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Agency LPA ACE+ PDR, Appraiser Independence Requirements, Appraisal, and Credit Reports Revisions

Truist Bank (Truist) revises Agency non-AUS, Desktop Underwriter® (DU®), and Loan Product Advisor® (LPASM) requirements as a result of recently announced Fannie Mae and Freddie Mac updates. With these updates we:

- revise LPA automated collateral evaluation (ACE)+ property data report (PDR) requirements to:
 - add the eligibility of purchase transactions
 - update requirements for when a PDR is required to be upgraded to an appraisal
 - require compliance with the new Property Data Collector Independence Requirements (PDCIR)
 - clarify background check requirements for property data collectors and introduce new customer service standard/code of conduct compliance requirements for property data collectors and any customer-facing employees of the property data collection company
 - require PDR compliance with the American National Standards Institute (ANSI®) Standard, Square Footage - Method for Calculating: ANSI Z765 for measuring, calculating, and reporting finished and unfinished areas of the subject property
 - refresh requirements to align with Freddie Mac’s wording/presentation of guidance
- adopt Fannie Mae and Freddie Mac’s updated Appraiser Independence Requirements (AIR) for non-AUS, DU, and LPA loans
- for LPA loans, add a new requirement for appraisal assignments to require use of the ANSI Standard for measuring, calculating, and reporting finished and unfinished areas of certain 1-unit properties
- clarify DU credit report requirements for borrowers with an Army Post Office (APO), Fleet Post Office (FPO), or Diplomatic Post Office (DPO) military address

We also refresh LPA “Eligibility of a Property with an ADU” appraisal related requirements to align with Freddie Mac’s language and/or presentation of guidance (*intent of requirements remain the same*).

Effective Dates

- The LPA ACE+ PDR related updates are effective as follows:
 - updates related to purchase eligibility, PDR upgrade to an appraisal, and the refresh of requirements to align with Freddie Mac’s wording/presentation of guidance are effective immediately for existing and new loan applications on or after October 27, 2023
 - updates related to PDCIR, property data collectors, and PDR compliance with ANSI are effective for loan applications on or after November 2, 2023
- The AIR, military addresses for credit reports, and refreshed appraisal requirements updates are effective immediately for existing and new loan applications on or after October 27, 2023.

Effective Dates, continued

- For LPA loans, compliance with the ANSI standard for measuring finished and unfinished areas of certain 1-unit properties is required for all applicable appraisals with an effective date on or after November 2, 2023.

Background Information

Fannie Mae SEL-2023-07 announced updates related to AIR and military addresses for credit reports. Freddie Mac Bulletins 2023-15 and 2023-16 announced updates related to compliance with the ANSI standard. Freddie Mac Bulletin 2023-16 also announced updates related to AIR and the LPA ACE+ PDR offering. In response to these publications, we reviewed impacted standard documents and identified the need to implement revisions to align with Fannie Mae and Freddie Mac requirements.

Bulletin Details

LPA ACE+ PDR Offers

For LPA loans, we revised ACE+ PDR requirements as follows:

- revised requirements to permit the eligibility of purchase transactions for an ACE+ PDR offer (up to a maximum 80% LTV/TLTV)
- updated requirements for when a PDR is required to be upgraded to an appraisal
- added a requirement that property data collectors must comply with the new PDCIR

Note: The PDCIR are designed to protect the integrity of the data collection process and provide similar protections for the property data collection process as the AIR do for the appraisal process.

- specified that property data collectors must undergo periodic background checks that include criminal background checks
- added a requirement that property data collectors and any customer-facing employees of the property data collection company must comply with a customer service or code of conduct standard
- added a requirement that PDRs with an interior and exterior property data collection of the subject property must comply with the ANSI Standard, Square Footage – Method for Calculating: ANSI Z765 for measuring, calculating, and reporting finished and unfinished areas
 - an ANSI-compliant software-generated building sketch is required with a PDR
- refreshed requirements to align with Freddie Mac’s wording/presentation of guidance

Reminder: LPA loans originated with an ACE+ PDR offer (or hybrid appraisal) must be underwritten by the Correspondent lender (approved by Truist for delegated underwriting authority). This includes CorrAdvantage loans.

Bulletin Details, continued

Appraiser Independence Requirements (AIR)

For non-AUS, DU, and LPA loans, we adopted Fannie Mae and Freddie Mac's updated AIR. The AIR set forth standards to safeguard the independence, objectivity, and impartiality of appraisers and other Independent Parties throughout the valuation process for 1 to 4-unit residential properties.

Fannie Mae and Freddie Mac updated the AIR to:

- clarify that mortgage brokers, loan officers/loan originators, and production staff are not allowed to order appraisals, or be involved in the collateral valuation process at all. These parties are now referred to as "Restricted Parties,"
- clarify that appraisers, appraisal management companies, and appraisal firms all fall under the same protections and are referred to as "Independent Parties," and
- improve readability and clarity through reorganization of the content and other improvements.

Note: *In today's revised Correspondent Section 1.07 Appraisal Standard document:*

- *the new topic titled "**Appraiser Independence Requirements: Agency Loan Programs**" addresses AIR for Agency Loan Programs only (for all underwriting methods), and*
- *AIR published prior to today's update remain; however, now apply for Non-Agency loan programs only (i.e., Key Loan, FHA, VA, and RD) and are outlined in the renamed "**Appraiser Independence Requirements: Non-Agency Loan Programs**" topic.*

ANSI Appraisal Requirements

For LPA loans, we updated appraisal requirements to specify that appraisal assignments must be completed using the ANSI Standard, Square Footage – Method for Calculating: ANSI Z765 for measuring, calculating, and reporting finished and unfinished areas. The ANSI Standard must be used for appraisals that include interior and exterior inspections of 1-unit properties, whether attached or detached, or condominium units. Additionally, appraisal reports must include an ANSI-compliant software-generated building sketch, as applicable.

Military Addresses for Credit Reports

For DU loans, we clarified credit report requirements to reflect that when the borrower has an APO, FPO, or DPO military address, it does not need to be located within the U.S. to obtain a credit report compatible with DU loan casefile requirements. This change aligns published requirements with DU functionality.

Other Agency Standards Improvement Updates

In support of our standards improvement initiative, we refreshed LPA "Eligibility of a Property with an ADU" appraisal related requirements to align with Freddie Mac's language and/or presentation of guidance (*intent of requirements remained the same*).

Bulletin Details, continued

Before and After Matrices

- [Click here](#) to see the before and after matrix that provides a detailed overview of all LPA ACE+ PDR related revisions.
- [Click here](#) to see the before and after matrix that provides a detailed overview of all AIR and military addresses for credit reports related revisions.
- [Click here](#) to see the before and after matrix that provides a detailed overview of all ANSI and refreshed appraisal related revisions.

Revised Materials

Click [Appraisal Standard](#) and [Agency Loan Standard](#) to review the revised product materials.

Former Standards

See the before and after matrices provided in the Bulletin Details section of this bulletin to access the former standards.

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 3.

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