

Property Valuation Method Disclosure

New Disclosure

Beginning in March 2020, Fannie Mae enhanced its Uniform Mortgage-Backed Securities (UMBS®) and Mortgage-Backed Securities (MBS) disclosures to include a new attribute, “Property Valuation Method”, which indicates the method by which the value of the subject property was obtained. This attribute also identifies loans that have received an appraisal waiver.

The new attribute applies to all Fannie Mae single-family securities – both fixed-rate and adjustable-rate - with issue dates on or after January 1, 2017. For Supers™ or Megas® issued on or after January 1, 2017 with collateral issued prior to that date, the disclosures indicate “Not Available”.

FAQs

Q1. Why is Fannie Mae adding new disclosures?

Fannie Mae introduced a program that provides sellers with the option to waive the appraisal requirements for certain mortgage loans delivered through Desktop Underwriter® (DU®), leveraging its appraisal risk assessment tool, Collateral Underwriter® (CU®), should those mortgage loans meet eligibility guidelines for the program. The market has indicated this information is important for evaluating MBS. The new disclosure attribute provides investors the information to identify loans with and without appraisal waivers.

Q2. Why is Fannie Mae adding new disclosures now?

Fannie Mae and Freddie Mac implemented these new disclosures at the earliest time feasible on the shared Common Securitization Platform (CSP). The Enterprises worked for months to develop the disclosures to include appraisal waivers and appraisals. The Enterprises agreed to the same enumerations, definitions and file formats which became joint requirements for the shared platform to test and implement.

Q3. When were the first disclosures published?

Beginning on March 2, 2020, the At Issuance files includes the new disclosure for newly issued pools. On March 5, 2020, all outstanding pools (with the corresponding effective date) will have the new disclosures.

Q4. How was the effective date chosen?

The date was chosen to align with CRT disclosure. Fannie Mae began to offer the appraisal waiver program in late 2016.

Q5. Where will the disclosures be available?

The attribute is included in Fannie Mae’s:

- Disclosure application, PoolTalk®, under the “Collateral” tab for UMBS and MBS and “Statistics” tab for UMBS, MBS, Supers and Megas
- Prospectus Supplement, which is part of the Offering Documents
- Issuance and Monthly Loan-Level disclosure files (appended to the file in position L-107)



- Issuance and Monthly Security Supplemental files as a new stratification (Record Type 44)

Q6. Is Freddie Mac adding the same disclosure?

Yes, the Enterprises worked together under the direction of FHFA to add the same disclosures for UMBS and MBS pools. The enumerations, definitions and file formats are the same.

Q7. Are there any differences between the two disclosures?

There is one difference and that is the effective date. Fannie Mae securities issued as of January 2017 have the new attribute whereas Freddie Mac's effective date is June 2017.

Q8. Can you describe the property valuation methods that Fannie Mae accepts and how they are displayed in your disclosure?

- Appraisal (A) - The property value was obtained through an appraisal that was completed by a licensed or certified appraiser.
- Onsite Property Data Collection (P) – The property data was collected onsite by a licensed or certified appraiser or other third party and validated through a proprietary automated valuation model (AVM).
- GSE Targeted Refinance Programs (R) – The programs implemented by the Government Sponsored Enterprises (GSEs) for targeted refinance products. Includes Fannie Mae's Home Affordable Refinance Program® (HARP®), Refi Plus™ or High loan-to-value (LTV) Refinance loans, and, in the case of commingled Supers, can contain Freddie Mac's Relief Refinance and Enhanced Relief Refinance program loans.
- Appraisal Waiver (W) – The appraisal was waived per applicable Selling Guide or negotiated terms.
- Other (O) - Any property valuation method not provided for within the other enumerations. May include methods such as broker price opinion or tax valuation.
- Not Available (9) - The Property Valuation Method is not available for disclosure. This will be the default value for loans related to pools issued prior to January 1, 2017. For Supers and Megs with collateral issued prior to January 1, 2017, the corresponding loans will also be disclosed as Not Available.
- Not Applicable (7) - The Property Valuation Method not applicable to the related loan product. This will be the default value for Modified Reperforming pools (fixed-rate and step-rate).

Q9. Why do I see Freddie Mac appraisal waiver programs in a Fannie Mae issued security?

A Fannie Mae issued Supers may be collateralized by Freddie Mac securities, resulting in our disclosures publishing Freddie Mac's programs.

Q10. Is the new disclosure field only applicable to UMBS prefixes?

The new attribute applies to all Fannie Mae single-family securities – both fixed-rate and adjustable-rate - with issue dates on or after January 1, 2017.

Q11. Do Modified Fixed, Modified Step Rate and Reinstated have the new disclosures?

The Reinstated pools do receive the new disclosure; however, the Modified Fixed-rate and the Modified Step-Rate pools receive a default value of "Not Applicable".



Q12. Does Fannie Mae disclose appraisal waivers today?

Yes, in our Credit Risk Transfer (CRT) programs, CAS and CIRT, Fannie Mae began disclosing whether a loan received an Appraisal Waiver at the loan level beginning in November 2017. Freddie Mac began disclosing appraisal waivers at the loan level in CRT deals in October 2019.