

INTRODUCTION

- Michael Colyer
- Page 3 of your program (inside right)
- MetLife Home Loans
- www.MikeColyer.com
- 650-288-8170
- This presentation can be seen at:
 - www.TheLenderReport.com

Topics

- MORE PMI Options
- FHA changes
- FHA Advantages
- Other Strategies for over LTV limits
- Foreign Nationals
- Appraisal Changes

More PMI Options @ 95% : MI / LPMI / FHA

Purchase Price	\$ 438,900.00		
Down Pmt	5%		
	MI	LPMI	FHA
Loan Amount	\$ 416,955.00	\$ 416,955.00	\$ 416,955.00
Up Front MI	0	0	Zero, POCL
Minimum Fico	620	<u>680</u>	620
Fico Assumptions	740	720	620
Rates (9.1.11)	4.250%	5.000%	4.250%
P&I Payments	\$2,051.17	\$2,238.30	\$2,051.17
MI Rate	0.710%	<u>0.000%</u>	1.15%
MI Monthly Payments	\$ 246.70	\$ -	\$ 399.58
Total MI	\$ 2,297.87	<u>\$ 2,238.30</u>	\$ 2450.75

Case Numbers assigned between April 5, 2010 and October 3, 2010:

	Upfront MIP (UF MIP)	Annual (Monthly) - Based on LTV* (excluding UFMIP) and loan term	
		>15 Year Term	≤15 Year Term
<ul style="list-style-type: none"> ● Purchase ● Rate/Term Refinance (credit qualifying), Streamline Refinance, and Cash-out Refinance ● See below for exclusion 	2.25%	>95.00% = .55 ≤95.00% = .50	>90.00 = .25 ≤90.00 = None
Up front finance on a 600k Loan Amount = 13500			

Case Numbers assigned on or after April 18, 2011:

	Upfront MIP (UF MIP)	Annual (Monthly) - Based on LTV* (excluding UFMIP) and loan term	
		>15 Year Term	≤15 Year Term
<ul style="list-style-type: none"> • Purchase 	1.00%	>95.00% = 1.15 ≤95.00% = 1.10	>90.00 = .50 ≤90.00 = .25 ≤78.00 = None

Up front finance on a 600k Loan Amount = 6000 and can be paid by lender. As in the example provided.

Advantages of FHA

- **Non-Occupant Co-Borrower**
 - This can be done using FDMC “Blended ratios” but not over 417k to 95%
- **Second Home**
 - Very limited and is basically an exception but it can work to 85% LTV
- **Investment Property**
 - 2-4 unit w/ 1 unit owner occ 969k – 1.2MM
 - 1 unit is allowed limited to HUD REO properties
- **Funds to close can come from just about anywhere or anyone.**

Other Strategies to go over limits

- JUMBOs – we go to 80% up to 2MM and more with exception. We do 60% to 3MM in and more with exception.
 - Many people have the money but want it back after close.
 - Ask your lender to set you up with a second lien after the fact.
 - Heloc // standard fixed rate conforming

Foreign National

- Fixed rate only
- 1 unit
- 70% LTV
- 6 Months reserves
- Valid SSN
- Must have a credit score – see me for details
- Treated as a second home

The New Appraisal Process

What it is and is not

- This is **not** a new form
- This is a new format
- This is **not** applied to all loan types
- This is applicable to GSEs FNMA and FDMC single family and condos

The New Appraisal Process

Key Dates

- Sept 1st 2011 (Yesterday)
 - All GSE appraisals for SFR and condos will be required to be in this format or will be (are supposed to be) rejected by the lender.
- March 1st 2012
 - All loans (SFR and Condo) which are to be sold to GSEs must be submitted through the UCDP (uniform Collateral Data Portal)

The New Appraisal Process

What people are saying

- Appraisers around the country have been asking for an extension due to training and software issues.
- Realtor associations have been asking for extensions due to lack of knowledge regarding the process and it's effect on a smooth transaction.

Uniform Appraisal Dataset (UAD) Overview*

February 18, 2011

To improve the quality and consistency of appraisal data on loans delivered to the government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, at the direction of the Federal Housing Finance Agency (FHFA), have developed the Uniform Appraisal Dataset (UAD), which defines all fields required for an appraisal submission for specific appraisal forms and standardizes definitions and responses for a key subset of fields.

The GSEs are also developing the Uniform Collateral Data Portal (UCDP), which is a single portal for the electronic submission of appraisal data. Lenders will be required to use UCDP to deliver electronic appraisal data that conforms to the UAD before the delivery date of the mortgage loan to Fannie Mae or Freddie Mac. This requirement applies to all conventional mortgage loans for which an appraisal report is required.

The UAD standardizes certain data points to support consistent appraisal reporting, regardless of geographic location of the property or any localized reporting conventions, by addressing vague or disparate data currently included on some appraisal reports, such as:

- Variations in formatting numbers, dates, and measures
- Inconsistent terminology for identical information (such as waterfront vs. oceanfront)
- Inconsistent use of descriptions (for example, quality of construction is sometimes reported in absolute terms such as “brick” and sometimes in relative terms, such as “average”)

To address these inconsistencies, the UAD standardization includes:

- Standardized formats for fields that include dates, values, etc.
- Allowable values from a list of choices provided for certain fields
- Standardized abbreviations to allow more information to fit on the printed appraisal forms
- Standardized ratings and definitions for the “Condition” and “Quality” of the property and “Updated/Remodeled” status

Through the UAD and UCDP, lenders will have a GSE-consistent approach and understanding of appraisal definitions and requirements and a common submission portal for submitting appraisal data. This critical appraisal data standardization effort will:

- Provide lenders with greater confidence in loan quality by offering enhanced appraisal data quality and integrity regarding the collateral valuation of their loans.
- Create efficiency and consistency in appraisal reviews by offering appraisers and lenders an improved view and understanding of the GSE appraisal data requirements.
- Support processes to manage and mitigate valuation risk by resolving inconsistencies with appraisal data, including formatting, terminology, and use of descriptions.

* This communication relates to the Uniform Mortgage Data Program, an effort undertaken jointly by Fannie Mae and Freddie Mac at the direction of their regulator, the Federal Housing Finance Agency.

The GSEs are not changing the look of the existing appraisal forms, but some fields on the forms are being leveraged to include additional information. Appraisal software forms providers will incorporate the UAD requirements into their appraisal report form software. Appraisers are encouraged to update their forms software and receive training to be ready to support these changes next year. Appraisal report form providers expect to have their software updated to incorporate the UAD by the second quarter of 2011. Appraisers should contact their form software provider for more information on their implementation plans.

UAD Specification

Fannie Mae and Freddie Mac have published the full business and technical implementation details needed to adopt the UAD. The UAD Specification documents are available on the GSEs' respective Web sites to help lenders, appraisers, and other industry organizations develop their business and technical implementation plans.

UAD Specification: Business Documentation

For Lenders

To help lenders understand the UAD business requirements, the GSEs are providing the following document:

- **Field-Specific Standardization Requirements:** This document provides a list of standardized definitions and responses for a key subset of fields on the four UAD appraisal report forms, which are defined later in this document. Each form field is labeled as one of the following:
 - **Requirement:** UCDP will validate the data and will return an error message if the data does not conform to the defined reporting format. In the initial implementation of UCDP, error messages will appear as warnings; in the future, they will transition to fatal errors.
 - **Instruction:** UCDP will not verify the reporting format, but the data must be transmitted if populated by the appraiser.

As lenders prepare to adopt the UAD, Fannie Mae and Freddie Mac recommend that they thoroughly review the Field-Specific Standardization Requirements to determine if any process changes are required in their underwriting and property valuation areas to meet the UAD requirements.

UAD Technical Specification

For Appraisal Software/Forms Vendors, Appraisal Management Companies, and High-Volume Lenders

The UAD Technical Specification leverages the Mortgage Industry Standards Maintenance Organization's (MISMO®) Property Valuation Response Version 2.6 Schema Errata 1. The GSEs have added proprietary extensions. The UAD Technical Specification also uses the flexible and widely used XML file format to provide the technical framework for the UAD.

The UAD Technical Specification, including the Introduction and its six supporting appendices, provides the actionable technical documentation needed to translate the data entered on the appraisal report forms into the format required for submission via UCDP. Appraisal software form providers, lenders, and other organizations such as appraisal management companies (AMCs) that will be extracting the data from the appraisal report forms electronically should carefully review the following documents:

▪ **Uniform Appraisal Dataset Technical Specification Introduction**

The UAD Specification Introduction provides an overview and framework for development of the appraisal XML file format using the MISMO Property Valuation Response Version 2.6 Schema Errata 1 with proprietary GSE extensions.

▪ **Appendix A and Appendix B: GSE Appraisal Forms Mapping**

These documents illustrate how the appraisal data is supported within the corresponding appraisal XML file by providing field-level data mapping instructions for the four UAD appraisal report forms. Instructions for each field include identifying if the data point will be:

- **Required:** Data points that must be included in all appraisal XML files delivered to either GSE.
- **Conditionally Required:** Data points that must be included in all appraisal XML files delivered to either GSE when a defined business condition exists.
- **Transmit:** Data points that must be supported and included in all appraisal XML files delivered to either GSE if the data point is populated by the appraiser.

Appendix A is a PDF version and is the true and preserved source of the UAD. Technology systems must support all of the data points defined in Appendix A. Appendix B is a Microsoft Excel version and provides industry participants with a flexible format for viewing and sorting the appraisal data in a spreadsheet.

▪ **Appendix C: Appraisal Forms with Numbered Fields**

The GSEs have numbered the data fields in the four UAD appraisal report forms so every field label has a corresponding form reference number. Appendix C provides a standardized appraisal form template containing the field label and corresponding form reference number for the four UAD appraisal forms.

▪ **Appendix D: Field-Specific Standardization Requirements**

This document provides a list of standardized definitions and responses for a key subset of fields on the four UAD appraisal report forms.

▪ **Appendix E: PDF Rendering and Parsing Instructions**

This document provides instructions for rendering a PDF and parsing appraisal form fields populated by more than one data value.

▪ **Appendix F: Property Information Valuation Response v2.6 GSE Extension Schema Errata 1:**

This document provides the GSE XML schema and is best viewed in XML Editor Software.

UAD Effective Date

For appraisals with an effective date (date of inspection is the effective date of the appraisal) on or after September 1, 2011, the following four appraisal report forms, collectively referred to as the “four UAD forms,” must be completed in compliance with the UAD for conventional mortgage loans sold to Fannie Mae or Freddie Mac:

- 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)
- Exterior-Only Inspection Residential Appraisal Report (Fannie Mae/Freddie Mac Form 2055)

Data Delivery Requirements and Effective Date

UCDP is the common data portal through which lenders will submit electronic appraisal reports for delivery to Fannie Mae or Freddie Mac. For all conventional mortgage loans delivered to Fannie Mae or Freddie Mac on or after March 19, 2012, the following eight appraisal report forms must be submitted through the UCDP if a) the loan application is dated on or after December 1, 2011, and b) an appraisal report is required. The appraisal report must be submitted through the UCDP before the delivery date of the mortgage loan to Fannie Mae and/or Freddie Mac and must include all exhibits, addenda, and photographs. UCDP will be available in June 2011.

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)
- Exterior-Only Inspection Residential Appraisal Report (Fannie Mae/Freddie Mac Form 2055)

Non-UAD Forms (Forms not required to include the UAD standardization and/or mapping)

- Manufactured Home Appraisal Report (Fannie Mae Form 1004C/Freddie Mac Form 70B)
- Small Residential Income Property Appraisal Report (Fannie Mae Form 1025/Freddie Mac Form 72)
- Individual Cooperative Interest Appraisal Report (Fannie Mae Form 2090)
- Exterior-Only Inspection Individual Cooperative Interest Appraisal Report (Fannie Mae Form 2095)

Various XML formats will be supported in UCDP. The following list includes the XML formats that will be supported in UCDP for the four UAD forms:

- MISMO 2.6 Errata 1 GSE Extended format (preferred format)
- ACI format
- AI Ready format

The following list includes the XML formats that will be supported in UCDP for the non-UAD forms:

- MISMO 2.6 Errata 1 format
- MISMO 2.6 Errata 1 GSE Extended format
- ACI format
- AI Ready format

Either an XML data stream with an embedded first-generation PDF file or a first-generation PDF file must be submitted to UCDP. PDF files must include all appraisal exhibits, addenda, and photographs, and, for loans sold to Fannie Mae, the Fannie Mae Form 1004MC. If the appraisal is only available in a PDF format, without the corresponding XML data, a conversion tool will be available in UCDP for a fee (offered by the vendor supporting UCDP).

The GSEs may expand the UAD and the standardized responses to the other residential appraisal forms at a later date. However, for selected fields captured in the four UAD forms, some appraisal form providers may elect to update those fields on the remaining non-UAD forms, if applicable, but they are not required to do so.

Support and Training

The GSEs will provide a full range of job aids, training opportunities, and other resources to assist lenders in implementing the UAD requirements. These tools will help lenders understand how to incorporate the UAD into their business processes.

To aid appraisers in adopting the new data standards, the GSEs are working with appraisal trade associations to distribute appraiser-specific information, training, and job aids.

Additional Information

Fannie Mae and Freddie Mac are providing identical information in the UAD Overview documents. For additional information:

- Visit eFannieMae.com for the full UAD Specification and updated FAQs.
- Contact your Fannie Mae customer account team.