

### **UNIFORM APPRAISAL DATASET (UAD)**

1. Purpose. The purpose of this circular is to announce the adoption of Uniform Appraisal Dataset (UAD) compliant appraisal reports for Department of Veterans Affairs (VA) Loan Guaranty Program purposes.

2. Effective Date. Effective immediately, VA fee appraisers may, as an option, use UAD compliant versions of the forms. Effective January 1, 2012, VA appraisal reports utilizing Fannie Mae Forms 1004, 1073, 1075 or 2055 **must be UAD-compliant**.

#### 3. Background

a. 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 UAD. The UAD defines all fields required for an appraisal submission for specific appraisal forms and standardizes definitions and response options for a key subset of data fields. The UAD will apply to the following most commonly used residential appraisal report forms (Fannie Mae / Freddie Mac form numbers listed below), which are also approved for VA appraisal use:

- (1) Uniform Residential Appraisal Report - 1004/70
- (2) Individual Condominium Unit Appraisal Report - 1073/465
- (3) Exterior-Only Inspection Individual Condominium Appraisal Report - 1075/466
- (4) Exterior-Only Inspection Residential Appraisal Report - 2055/2055

b. Appraisal software vendors have incorporated the UAD requirements into their form software that is currently available on an industry-wide basis. Although only appraisal reports for conventional mortgage loans sold to Fannie Mae or Freddie Mac are required to be completed in compliance with the UAD at this time, it appears that UAD will become an industry standard, since UAD has been adopted by FHA.

c. To prepare for the adoption of UAD by VA, Fee Appraisers should become familiar with the modified appraisal forms, including the UAD field specific requirements detailed in Appendix D of the Uniform Mortgage Data Program, and which is posted on the web sites of Fannie Mae and Freddie Mac at <https://www.efanniemae.com/sf/lqi/umdp/uad/index.jsp>.

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4. Details. VA is moving to require UAD-compliant appraisal reports to remain in step with changes in appraisal reporting, to support consistency in appraisal reports, and to ensure the acceptability of VA appraisal reports within the industry. Most aspects of this change to UAD require only clarification of existing policy or procedure; however, there are three actual changes to standing policy or procedures that must be noted. Reference Section 6 of this Circular for those changes to policy and procedure.

5. Points of clarification on VA appraisals in relation to UAD requirements

a. VA Fee Appraisers will continue to complete VA appraisal reports in accordance with the requirements of the VA Lender's Handbook (VA Pamphlet 26-7, Revised) and instruction and guidelines from VA. Fee Appraisers are reminded that completion of the data fields of the appraisal report does not relieve them of the duty to provide adequate explanations in the addendum to provide clarity and justification.

b. Appraisal reports will continue to be quality-reviewed for compliance with VA requirements.

c. While the UAD may allow for the use of unsettled sales in the sales comparison grid, VA requires that only settled sales be used.

d. UAD requires appraisers to provide specific information regarding remodeling in the past 15 years; VA expects Fee Appraisers to recognize and describe remodeling or updating and to make appropriate adjustments. On VA appraisals, Fee Appraisers should also report UAD information concerning the remodeling if it is available in the "normal course of business" within VA timeliness requirements for completion of the appraisal.

6. Changes to VA policy and procedures for VA appraisals in relation to UAD requirements. To allow for acceptance of appraisal reports in compliance with UAD, VA policy regarding entries in appraisal report data fields which appear to conflict with UAD are changed as follows:

a. The requirement that only the "Department of Veterans Affairs" be entered in the *Lender/Client* field of the appraisal form is rescinded. Instead, the lender's name will be entered in this field, as well as the "Department of Veterans Affairs" as the Client of this field.

b. The requirement that "Intended User: Any VA Approved Lender" be entered in the *Address* field for the lender is rescinded. Instead, the address of the lender will now be entered in this field.

c. The requirement that “Any Qualified Veteran” be entered in the *Borrower* field of the appraisal report is rescinded. The name of the Veteran purchaser will be entered as the borrower in this field.

7. Rescission: This circular is rescinded October 1, 2014.

By Direction of the Under Secretary for Benefits

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