**

\* Any reference to a website other than the eMPF website in this PFI Notice is intended only to help the PFI with the requirements referenced. It is not an endorsement of the website or its contents. The MPF Program is not responsible for the contents of the website or a PFI's reliance on the information contained therein.

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