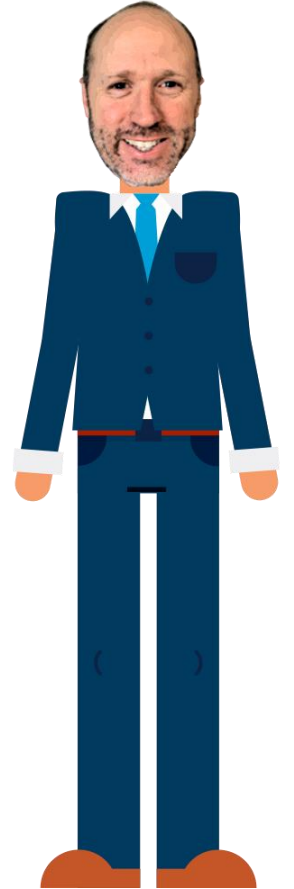


# UAD and URAR Redesign What Appraisers Need to Know

August 2022



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## Agenda

- Background and Outreach
- Scope
- Benefits
- Dynamic Report
- USPAP Compliance
  - Highest and Best Use
  - Certifications
  - Reconciliation
- Defects, Damages, Deficiencies
- Dynamic Sales Grid
- Impact to Value and Marketability
- General Addenda
- Data points removed
- Timeline

# Our Approach to the Challenge

## Background

- As part of the Uniform Mortgage Data Program (UMDP), the GSEs worked on a joint effort to standardize the URAR as part of modernizing the current UAD dataset and forms.
- Using a data-driven approach along with input from lenders, appraisers, and other key industry stakeholders, three phases of research were conducted to streamline the mortgage appraisal process with user-friendly content and formatting.
- Using findings from each research phase, the GSEs worked to adjust and fine-tune new iterations of the URAR according to the feedback.

## Overview of 3 Research Phases

- Phase 1 included exploratory qualitative research conducted by the GSEs through interviews among lenders, appraisers, and others in the industry to understand perceptions of the legacy form.
- Phase 2 was a quantitative survey used to validate findings from Phase 1 and to obtain feedback on proposed changes to the legacy form through a quantitative survey.
- Finally, Phase 3 was additional qualitative research in a Virtual Bulletin Board (VBB) setting used to capture feedback among key end-users on a new URAR and understand how well the revised report would meet stakeholders' needs in terms of content and format.

## Audience Profile: All Respondents



**80%**  
*Appraiser*



**14%**  
*Lender*

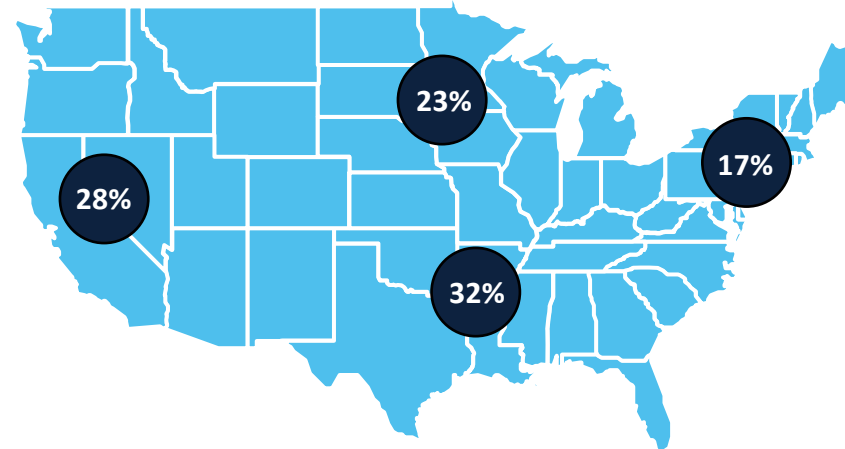


**2%**  
*Appraisal Management  
Company (AMC)*



**3%**  
*Builder/Realtor/Vendor/  
Other*

### Appraisers, AMCs, and Other by Census Region





## Appraisal Reports in the Current UAD 2.6 XML File

Single-Family & Condo

1004/70	1073/465
1075/466	2055/2055

## Appraisal Reports Not Currently UAD-Compliant

Cooperative, Manufactured Home, 2-4 Unit, Rent Schedule, & Update/Completion

1004C/70B	2090
2095	1025/72
1004D/442	1007/1000

## Multi-Year UAD Project

Seek industry input to help drive this work:

- Review all data in the current appraisal forms and the UAD 2.6 Specification
- Determine what information can be removed and what will remain
- Review legacy form descriptions to determine new discrete data needs
- Review addenda and description information to determine new discrete data elements
- Determine relative information to support the value conclusion, marketability, and/or eligibility

## New UAD Delivery Specification

## The URAR Data-Driven Output

- Reports only relevant data
- Dynamic based on input
- Easy-to-read appraisal analysis and conclusion
- Standardized, well-structured, readable
- Discrete data, pertinent commentary, and photos contained in the relevant sections, designed to reduce reliance on addenda

Summary SF51, rev24, cv46  
Uniform Residential Appraisal Report

Page 1 of 1

123 Fallen Oak Court, Smallville, VA 12345

Summary	Opinion of Market Value	\$400,000	Appraisal Report Effective Date	09/30/2019
Market Value Condition	Subject to Recall		Appraiser Name	Arny Allen
Sales Contract Price	\$480,000		Lender	DEF Bank (Client)
Buyer Name	Mary Jones		Appraisal Management Company (AMC)	ABC Appraisal Co.
Current Owner of Public Record	John Doe			
Assignment Reason	Purchase			
Litigation Status	Pending			
3 Year Transfer History	No			

Property Description

Attachment Type	Detached
Overall Quality	QA
Overall Condition	CA
Project Type	None
Planned Unit Development (PUD)	Yes/No
Construction Method	Site Built
Parcels	1
Property Rights Appraised	Fee Simple
Units	1
Accessory Dwelling Unit	0
Property Restriction	None

Apparent Defects, Damages, Deficiencies

Feature	Location	Comment	Affects Usability or Structural Integrity	Recommended Action	Estimated Cost to Repair
Roofing	Roof	Flashing is missing on one side of the house which could cause leaks from the roof	Yes	Repair	\$500

Total Cost: \$500

Sales Comp Approach SF51, rev27, cv38  
Uniform Residential Appraisal Report

Page 1 of 3

Sales Comparison Approach

Subject Property	Comparable #1	Comparable #2	Comparable #3
General Information	241 Apple Creek Ln, Smallville VA 12345	188 Fallen Oak Ct, Smallville VA 12345	210 Canyon Blvd, Smallville VA 12345
Property Address	123 Fallen Oak Ct, Smallville VA 12345		
Legal Description	MLS 123456 (Public Record)	MLS 333345 (Public Record)	MLS 555566 (Public Record)
Days Source	17 days	36 days	4 days
Property Type	Single-Family	Single-Family	Single-Family
Size Price	\$480,000	\$440,000	\$425,000
Listing Status	Pending	Sold	Sold
Unit Price	\$120/sq ft	\$111/sq ft	\$112/sq ft
Sales Comments	80/17/2019	06/10/2019	08/11/2019
Contract Date	08/17/2019	06/10/2019	08/11/2019
Contract Price	\$480,000	\$440,000	\$425,000
Days on Market	12	6	14
Attached/Detached	Detached	Detached	Detached
Property Rights Appraised	Fee Simple	Fee Simple	Fee Simple

## Appraiser Benefits

- Identify USPAP compliance points more easily
- Better appraisal quality and compliance
- Individual component-level data to support quality and condition ratings
- The new UAD will help avoid bias and remove subjectivity by replacing text with clearly defined specific elements
- No form types to manage to, just fill in what is applicable
- New data to support scope of UAD (Single Family, Condos, Coops, Manufactured Home, 2-4, Appraisal Update, and Completion Report)
- New URAR layout will allow the reader to identify elements of the appraisal not easily found in current addenda, thus cutting down on revision requests
- Simplify documentation of atypical properties (e.g., 2-4 unit condos, site condos, etc.)
- Less friction in the delivery process, reduce requests for additional information by the lender
- Vendors will be able to help save appraisers time with data imports not available today

## Dynamic Report

- Section commentary in each section
- Sections display only when applicable, such as:
  - Project Information
  - Energy-Efficient and Green Features
  - Rental Information
  - Income Approach
  - Cost Approach
- Allows for specific FHA/VA/USDA requirements to have a place in the data, such as:
  - FHA/VA Case Number
  - Water/Sewer Available Not Connected
  - Attic
  - Effective Age / Remaining Economic Life
  - Utilities Operating
  - Rebuildable to Current Density / Use



## Dynamic Output Report

In comparison to the legacy form, the new URAR is now dynamic and can be applied to any property being evaluated. By adding flexibility within the scope of work, the report can adapt and adjust to unseen circumstances.

### Key Benefits

- ✓ One standardized report will help minimize lender review time on atypical properties that the current UAD form struggles with appraising, such as site condos and 2-4 units in a condominium project.
- ✓ Flexibility allows for lenders and investors to easily adapt to future industry-wide needs.

Site					
Total Site Size		14,950 Sq. Ft.		Number of Parcels	
Assessor Parcel Number (APN)		APN Description		Parcel Size	
1234-56-7891-000		Land with Dwelling		14,950 Sq. Ft.	
Zoning					
Compliance		Legal		Property Access	
Classification Code		R10		Primary Access	
Classification Code Description		Residential - 10 Dwelling Units per Acre		Street Type and Surface	
				Local Road   Asphalt	
				Typical for Market	
				Yes	
Site Influence					
Influence	Proximity	Detail	Impact	Comment	
Residential	Bordering		Neutral	Typical residential subdivision	
View and Impact to Value/Marketability					
View	Range of View		Impact		
Residential	Full		Neutral		
Site Features and Impact to Value/Marketability					
Feature	Detail		Impact	Comment	
Hazard Zone	No Hazard Zone Noted				
Site Characteristic	Topography   Rolling		Adverse	Steep grade is less marketable.	
Utilities and Impact to Value/Marketability					
Broadband Internet Available		Yes			
	Public	Private	Detail	Private Utility Impact	Comment
Electricity	✓				
Gas	✓				
Sanitary Sewer	✓				
Water	✓				



## USPAP Compliance

The legacy form missed opportunities to align with USPAP, such as helping to ensure consistency across verbiage and relevant data points. Aligning the new URAR with USPAP means that all reports follow the same guidelines related to wording and compliance.

### Key Benefits

- ✓ USPAP compliance supports inclusion of all necessary data points.

## Highest and Best Use

Highest and Best Use

*Is the present use of the subject property ...*

<b>Legally Permissible</b>	Yes	<b>Financially Feasible</b>	Yes
<b>Physically Possible</b>	Yes	<b>Maximally Productive</b>	Yes

Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? ☒ Yes ☐ No

Highest and Best Use Commentary

The subject is a legally permissible use based on its current zoning. Also, the lot size, shape, and land-to-building ratio allow the present structure and indicate a good utilization of the improvements.

## USPAP Compliance Cont.

# Dynamic Certifications

**10.** I personally performed an onsite inspection of the interior and exterior areas of the subject property. I reported the readily observable condition of the improvements in factual, specific terms. I identified and reported any known physical deficiencies that could affect the soundness or structural integrity of the property.

**10.** I personally performed an inspection of the exterior areas of the subject property from at least the street. I reported the readily observable condition of the improvements in factual, specific terms. I reported any known physical deficiencies that could affect the soundness or structural integrity of the property.

**10.** I did not personally perform an onsite inspection of the subject property as part of this appraisal assignment. I reported the condition of the improvements in factual, specific terms, relying on subject property information data sources I considered reliable. I reported any known physical deficiencies that could affect the soundness or structural integrity of the property.

**21.** I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. No one provided significant real property appraisal assistance.

**21.** I personally prepared conclusions and opinions about the real estate that were set forth in this appraisal report. **[Contact Name]** provided significant real property appraisal assistance in the development of this report. I certify that any individual so named is qualified to perform the assistance.

**29.** I have not performed any service regarding the subject property within the three years preceding the agreement to perform this assignment.

**29.** I have performed services regarding the subject property within the three years preceding the agreement to perform this assignment.

### Description of Prior Services:

## USPAP Compliance Cont.

### Reconciliation

Reconciliation

Approaches to Value			
	Sales Comparison Approach	Income Approach	Cost Approach
Indicated Value	\$491,000		
Reason for Exclusion		Not Necessary for Credible Results	Not Necessary for Credible Results

Appraisal Summary			
Contract Price	\$489,000	Reasonable Exposure Time	0-90 days
Opinion of Market Value	\$491,000	Effective Date of Appraisal	09/20/2019
Market Value Condition	Subject to Repair		

**Final Value Condition Statement** This appraisal is made subject to the itemized list of repairs or alterations below on the basis of a hypothetical condition that the repairs or alterations have been completed. This might have affected the assignment results.

Reconciliation of Market Value

The Sales Comparison Approach is the only approach given weight in this report. The As Is Overall Condition Rating is C5 due to the damaged roof with missing flashing; although there are no apparent active leaks this leaves the roof permeable to water intrusion. This appraisal is made subject to repairing the roof and the appraised Overall Condition rating of C4 is made on the basis of a hypothetical condition that the repair has been completed.

## Approaches to Value Options

Approaches to Value			
	Sales Comparison Approach	Income Approach	Cost Approach
Indicated Value	\$195,000	\$198,000	
Reason for Exclusion			Not Necessary for Credible Results

### Income Approach

- Insufficient Data
- Not Necessary for Credible Results
- Other (Describe)

Approaches to Value			
	Sales Comparison Approach	Income Approach	Cost Approach
Indicated Value	\$445,000		\$464,000
Reason for Exclusion		Not Necessary for Credible Results	

### Cost Approach

- Difficulty Estimating Depreciation
- Lack of Land Sales
- Not Necessary for Credible Results
- Other (Describe)

## Defects, Damages, and Deficiencies

### Apparent Defects, Damages, Deficiencies (Unit Interior)

*The items listed below represent the As Is condition as of the effective date of this report*

Feature	Location	Description	Affects Soundness or Structural Integrity	Recommended Action
Flooring	Dining Room	Carpet is stained in one corner of the Dining Room.	No	None

### Apparent Defects, Damages, Deficiencies (Dwelling Exterior)

*The items listed below represent the As Is condition as of the effective date of this report*

Feature	Location	Description	Affects Soundness or Structural Integrity	Recommended Action
Roof	Section of Roof	Damaged roof with missing flashing leaving the roof permeable to water intrusion.	Yes	Repair

## Dynamic Sales Grid

The new URAR uses a modern and dynamic grid to show comparable property values. The updated section allows for more objectivity in the appraisal process and provides additional information to assist in valuing a property appropriately.

### Key Benefits

- ✓ Data in the grid is now discrete and can be used for further analysis in a comprehensive and accessible manner.
- ✓ The grid is now more specific to the property and helps craft a clearer picture within the comparable data.

Quality and Condition (Ratings: 1-6, 1 is highest)							
Interior Quality and Condition							
Quality	Q3	Q3	Q3	Q3	Q3	Q3	Q3
Condition	C3	C3	C3	C3	C3	C3	C3
Overall Quality and Condition (Ratings: 1-6, 1 is highest)							
Quality	Q3	Q3	Q3	Q3	Q3	Q3	Q3
Condition	C3	C3	C3	C3	C3	C3	C3

## Sales Comparison Approach

Subject Property		Comparable #1		Comparable #2		Comparable #3	
Property Address	456 Something Road Somewhere, VA 12345	35361 Place Road Octagon, VA 12345	38243 Place Road Trapezoid, VA 78912	35422 Place Road Octagon, VA 12345			
Quality and Condition (Ratings: 1-6, 1 is highest)							
Exterior Quality and Condition							
Quality	Q4	Q3	Q4	Q2			
Exterior Walls and Trim	Aluminum	Stucco	Vinyl	Fiber Cement Siding			
Roof	Composition	Metal	Composition	Metal			
Condition	C3	C3	C3	C2			
Interior Quality and Condition							
Quality	Q4	Q3	Q4	Q2			
Kitchen	Mid Grade Quality	High Quality Appliances	Mid Grade Quality	Very High Quality Appliances			
Overall Bathrooms	Pedestal Sinks - Mid Grade Finish	Mid-High Quality Finishes	Mid Grade Finish	Very High Quality Finishes			
Overall Flooring	Carpets, Tile, Hardwood	Hardwood Thruout	Carpets, Tile, Hardwood	Hardwood and Tile Thruout			
Walls and Ceiling	Standard 8-9 Ft. Ceilings	10+ Ft. Trey and Beamed	Standard 8-9 Ft. Ceilings	8 Ft. and 10 Ft. Ceilings			
Condition	C4	C3	C4	C2			
Kitchen	Fully Updated	Fully Updated	Fully Updated	Fully Updated			
Overall Bathrooms	Fully Updated	Fully Updated	Moderately Updated	Fully Updated			
Overall Flooring	Moderately Updated	Fully Updated	Fully Updated	Fully Updated			
ADU Interior Quality and Condition							
Location of ADU	Standalone ADU	Dwelling	Dwelling	Detached Garage			
Quality	Q4	Q4	Q4	Q3			
Condition	C4	C4	C4	C3			
Overall Quality and Condition (Ratings: 1-6, 1 is highest)							
Quality	Q4	Q3	Q4	Q2			
Condition	C4	C3	C4	C2			



## Replaced General Addenda

Commentary space is placed within the section of the new URAR with which it is associated. For comparison, the legacy form provides commentary space at the end of the form, thus splitting up comments from the reference point.

By placing commentary within each topic, additional information can be referred to easily, increasing usability for the appraiser, borrower, and lender.

Confidential  
Uniform Residential Appraisal Report


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**Vehicle Storage (continued)**

**Vehicle Storage Commentary**  
Additional commentary can be added here, if needed by Appraiser.

**Vehicle Storage Exhibits**

**Vehicle Storage - Garage**



**Subject Property Amenities**

Amenity Category	Subject Property Amenity	Material	Detail
Outdoor Accessories	Fence		
Outdoor Living	Patio	Pavers	144 Sq. Ft.
	Porch	Concrete	351 Sq. Ft.
Whole Home	Indoor Fireplace		Total Number - 1
Miscellaneous	Media Room		
	Wet Bar		

**Apparent Defects, Damages, Deficiencies (Subject Property Amenities)**  
None

**Subject Property Amenities Commentary**  
Additional commentary can be added here, if needed by Appraiser.

## Impact to Value / Marketability

Zoning	
Compliance	No Zoning
Impact	Neutral

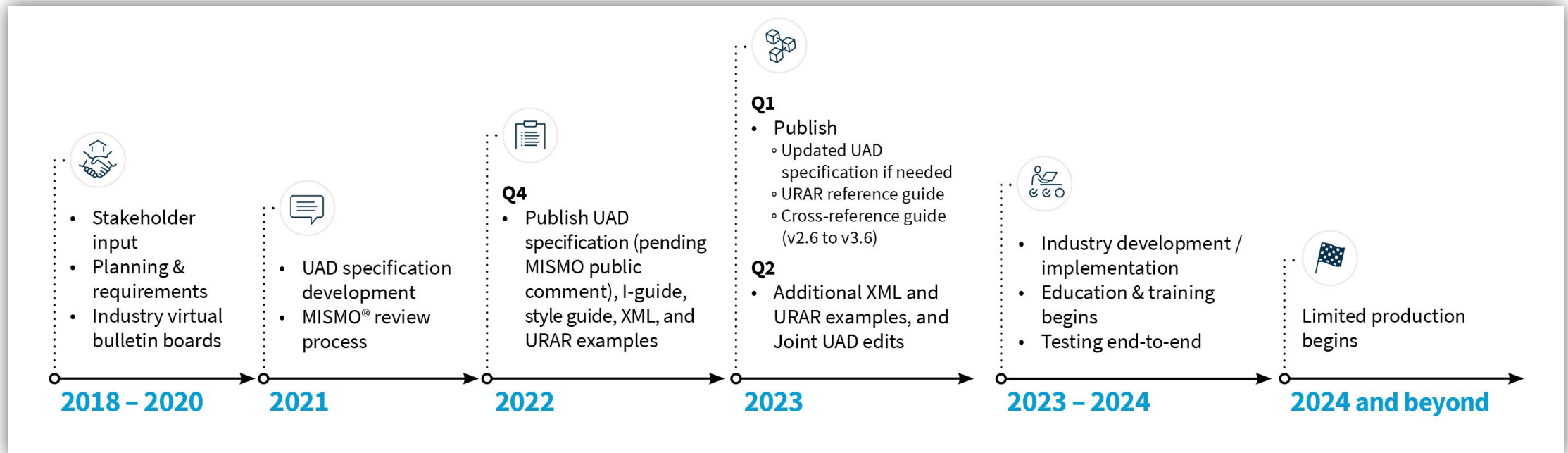
Site Features and Impact to Value/Marketability					
Feature		Detail		Impact	Comment
Non-Residential Property Use		Agricultural		Neutral	Board fencing around entire property to the barn.
Hazard Zone		No Hazard Zone Noted			
Property Restriction		Land Use		Neutral	Quarter acre lot cannot be built upon nor can it be sold.
Site Characteristic		Topography   Flat		Neutral	Add comment if needed.
Site Features Commentary Additional commentary can be added here, if needed by Appraiser.					
Utilities and Impact to Value/Marketability					
Broadband Internet Available		No			
	Public	Private	Detail	Impact	Comment
Electricity	✓				Add comment if needed.
Gas		✓		Adverse	Propane is typical to the market.
Sanitary Sewer		✓	Septic	Neutral	Septic is typical to the market.
Water		✓	Well	Adverse	Public water is available at the street. Local water company charges \$2,500 to install the meter. Public water is typical to market and is more desirable.

- In an effort to add standardized language to characteristics that would impact value and marketability, we added the ability for appraisers to opine on most features they encounter.
- The description of the property and its attributes paint the picture of the improvements, but the "impact" rating helps the reader understand the effect the characteristics have in that particular market.

## Examples of Data Points Removed

- Census Tract
- Map Reference
- Tax Year / R.E. Taxes \$
- FEMA Map # / Map Date
- Appliances
- Neighborhood:
  - Location (Urban / Suburban / Rural), Built Up, Growth
  - Present Land Use %
- Attic Type
- Sales Comparison: Net Adjustment %, Gross Adjustment %
- Email and phone numbers for Contacts (Client, Appraiser, etc.)
- Project:
  - Additional Phasing / Number of Phases / Project Phase / Unit Counts for Subject Phase
  - Adequacy of Project Parking Facilities / Ratio of Spaces to Units / Guest Parking Spaces
  - PUD contains multi-dwelling units / Data Source
  - Project Site Size and Density
  - Number of Elevators
  - Owner Occupied Unit Count / Primary Occupancy Type
  - Project Management Type, Management Agent Name
  - Project Budget Analysis

## UAD Redesign Timeline



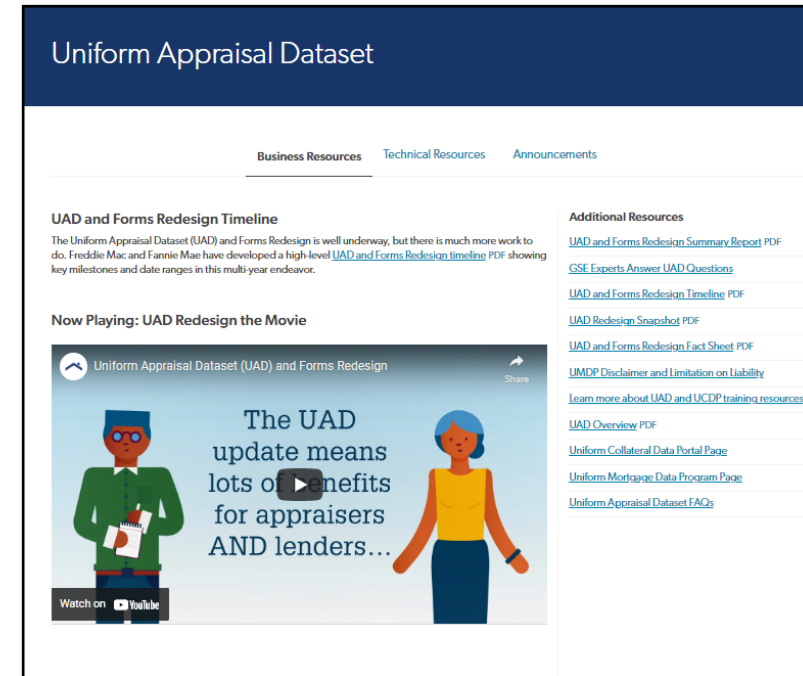
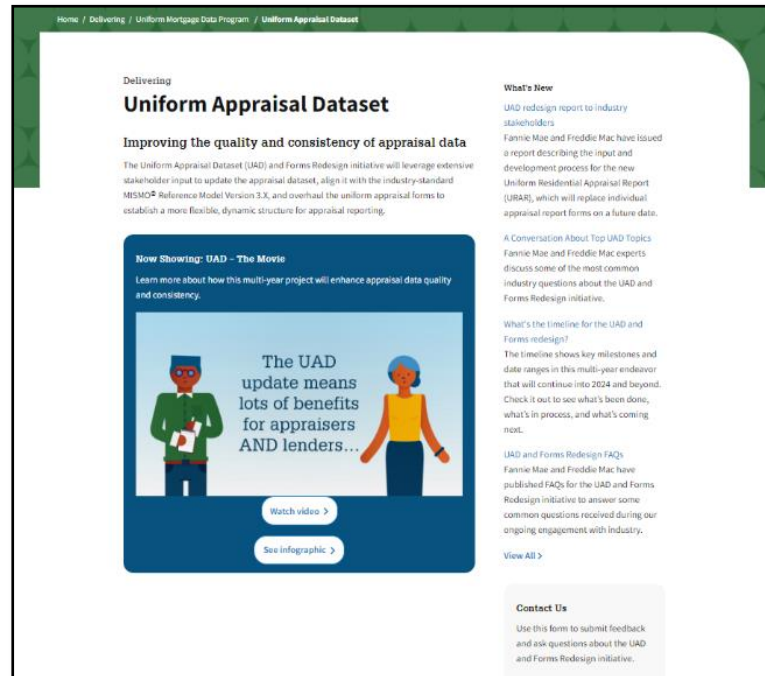
## Contact Us

### Fannie Mae

<https://singlefamily.fanniemae.com/delivering/uniform-mortgage-data-program/uniform-appraisal-dataset>

### Freddie Mac

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