Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for Loans that Require an Appraisal with Applications Dated ON OR AFTER February 04, 2025

Appraisal Market Areas	Correspondent Section 2.01 Agency Loan Standard
	
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	Correspondent Section 1.07 Appraisal Standard
		• Standard Agency (non-AUS and DU)
		• Agency Plus (DU)
		• Agency Plus Select (DU)
		• HomeReady® (non-AUS & DU)
		• Texas Section 50(a)(6) Mortgages (non-AUS and DU)
			Section 2.01 Agency Loan Standard
			Appraisal Requirements / Lender Responsibilities
			
			Non-AUS
			
			***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
			
			• **Objective and Unbiased Appraisals**
			  • A lender must ensure that the appraiser:
			    • described the property and the neighborhood in factual, unbiased, and specific terms;
			    • considered all factors that have an effect on value; and
			    • was objective and unbiased in the development of the opinion of market value in the appraisal report.
			  • A number of federal, state, and local laws prohibit discrimination in the appraisal of housing. Fannie Mae expects professional appraisers to fully understand that discriminatory valuation and appraisal reporting practices are not only illegal, but also unethical. Unintentional discrimination can occur in the appraisal report as the result of what an appraiser states, or fails to state. The lender and appraiser must ensure the appraisal is not in violation of any unacceptable appraisal practices. See "Unacceptable Appraisal Practices" subsequently presented in this subtopic for additional information.
			
			All other currently published requirements in this section remain the same.
			
			Fannie Mae DU
			Follow DU requirements, which are the same as non-AUS requirements, except as follows:
			• **Lender Responsibilities**
			  • The lender is responsible for ensuring that the subject property provides adequate collateral for the mortgage. For most loans, Fannie Mae requires that the lender obtain a signed and complete appraisal report that accurately reflects the market value, condition, and marketability of the property. Some loans may be eligible for a value acceptance option, and an appraisal is not required if the lender exercises the option and complies with the related requirements. See the "Fannie Mae's DU Value Acceptance (Appraisal Waivers)" and "Fannie Mae's DU Value Acceptance + Property Data" subtopics, subsequently presented in this topic, for additional information.
			  • If an appraisal is obtained, the lender is responsible for:
			    • providing the borrower disclosures and requirements described in the "Appraisal Quality Matters" subtopic presented in the "Appraisal Analysis: Agency Loan Programs" topic within Section 1.07: Appraisal Standard;
			    • compliance with the *Appraiser Independence Requirements*;
			    • selection of the appraiser;
			    • compliance with the Uniform Appraisal Dataset (UAD) when applicable;
			    • ensuring the appraiser has utilized sound reasoning and provided evidence to support the methodology chosen to develop the value opinion, particularly in cases that are not covered by Fannie Mae requirements;
			    • successful submission of the appraisal through the UCDP prior to delivery;
			    • continually evaluating the appraiser's work through the quality control process; and
			    • ensuring the appraisal does not contain subjective and prohibited language relating to discriminatory practices and appraisal bias.
			  • If the transaction involves property data collection, the lender is responsible for:
			    • compliance with the *Property Data Collector Independence Requirements*;
				Section 2.01 Agency Loan Standard
				Appraisal Requirements / Lender Responsibilities
				
				Non-AUS
				
				***Note**: Below is an EXCERPT only of the requirements from the above referenced section.*
				
				• **Objective and Unbiased Appraisals**
				  • A lender must ensure ~~that~~ the appraiser:
				    • described the property and the market area in factual, unbiased, and specific terms;
				    • considered all factors that have an effect on value; and
				    • was objective and unbiased in the development of the opinion of market value in the appraisal report.
				  • A number of federal, state, and local laws prohibit discrimination in the appraisal of housing. Fannie Mae expects professional appraisers to fully understand that discriminatory valuation and appraisal reporting practices are not only illegal, but also unethical. Unintentional discrimination can occur in the appraisal report as the result of what an appraiser states, or fails to state. The lender and appraiser must ensure the appraisal is not in violation of any unacceptable appraisal practices. See "Unacceptable Appraisal Practices" subsequently presented in this subtopic for additional information.
				
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				Fannie Mae DU
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				  • If an appraisal is obtained, the lender is responsible for:
				    • providing the borrower disclosures and requirements described in the "Appraisal Quality Matters" subtopic presented in the "Appraisal Analysis: Agency Loan Programs" topic within Section 1.07: Appraisal Standard;
				    • compliance with the *Appraiser Independence Requirements*;
				    • selection of the appraiser;
				    • compliance with the Uniform Appraisal Dataset (UAD) when applicable;
				    • ensuring the appraiser has utilized sound reasoning and provided evidence to support the methodology chosen to develop the value opinion, particularly in cases that are not covered by Fannie Mae requirements;
				    • successful submission of the appraisal through the UCDP prior to delivery;
				    • continually evaluating the appraiser's work through the quality control process; and
				    • ensuring the appraisal does not contain subjective and prohibited language relating to discriminatory practices and appraisal bias.
				  • If the transaction involves property data collection, the lender is responsible for:
				    • compliance with the *Property Data Collector Independence Requirements*;

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			• selection of the property data collector; • successful submission of the data to Fannie Mae's Property Data API prior to loan delivery; and • continually evaluating the property data collector's work through the quality control process. **Section 1.07 Appraisal Standard** **Appraisal Analysis: Agency Loan Programs / Neighborhood Section of the Appraisal Report** **Non-AUS** • **Overview** • Neighborhood characteristics and trends influence the value of one- to four-unit residences. Therefore, an analysis of the subject property's neighborhood is a key element in the appraisal process. • **Neighborhood Analysis** • Fannie Mae's appraisal report forms and requirements do not require the appraiser to rate or judge the neighborhood. Fannie Mae requires the appraiser to perform an objective neighborhood analysis by identifying neighborhood boundaries, neighborhood characteristics, and the factors that affect the value and marketability of properties in the neighborhood. • **Neighborhood boundaries**. The appraiser should provide an outline of the neighborhood boundaries, which should be clearly delineated using 'North', 'South', 'East', and 'West'. These boundaries may include, but are not limited to streets, legally recognized neighborhood boundaries, waterways, or other natural boundaries that define the separation of one neighborhood from another. Appraisers should not reference a map or other addendum as the only example of the neighborhood boundaries. • **Neighborhood characteristics**. These can be addressed by the types of structures (detached, attached) and architectural styles in the neighborhood (such as row or townhouse, colonial, ranch, or Victorian); current land use (such as single-family residential, commercial, or industrial); typical site size (such as 10000 sf, or 2.00 ac); or street patterns or design (such as one-way street, cul-de-sac, or court). • **Factors that affect the value and marketability of properties in the neighborhood**. These can be addressed by such things as the proximity of the property to employment and amenities, appeal to the market, changes in land use, access to public transportation, and adverse environmental influences. • The appraiser must fully consider all of the value-influencing characteristics in the neighborhood and arrive at an appropriate neighborhood description and opinion of value for the property, even if this requires more extensive research for particular property types or for properties in certain geographic locations. • An appraiser must perform a neighborhood analysis in order to identify the area that is subject to the same influences as the property being appraised, based on the actions of typical buyers. The results of a neighborhood analysis enable the appraiser not only to identify the factors that influence the value of properties in the neighborhood, but also to define the area from which to select the market data needed to perform a sales comparison analysis. • In performing a neighborhood analysis, the appraiser: • collects pertinent data, • conducts a visual inspection of the neighborhood to observe its physical characteristics and determine its boundaries, and • identifies land uses and any signs that the land uses are changing.	• selection of the property data collector; • successful submission of the data to Fannie Mae's Property Data API prior to loan delivery; and • continually evaluating the property data collector's work through the quality control process. **Section 1.07 Appraisal Standard** **Appraisal Analysis: Agency Loan Programs / Neighborhood Section of the Appraisal Report** **Non-AUS** • **Overview** • Neighborhood characteristics and trends influence the value of one- to four-unit residences and an analysis of the subject property's neighborhood is a key element in the appraisal process. A neighborhood is defined as a congruous group of complementary land uses. • **Neighborhood Analysis** • ~~Fannie Mae's appraisal report forms and requirements do not require the appraiser to rate or judge the neighborhood.~~ Fannie Mae requires the appraiser to perform an objective neighborhood analysis by identifying neighborhood boundaries, neighborhood characteristics, and the factors that affect the value and marketability of properties in the neighborhood. • **Neighborhood boundaries**. The appraiser should provide an outline of the neighborhood boundaries, which should be clearly delineated using 'North', 'South', 'East', and 'West'. These boundaries may include, but are not limited to streets, legally recognized neighborhood boundaries, waterways, or other natural boundaries that define the separation of one neighborhood from another. Appraisers should not reference a map or other addendum as the only example of the neighborhood boundaries. • **Neighborhood characteristics**. These can be addressed by the types of structures (detached, attached) and architectural styles in the neighborhood (such as row or townhouse, colonial, ranch, or Victorian); current land use (such as single-family residential, commercial, or industrial); typical site size (such as 10000 sf, or 2.00 ac); or street patterns or design (such as one-way street, cul-de-sac, or court). • **Factors that affect the value and marketability of properties in the neighborhood**. 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The results of a neighborhood analysis enable the appraiser not only to identify the factors that influence the value of properties in the neighborhood, but also to define the area from which to select the market data needed to perform a sales comparison analysis. • In performing a neighborhood analysis, the appraiser: • collects pertinent data, • researches the neighborhood to identify physical characteristics and determine its boundaries, and • identifies land uses and any signs that the land uses are changing.

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			• Fannie Mae expects the appraiser and the lender's underwriter to be aware of the varying conditions that characterize different types of neighborhoods. Conditions that are typical in certain neighborhoods may not be present in other neighborhoods. This does not mean that the existence of certain types of conditions or characteristics are unacceptable; rather, it is an indication that they must be viewed in context with the nature of the neighborhood in which the security property is located. For example, some neighborhoods consist of a variety of property types that have different uses. It is not uncommon to find properties that have mixed-uses, such as residential properties that also have child-care facilities, doctor or dental offices, and other types of business or commercial uses. The presence of mixed-use properties or a variety of property types within a neighborhood should be viewed as a neighborhood characteristic that the appraiser considers when performing the neighborhood analysis and describing the neighborhood boundaries. • The appraiser must consider the influence of market forces, including but not limited to, economic, governmental, and environmental factors on property values in the neighborhood. Economic forces that must be considered include such things as the existence of vacant or boarded-up properties in the neighborhood, and the level of essential local support services. Examples of governmental forces that should be taken into consideration include the regulations, laws, and taxes that are imposed on properties. Environmental forces that must be considered include, among other things, the existence of a hazardous waste site on or near the property, and the proximity of a property to an airport. Certain other factors that are not appraisal factors, such as the racial or ethnic composition of a neighborhood or the age or sex of the individuals who live in a particular neighborhood, must not be considered in the valuation process. • The appraiser must determine, analyze, and consider factors in the valuation process based on their identification of all forces or factors that have the potential to influence the value of the property. The appraiser must report neighborhood conditions in factual, specific terms and be impartial and specific in describing favorable or unfavorable factors in a neighborhood. If an appraiser can demonstrate by market evidence that a characteristic has an effect on the value or marketability of the properties in the neighborhood, they must consider it in the valuation process. The appraiser must not make unsupported assumptions or interject personal opinion or perceptions about market forces or other factors that may or may not affect the use and value of a property. For example, a property located in an older neighborhood can be as sound an investment as a property located in a new neighborhood. • **Degree of Development and Growth Rate** • The degree of development of a neighborhood, which is referred to as "built-up" on the appraisal report forms, is the percentage of the available land in the neighborhood that has been improved. The degree of development of a neighborhood may indicate whether a particular property is residential in nature. • When reviewing an appraisal on a property located in a rural or relatively undeveloped area, the lender should focus on the characteristics of the property, zoning, and the present land use to determine whether the property should be considered residential in nature. For example, if the typical one-unit building site in a particular area (based on the zoning, the highest and best use of the land, and the present land use) is two acres in size, the mortgage will be eligible for purchase or securitization regardless of the percentage of the total appraised value of the property that the site represents, as long as the appraiser demonstrates through the use of comparable sales that the property is a typical residential property for that particular neighborhood. • Because Fannie Mae does not purchase or securitize mortgages secured by agricultural-type properties, undeveloped land, or land-development-type properties, the lender must review the appraisal report for properties that have sites larger than those typical for residential properties in the neighborhood. Special attention must be given to the appraiser's description of the	• Fannie Mae expects the appraiser and the lender's underwriter to be aware of the varying conditions that characterize different types of neighborhoods. Conditions that are typical in certain neighborhoods may not be present in other neighborhoods. This does not mean that the existence of certain types of conditions or characteristics are unacceptable; rather, it is an indication that they must be viewed in context with the nature of the neighborhood in which the security property is located. For example, some neighborhoods consist of a variety of property types that have different uses. It is not uncommon to find properties that have mixed-uses, such as residential properties that also have child-care facilities, doctor or dental offices, and other types of business or commercial uses. The presence of mixed-use properties or a variety of property types within a neighborhood should be viewed as a neighborhood characteristic that the appraiser considers when performing the neighborhood analysis and describing the neighborhood boundaries. • The appraiser must consider the influence of market forces, including economic, governmental, and environmental factors on property values in the neighborhood. Economic forces that must be considered include such things as the existence of vacant or boarded-up properties in the neighborhood and the level of essential local support services. Examples of governmental forces that should be taken into consideration include the regulations, laws, and taxes that are imposed on properties. Environmental forces that must be considered include, among other things, the existence of a hazardous waste site on or near the property, the proximity of a property to an airport, or the Federal Emergency Management Agency (FEMA) designated flood zone in which the property is located. Characteristics that are not appraisal factors must not be considered in the valuation process either partially or completely. These characteristics include a person's sex, race, color, religion, disability, national origin, or familial status. Also, no reference to any protected class of either the prospective owners or occupants of the subject property or the present owners or occupants of the properties in the vicinity of the subject property should be considered or reported. • The appraiser must determine, analyze, and consider factors in the valuation process based on their identification of all forces or factors that have the potential to influence the value of the property. The appraiser must report neighborhood conditions in factual, specific terms and be impartial and specific in describing favorable or unfavorable factors in a neighborhood. If an appraiser can demonstrate by market evidence that a characteristic has an effect on the value or marketability of the properties in the neighborhood, they must consider it in the valuation process. The appraiser must not make unsupported assumptions or interject personal opinion or perceptions about market forces or other factors that may or may not affect the use and value of a property. ~~For example, a property located in an older neighborhood can be as sound an investment as a property located in a new neighborhood.~~ • **Degree of Development and Growth Rate** • The degree of development of a neighborhood, which is referred to as "built-up" on the appraisal report forms, is the percentage of the available land in the neighborhood that has been improved. 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neighborhood, zoning, the highest and best use determination, and the degree of comparability between the subject property and the comparable sales. If the subject property has a significantly larger site than the comparables used in the appraiser's analysis, the subject property may not be a typical residential property for the neighborhood.

- **Trend of Neighborhood Property Values, Demand/Supply, and Marketing Time**
  - The appraiser must report the primary indicators of market condition for properties in the subject neighborhood as of the effective date of the appraisal by noting the information in the table below.

<table>
<tr><th>Trend of Property Values</th><th>Supply of Properties in the Subject Neighborhood</th><th>Marketing Time for Properties</th></tr>
<tr><td>• increasing,
• stable, or
• declining.</td><td>• shortage,
• in-balance, or
• over-supply.</td><td>• under three months,
• three to six months, or
• over six months.</td></tr>
</table>

  - The appraiser's analysis of a property must take into consideration all factors that affect value. This is particularly important for neighborhoods that are experiencing significant fluctuations in property values including sub-markets for particular types of housing within the neighborhood. Therefore, lenders must confirm that the appraiser analyzes listings and contract sales as well as closed or settled sales, and uses the most recent and similar sales available as part of the sales comparison approach, with particular attention to sales or financing concessions in neighborhoods that are experiencing either declining property values, an over-supply of properties, or marketing times over six months. The appraiser must provide his or her conclusions for the reasons a neighborhood is experiencing declining property values, an over-supply of properties, or marketing times over six months.
  - When completing the One-Unit Housing Trends portion of the Neighborhood section of the appraisal report forms, the trends must be reflective of those properties deemed to be competitive to the property being appraised. If the neighborhood contains properties that are truly competitive (that is, market participants make no distinction between the properties), then all the properties within the neighborhood would be reflected in the One-Unit Housing Trends section. However, when a segmented or bifurcated market is present, the One-Unit Housing Trends portion must reflect those properties from the same segment of the market as the property being appraised. This ensures that the analysis being performed is based on competitive properties. For example, if the neighborhood contains a mix of property types not considered competitive by market participants, then a segmented or bifurcated market is present. The appraiser should also provide commentary on the other segment(s) of the neighborhood when segmentation is present.

- **Price Range and Predominant Price**
  - The appraiser must indicate the price range and predominant price of properties in the subject neighborhood. The price range must reflect high and low prevailing prices for one-unit properties, two- to four-unit properties, or condo units depending on the property type being appraised and the appraisal form being used. Isolated high and low extremes should be excluded from the range, which means that the predominant price will be that which is the most common or most
</td><td>

  - Because Fannie Mae does not purchase or securitize mortgages secured by agricultural-type properties, undeveloped land, or land-development-type properties, the lender must review the appraisal report for properties that have sites larger than those typical for residential properties in the neighborhood. Special attention must be given to the appraiser's description of the neighborhood, zoning, the highest and best use determination, and the degree of comparability between the subject property and the comparable sales. If the subject property has a significantly larger site than the comparables used in the appraiser's analysis, the subject property may not be a typical residential property for the neighborhood.

- **Trend of Neighborhood Property Values, Demand/Supply, and Marketing Time**
  - The appraiser must report the primary indicators of market condition for properties in the subject neighborhood as of the effective date of the appraisal by noting the information in the table below.

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  - When completing the One-Unit Housing Trends portion of the Neighborhood section of the appraisal report ~~forms~~, the trends must be reflective of those properties deemed to be competitive to the property being appraised. If the neighborhood contains properties that are truly competitive (that is, market participants make no distinction between the properties), then all the properties within the neighborhood would be reflected in the One-Unit Housing Trends section. The appraiser's analysis of the property value housing trend section (increasing, stable, declining) must include factual data from information sources such as, but not limited to, market data, home price indices, multiple listing services, public records, and/or models. The trend indicated in the appraisal report must reflect the overall movement of the market based on a minimum of 12 months of data. ~~However, when a segmented or bifurcated market is present, the One-Unit Housing Trends portion must reflect those properties from the same segment of the market as the property being appraised. This ensures that the analysis being performed is based on competitive properties. For example, if the neighborhood contains a mix of property types not considered competitive by market participants, then a segmented or bifurcated market is present. The appraiser should also provide commentary on the other segment(s) of the neighborhood when segmentation is present.~~
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			frequently found in the neighborhood. The appraiser must state the predominant price as a single figure using whole numbers.
			
			• **Over-Improvements**
			  • An over-improvement is an improvement that is larger or costlier than what is typical for the neighborhood. For example, a 4,000 square foot home located in an area of homes where the typical home is 2,000 square feet may be considered an over-improvement. Furthermore, a home with an in ground pool in an area where pools are not typical may also be considered an over-improvement. The appraiser must comment on over-improvements and indicate their contributory value in the Sales Comparison Approach adjustment grid.
			  • Improvements can represent an over-improvement for the neighborhood, but still be within the neighborhood price range, such as a property with an in-ground swimming pool, a large addition, or an oversized garage in a market that does not demand these kinds of improvements.
			  • The fact that the property is an over-improvement does not necessarily make the property ineligible. However, lenders must review appraisals on properties with over-improvements that may not be acceptable to the typical purchaser to ensure that only the contributory value of the over-improvement is reflected in the appraisal analysis.
			
			• **Age Range and Predominant Age**
			  • The appraiser must indicate the age range and predominant age of properties in the subject neighborhood. The age range should reflect the oldest and newest ages for one-unit properties, two- to four-unit properties, or condo units depending on the property type and the appraisal form being used. However, isolated high and low extremes should be excluded from the range. The predominant age is the one that is the most common or most frequently found in the neighborhood. The appraiser must state the predominant age as a single figure using whole numbers.
			  • When the age of the subject property is significantly different than the predominant age range, the appraiser must explain why the age is outside the range and comment on the marketability of the property and the adjustments that were made in the Sales Comparison Approach adjustment grid to reflect that condition.
			
			• **Present Land Use**
			  • Fannie Mae's appraisal report forms provide an area for the appraiser to report the relative percentages of the developed land in the neighborhood when discussing the present land use, rather than simply referring to the zoning classifications. The appraiser must separately report the percentage of developed one-unit sites and two- to four-unit sites. Undeveloped land must be reported in the "Other" field. In addition, if there is a significant amount of undeveloped land in the neighborhood, the appraiser must include comments to confirm that he or she adequately described the neighborhood. If the present land use in the neighborhood is not one of those listed on the appraisal report form, such as parkland, the appraiser also must indicate the type of land use and its related percentage. The total of the types of land uses must equal 100%.
			  • Typically, dwellings best maintain their value when they are situated in neighborhoods that consist of other similar dwellings. However, some factors that are typical of a mixed-use neighborhood, such as easy access to employment centers and a high level of community activity, can actually enhance the market value of the property through increased buyer demand. Neighborhoods may frequently reflect a blend of residential and nonresidential land uses.
			  • When different land uses and property types are present in a neighborhood, that fact should be considered a neighborhood characteristic that the appraiser needs to take into consideration when performing the neighborhood analysis and defining the neighborhood boundaries. To
				• **Price Range and Predominant Price**
				  • The appraiser must indicate the price range and predominant price of properties in the subject's neighborhood. The price range must reflect high and low prevailing prices for one-unit properties, two- to four-unit properties, or condo units depending on the property type being appraised and the appraisal form being used. Isolated high and low extremes should be excluded from the range, which means that the predominant price will be that which is the most common or most frequently found in the neighborhood. The appraiser must state the predominant price as a single figure using whole numbers.
				
				• **Over-Improvements**
				  • An over-improvement is an improvement that is larger or costlier than what is typical for the neighborhood. For example, a 4,000 square foot home located in an area of homes where the typical home is 2,000 square feet may be considered an over-improvement. Furthermore, a home with an in-ground pool in an area where pools are not typical may also be considered an over-improvement. The appraiser must comment on over-improvements and indicate their contributory value in the Sales Comparison Approach adjustment grid.
				  • Improvements can represent an over-improvement for the neighborhood, but still be within the neighborhood price range, such as a property with an in-ground swimming pool, a large addition, or an oversized garage in a market that does not demand these kinds of improvements.
				  • The fact that the property is an over-improvement does not necessarily make the property ineligible. However, lenders must review appraisals on properties with over-improvements that may not be acceptable to the typical purchaser to ensure that only the contributory value of the over-improvement is reflected in the appraisal analysis.
				
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				  • The appraiser must indicate the age range and predominant age of properties in the subject's neighborhood. The age range should reflect the oldest and newest ages for one-unit properties, two- to four-unit properties, or condo units depending on the property type and the appraisal form being used. However, isolated high and low extremes should be excluded from the range. The predominant age is the one that is the most common or most frequently found in the neighborhood. The appraiser must state the predominant age as a single figure using whole numbers.
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				• **Present Land Use**
				  • Fannie Mae's appraisal reports provide an area for the appraiser to report the relative percentages of the developed land in the neighborhood when discussing the present land use, rather than simply referring to the zoning classifications. The appraiser must separately report the percentage of developed one-unit sites and two- to four-unit sites. Undeveloped land must be reported in the "Other" field. In addition, if there is a significant amount of undeveloped land in the neighborhood, the appraiser must include comments to confirm that they adequately described the neighborhood. If the present land use in the neighborhood is not one of those listed on the appraisal report form, such as parkland, the appraiser also must indicate the type of land use and its related percentage. The total of the types of land uses must equal 100%.

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			confirm that any positive or negative effects of the mixed land uses are reflected in the sales comparison analysis, the appraiser should select comparable sales from within the same neighborhood whenever possible. If this is not possible, the appraiser may need to make neighborhood or location adjustments to the Sales Comparison Approach adjustment grid for any sales that are not subject to the same neighborhood characteristic. **Fannie Mae DU** Follow DU requirements, which are the same as non-AUS requirements.	• Typically, dwellings best maintain their value when they are situated in neighborhoods that consist of other similar dwellings. However, some factors that are typical of a mixed-use neighborhood, such as easy access to employment centers and a high level of community activity, can actually enhance the market value of the property through increased buyer demand. Neighborhoods may frequently reflect a blend of residential and nonresidential land uses. • When different land uses and property types are present in a neighborhood, that fact should be considered a neighborhood characteristic that the appraiser needs to take into consideration when performing the neighborhood analysis and defining the neighborhood boundaries. To confirm that any positive or negative effects of the mixed land uses are reflected in the sales comparison analysis, the appraiser should select comparable sales from within the same neighborhood whenever possible. If this is not possible, the appraiser may need to make neighborhood or location adjustments to the Sales Comparison Approach adjustment grid for any sales that do not share the same characteristic(s) or externalities. **Fannie Mae DU** Follow DU requirements, which are the same as non-AUS requirements.

			Section 1.07 Appraisal Standard
			Appraisal Analysis: Agency Loan Programs / Comparable Sales
			
			Non-AUS
			• **Selection of Comparable Sales**
			  • The appraiser is responsible for determining which comparables are the best and most appropriate for the assignment. Fannie Mae expects the appraiser to account for all factors that affect value when completing the analysis. Comparable sales should have similar physical and legal characteristics when compared to the subject property. These characteristics include, but are not limited to, site, room count, gross living area, style, and condition. This does not mean that the comparable must be identical to the subject property, but it should be competitive and appeal to the same market participants that would also consider purchasing the subject property. Comparables that are significantly different from the subject property may be acceptable; however, the appraiser must describe the differences, consider these factors in the market value, and provide an explanation justifying the use of the comparable(s).
			  • Comparable sales from within the same neighborhood (including subdivision or project) as the subject property should be used when possible, and must be used in certain instances (see below). Sale activity from within the neighborhood is the best indicator of value as sales prices of comparable properties from the same location should reflect the same positive and negative location characteristics.
			  • Fannie Mae does allow for the use of comparable sales that are located in competing neighborhoods, as these may simply be the best comparables available and the most appropriate for the appraiser's analysis. If this situation arises, the appraiser must not expand the neighborhood boundaries just to encompass the comparables selected. The appraiser must indicate the comparables are from a competing neighborhood and address any differences that exist. The appraiser must also provide an explanation as to why he or she used the specific comparable sales in the appraisal report and include a discussion of how a competing neighborhood is comparable to the subject neighborhood.
			  • If a property is located in an area in which there is a shortage of truly comparable sales, either because of the nature of the property improvements or the relatively low number of sales transactions in the neighborhood, the appraiser might need to use properties that are not truly
				Section 1.07 Appraisal Standard
				Appraisal Analysis: Agency Loan Programs / Comparable Sales
				
				Non-AUS
				• **Selection of Comparable Sales**
				  • The appraiser is responsible for determining which comparables are the best and most appropriate for the assignment. Fannie Mae expects the appraiser to account for all factors that affect value when completing the analysis. Comparable sales should have similar physical and legal characteristics when compared to the subject property. These characteristics include, but are not limited to, site, room count, gross living area, style, and condition. External factors, including Federal Emergency Management Agency (FEMA) designated flood zone, should be given consideration when selecting comparables.
				  • When choosing comparable sales, the appraiser should examine the market area of the subject property, assess its characteristics, and identify similar comparable sales. Market area is defined as the geographic region, for a subject property, from which most demand comes and in which most of the competition is located. This does not mean comparable sales must be identical to the subject property, but instead should be competitive and appeal to the same market participants that would also consider purchasing the subject property. If the available comparable sales are not similar, the appraiser needs to decide whether an expansion of the market area search is appropriate. If this occurs, the appraiser must provide commentary to explain the rationale for selecting comparable sales outside the subject's market area and make location adjustments if warranted. ~~Comparables that are significantly different from the subject property may be acceptable; however, the appraiser must describe the differences, consider these factors in the market value, and provide an explanation justifying the use of the comparable(s).~~
				  • Comparable sales from within the same market area (including subdivision or project) as the subject property should be used when possible, and must be used in certain instances (see below). Sale activity from within the neighborhood is the best indicator of value as sales prices of comparable properties from the same location should reflect the same positive and negative location characteristics.
				  • Fannie Mae does allow for the use of comparable sales located in competing market areas, as these may simply be the best comparables available and the most appropriate for the appraiser's

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			comparable to the subject property. In some situations, sales of properties that are not truly comparable may simply be the best available and the most appropriate for the appraiser's analysis. The use of such sales is acceptable as long as the appraiser adequately documents his or her analysis and explains why these sales were used. (For additional information, see the "Neighborhood Section of the Appraisal Report" subtopic). • When describing the proximity of the comparable sale to the subject property, the appraiser must be specific with respect to the distance in terms of miles and include the applicable directional indicator (for example, "1.75 miles NW"). The distance between the subject property and each comparable property is to be measured using a straight line between the properties. • **Minimum Number of Comparable Sales** • A minimum of three closed comparables must be reported in the sales comparison approach. Additional comparable sales may be reported to support the opinion of market value provided by the appraiser. The subject property can be used as a fourth comparable sale or as supporting data if it was previously closed. Contract offerings and current listings can be used as supporting data, if appropriate. See "Additional Requirements for New (or Recently Converted), Condos, Subdivisions, or PUDs" below for exceptions to this requirement. • In no instance may the appraiser create comparable sales by combining vacant land sales with the contract purchase price of a home (improvements only). While these transactions cannot be used to meet the required minimum three closed comparables, these transactions, which are often completed as part of a construction-to-permanent loan transaction, may be included as additional support with appropriate commentary. • **Age of the Comparable Sales** • Comparable sales that have closed within the last 12 months should be used in the appraisal; however, the best and most appropriate comparable sales may not always be the most recent sales. For example, it may be appropriate for the appraiser to use a nine month old sale with a time adjustment rather than a one month old sale that requires multiple adjustments. An older sale may be more appropriate in situations when market conditions have impacted the availability of recent sales as long as the appraisal reflects the changing market conditions. • Additionally, older comparable sales that are the best indicator of value for the subject property can be used if appropriate. For example, if the subject property is located in a rural area that has minimal sales activity, the appraiser may not be able to locate 3 truly comparable sales that sold in the last 12 months. In this case, the appraiser may use older comparable sales as long as he or she explains why they are being used. • **Additional Requirements for New (or Recently Converted) Condos, Subdivisions, or PUDs** • If the subject property is located in a new (or recently converted) condo project, subdivision, or PUD, it must be compared to other properties in the same market area and to properties within the subject condo project, subdivision, or PUD. This comparison should help demonstrate market acceptance of new developments and the properties within them. Generally, a subdivision is considered new when there are limited or no resales or the builder or developer is involved in the marketing or sale of the properties. See the "Project Types" subtopic within the "Agency" topic in Section 1.06: Condominium and PUD Approval Requirements Standard for the definition of a new condo project or PUD • At a minimum, the appraisal report for these properties must include the following: • At least one settled comparable sale from the subject condo project, subdivision, or PUD. (A resale is preferable if it is verifiable and does not involve the subject builder or developer).	analysis. If this situation arises, the appraiser must not expand the neighborhood boundaries just to encompass the comparables selected. The appraiser must indicate the comparables are from a competing neighborhood and address any differences that exist. The appraiser must also provide an explanation as to why they used the specific comparable sales in the appraisal report and include a discussion of how a competing neighborhood is comparable to the subject's neighborhood. • If a property is located in an area in which there is a shortage of truly comparable sales, either because of the nature of the property improvements or the relatively low number of sales transactions in the neighborhood, the appraiser might need to use properties that are not truly comparable to the subject property. In some situations, ~~sales of~~ properties that are not truly comparable may simply be the best available and the most appropriate for the appraiser's analysis. The use of such sales is acceptable if the appraiser adequately documents the analysis and explains why they were used. (For additional information, see the "Neighborhood Section of the Appraisal Report" subtopic). • When describing the proximity of the comparable sale to the subject property, the appraiser must be specific with respect to the distance in terms of miles and include the applicable directional indicator (for example, "1.75 miles NW"). The distance between the subject property and each comparable property is to be measured using a straight line between the properties. • **Minimum Number of Comparable Sales** • A minimum of three closed comparables must be reported in the sales comparison approach. Additional comparable sales may be reported to support the opinion of market value provided by the appraiser. The subject property can be used as a fourth comparable sale or as supporting data if it was previously closed. Contract offerings and current listings can be used as supporting data, if appropriate. See "Additional Requirements for New (or Recently Converted) Condos, Subdivisions, or PUDs" below for exceptions to this requirement. • In no instance may the appraiser create comparable sales by combining vacant land sales with the contract purchase price of a home (improvements only). While these transactions cannot be used to meet the required minimum three closed comparables, these transactions, which are often completed as part of a construction-to-permanent loan transaction, may be included as additional support with appropriate commentary. • **Age of the Comparable Sales** • Comparable sales that have closed within the last 12 months should be used in the appraisal; however, the best and most appropriate comparable sales may not always be the most recent sales. For example, it may be appropriate for the appraiser to use a nine month old sale with a time adjustment rather than a one month old sale that requires multiple adjustments. An older sale may be more appropriate in situations when market conditions have affected the availability of recent sales, and the changing market conditions causing their use must be explained in the report. • Additionally, older comparable sales that are the best indicator of value for the subject property can be used if appropriate. For example, if the subject property is located in a rural area that has minimal sales activity, the appraiser may not be able to locate three truly comparable sales that sold in the last 12 months. In this case, the appraiser may use older comparable sales if they explain why they are being used. • **Additional Requirements for New (or Recently Converted) Condos, Subdivisions, or PUDs** • If the subject property is located in a new (or recently converted) condo project, subdivision, or PUD, it must be compared to other properties in the same market area and to properties within

<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
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At least one settled comparable sale from outside the subject condo project, subdivision, or PUD.
A third settled comparable sale can be from inside or outside of the subject condo project, subdivision, or PUD. Settled comparable sales or resales from within the subject condo project, subdivision, or PUD are preferable to settled sales from outside the condo project, subdivision, or PUD provided the builder or developer of the subject property is not involved in those transactions.
In the event there are no settled comparable sales inside a new condo project, subdivision, or PUD because the subject property transaction is one of the first units to sell, the appraiser may use two pending sales in the subject project, subdivision, or PUD in lieu of one settled sale. The appraiser must also use at least three settled comparable sales from projects, subdivisions, or PUDs outside of the subject project, subdivision, or PUD.

If the subject property is part of a newly built or recently converted condo project, subdivision, or PUD that has 2-20 units and there are no settled or pending sales, the appraiser may use comparable sales from a competing project, subdivision, or PUD. The requirements in the following table apply.
<table>
<tr><th>✓</th><th>The appraisal report must…</th></tr>
<tr><td></td><td>Use competing projects, subdivisions, or PUDs of a similar size and type.</td></tr>
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<tr><td></td><td>Describe how the condo project, subdivision, or PUD chosen compares to the subject property.</td></tr>
</table>
Note: If the subject property is not the first unit under contract in the condo project, subdivision, or PUD, the appraiser must include one under contract sale from the subject's project, subdivision, or PUD as a supplemental exhibit.
To meet the requirement that the appraiser utilize one comparable sale from inside the subject project, subdivision, or PUD, the appraiser may need to rely solely on the builder of the property they are appraising, as this data may not yet be available through typical data sources (for example, public records or multiple listing services). In this scenario, it is acceptable for the appraiser to verify the transaction of the comparable sale by viewing a copy of the settlement statement from the builder's file.
When providing builder sales from competing projects that are not presently available through traditional data sources, the appraiser must verify the sale from the applicable settlement statement and indicate on the appraisal report that the settlement statement was the document utilized for verification. Additionally, the appraisal must include discussion and analysis of sales concessions and upgrades for the subject property relative to concessions and upgrades for each builder sale.

Additional Requirements for Leasehold Estates
See the "Leasehold Estates" subtopic within the "Appraisal Requirements" topic in Section 2.01: Agency Loan Standard of the Correspondent Seller Guide for guidance.
Rural Properties
Rural properties often have large lot sizes, and rural locations can be relatively undeveloped. Therefore, there may be a shortage (or absence) of recent truly comparable sales in the immediate vicinity of a subject property that is in a rural location. If the appraiser's analysis of the market

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the subject condo project, subdivision, or PUD. This comparison should help demonstrate market acceptance of new developments and the properties within them. Generally, a subdivision is considered new when there are limited or no resales or the builder or developer is involved in the marketing or sale of the properties. See the "Project Types" subtopic within the "Agency" topic in Section 1.06: Condominium and PUD Approval Requirements Standard for the definition of a new condo project or PUD.

At a minimum, the appraisal report for these properties must include the following:

At least one settled comparable sale from the subject condo project, subdivision, or PUD. (A resale is preferable if it is verifiable and does not involve the subject builder or developer.)
At least one settled comparable sale from outside the subject condo project, subdivision, or PUD.
A third settled comparable sale can be from inside or outside of the subject condo project, subdivision, or PUD. Settled comparable sales or resales from within the subject condo project, subdivision, or PUD are preferable to settled sales from outside the condo project, subdivision, or PUD provided the builder or developer of the subject property is not involved in those transactions.
In the event there are no settled comparable sales inside a new condo project, subdivision, or PUD because the subject property transaction is one of the first units to sell, the appraiser may use two pending sales in the subject project, subdivision, or PUD in lieu of one settled sale. The appraiser must also use at least three settled comparable sales from projects, subdivisions, or PUDs outside of the subject project, subdivision, or PUD.

If the subject property is part of a newly built or recently converted condo project, subdivision, or PUD that has 2-20 units and there are no settled or pending sales, the appraiser may use comparable sales from a competing project, subdivision, or PUD. The requirements in the following table apply.
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When providing builder sales from competing projects that are not presently available through traditional data sources, the appraiser must verify the sale from the applicable settlement statement and indicate on the appraisal report that the settlement statement was the document utilized for verification. Additionally, the appraisal must include discussion and analysis of sales concessions and upgrades for the subject property relative to concessions and upgrades for each builder sale.

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			data shows the best indicators of value for the subject property are a considerable distance away, those comparables sales can be used if it produces credible assignment results. The appraisal must include an explanation of why the particular comparables were selected.
			
			• **Use of Foreclosures and Short Sales**
			  • It is acceptable to use foreclosures and short sales as comparables if the appraiser believes they are the best and most appropriate sales available. The appraiser must address in the appraisal report the prevalence of such sales in the subject's neighborhood and the impact, if any, of such sales. The appraiser must identify and consider any differences from the subject property, such as the condition of the property and whether any stigma has been associated with it. The appraiser cannot assume it is equal to the subject property. For example, a foreclosure or short sale property may be in worse condition when compared to the subject property, especially if the subject property is new construction or was recently renovated. For appraisals that are required to be UAD compliant, the appraiser must identify the financing as REO sale or Short sale, as appropriate. (For specific information regarding comparable sale adjustments, see the "Adjustments to Comparable Sales" subtopic and for more information regarding financing types, see Fannie Mae and Freddie Mac Uniform Appraisal Dataset Specification, Appendix D: Field-Specific Standardization Requirements).
			
			Fannie Mae DU
			Follow DU requirements, which are the same as non-AUS requirements.
			
			--- 	
			
			Section 1.07 Appraisal Standard
			Appraisal Analysis: Agency Loan Programs /Adjustments to Comparable Sales
			
			Non-AUS
			• **Analysis of Adjustments**
			  • Fannie Mae does not have specific limitations or requirements associated with net or gross adjustments. The number and/or amount of the dollar adjustments must not be the sole determinant in the acceptability of a comparable. Ideally, the best and most appropriate comparable would require no adjustment; however this is rarely the case as typically no two properties or transaction details are identical. The appraiser's adjustments must reflect the market's reaction (that is, market based adjustments) to the difference in the properties. For example, it would be inappropriate for an appraiser to provide a $20 per square foot adjustment for the difference in the gross living area based on a rule-of-thumb when market analysis indicates the adjustment should be $100 per square foot. The expectation is for the appraiser to analyze the market for competitive properties and provide appropriate market based adjustments without regard to arbitrary limits on the size of the adjustment.
				• **Additional Requirements for Leasehold Estates**
				  • See the "Leasehold Estates" subtopic within the "Appraisal Requirements" topic in Section 2.01: Agency Loan Standard of the *Correspondent Seller Guide* for guidance.
				
				• **Rural Properties**
				  • Rural properties often have large lot sizes, and rural locations can be relatively undeveloped. Therefore, there may be a shortage (or absence) of recent truly comparable sales in the immediate vicinity of a subject property. If the appraiser's analysis of the market data shows the best indicators of value for the subject property are a considerable distance away, those comparable sales can be used if it produces credible assignment results. The appraisal must include an explanation of why the particular comparables were selected.
				
				• **Use of Foreclosures and Short Sales**
				  • It is acceptable to use foreclosures and short sales as comparables if the market data indicates they are the best and most appropriate sales available. The appraiser must address in the appraisal report the prevalence of such sales in the subject's neighborhood and their impact. The appraiser must identify and consider any differences from the subject property, such as the condition of the property and whether any stigma has been associated with it. The appraiser cannot assume it is equal to the subject property. For example, a foreclosure or short sale property may be in worse condition when compared to the subject property, especially if the subject property is new construction or was recently renovated. For appraisals that are required to be UAD compliant, the appraiser must identify the financing sale type as REO sale or Short sale, as appropriate. (For specific information regarding comparable sale adjustments, see the "Adjustments to Comparable Sales" subtopic and for more information regarding financing types, see Fannie Mae and Freddie Mac Uniform Appraisal Dataset Specification, Appendix D: Field-Specific Standardization Requirements).
				
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			• If the extent of the appraiser's adjustments to the comparable sales is great enough to indicate that the property may not conform to the neighborhood, the underwriter must determine if the opinion of value is adequately supported. (For further information regarding comparable selection, see the "Comparable Sales" subtopic.) • When there are no truly comparable sales for a particular property because of the uniqueness of the property or other conditions, the appraiser must select sales that represent the best indicators of value for the subject property and make adjustments to reflect the actions of typical purchasers in that market. • **Sales or Financing Concessions** • Comparable sales that include sales or financing concessions must be adjusted to reflect the impact, if any, on the sales price of the comparables based on the market at the time of sale. Reference: See the "Interested Party Contributions (IPCs)" topic outlined in Section 2.01: Agency Loan Standard of the *Correspondent Seller Guide* for information related to sales or financing concessions for the subject transaction. • Examples of sales or financing concessions include: • interest rate buydowns or other below-market rate financing; • loan discount points; • loan origination fees; • closing costs customarily paid by the buyer; • payment of condo or PUD fees or assessment charges; • refunds of (or credit for) the borrower's expenses; • absorption of monthly payments; • assignment of rent payments; and • inclusion of non-realty items in the transaction. • The dollar amount of sales or financing concessions paid by the seller must be reported for the comparable sales if the information is reasonably available. Sales or financing data should be obtained from parties associated with the comparable transaction, such as the broker, buyer or seller, or a reliable data source. If information is not available because of legal restrictions or other disclosure-related problems, the appraiser must explain why the information is not available. If the appraisal report form does not provide enough space to discuss this information, the appraiser must make an adjustment for the concessions on the form and include an explanation in an addendum to the appraisal report. • The amount of the negative dollar adjustment for each comparable with sales or financing concessions should be equal to any increase in the purchase price of the comparable that the appraiser determines to be attributable to the concessions. The need to make negative dollar adjustments for sales or financing concessions and the amount of the adjustments to the comparable sales is not based on how typical the concessions might be for a segment of the market area. Large sales or financing concessions can be relatively typical in a particular segment of the market and still result in sale prices that reflect more than the value of the real estate. Adjustments based on dollar-for-dollar deductions that are equal to the cost of the concessions to the seller, as a strict cash equivalency approach would dictate, are not appropriate. • Fannie Mae recognizes that the effect of sales or financing concessions on sales prices can vary with the amount of the concessions and differences in various markets. Adjustments must reflect the difference between what the comparables actually sold for with the sales or financing concessions and what they would have sold for without the concessions so that the dollar amount of the adjustments will approximate the reaction of the market to the concessions. If the	• If the extent of the appraiser's adjustments to the comparable sales is great enough to indicate that the property may not conform to the neighborhood, the underwriter must determine if the opinion of value is adequately supported. (For further information regarding comparable selection, see the "Comparable Sales" subtopic.) • When there are no truly comparable sales for a particular property because of the uniqueness of the property or other conditions, the appraiser must select sales that represent the best indicators of value for the subject property and make market supported adjustments to reflect the actions of typical purchasers in that market. • **Sales or Financing Concessions** • Comparable sales that include sales or financing concessions must be adjusted to reflect the impact, if any, on the sales price of the comparables based on the market at the time of sale. 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If information is not available because of legal restrictions or other disclosure-related problems, the appraiser must explain why the information is not available. If the appraisal report ~~form~~ does not provide enough space to discuss this information, the appraiser must make an adjustment for the concessions on the form and include an explanation in an addendum to the appraisal report. • The amount of the negative dollar adjustment for each comparable with sales or financing concessions should be equal to any increase in the purchase price of the comparable that the appraiser determines to be attributable to the concessions. The need to make negative dollar adjustments for sales or financing concessions and the amount of the adjustments to the comparable sales is not based on how typical the concessions might be for a segment of the market area. Large sales or financing concessions can be relatively typical in a particular segment of the market and still result in sale prices that reflect more than the value of the real estate. Adjustments based on dollar-for-dollar deductions that are equal to the cost of the concessions to the seller, as a strict cash equivalency approach would dictate, are not appropriate. • Fannie Mae recognizes that the effect of sales or financing concessions on sales prices can vary with the amount of the concessions and differences in various markets. Adjustments must reflect the difference between what the comparables actually sold for with the sales or financing concessions and what they would have sold for without the concessions so that the dollar amount of the adjustments will approximate the reaction of the market to the concessions. If the

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			appraiser's analysis determines that the market's reaction is the full amount of the financing concession, a dollar-for-dollar adjustment is acceptable. • Positive adjustments for sales or financing concessions are not acceptable. For example, if local common practice or law results in virtually all of the property sellers in the market area paying a 1% loan origination fee for the purchaser, and a property seller in that market did not pay any loan fees or concessions for the purchaser, the sale would be considered as a cash equivalent sale in that market. The appraiser must recognize comparable sales that sold for all cash or with cash equivalent financing and use them as comparable sales if they are the best indicators of value for the subject property. Such sales also can be useful to the appraiser in determining those costs that are normally paid by sellers as the result of common practice or law in the market area. • **Date of Sale and Time Adjustments** • The date of sale and the time adjustment (market conditions) are critical elements in determining an accurate value because the appraisal is based on a specific date in time (effective date of appraisal). The comparable sales being considered must be analyzed by the appraiser to determine if there have been any changes in market conditions from the time the comparable went under contract to the effective date of the appraisal. This analysis will determine whether a time adjustment is warranted. Adjustments may be either positive or negative depending on the market changes over the time period analyzed. Time adjustments should be supported by other comparables (such as sales, contracts) whenever possible; however, in all instances the appraiser must provide an explanation for the time adjustment in the appraisal report. • When completing Fannie Mae's appraisal report forms, the appraiser should provide the date of the sales contract and the settlement or closing date. Only the month and year need to be reported. For example, appraisers may use "s04/10" or "c02/10" where "s" reflects the settlement or closing date and "c" reflects the contract date. If the exact date is necessary to understand the adjustments, it must be explained elsewhere in the report or in an addendum. If the contract date is unavailable to the appraiser in the normal course of business, the appraiser must enter the abbreviation "Unk" for unknown, in place of the contract date. • **Appraiser's Comments and Indicated Value in the Sales Comparison Approach** • The appraiser must provide appropriate fact-based and objective comment(s) reflecting the logic and reasoning for the adjustments provided, especially for the characteristics reported on the appraisal report form between the Sales or Financing Concessions and the Condition line items. A statement only recognizing that an adjustment has been made is not acceptable. When appropriate, the appraiser's analysis should also include fact-based comments about a current contract, offering, or listing for the subject or comparable sales, current ownership, and recent prior sales or transfers. Additionally, the appraiser's comments must reflect their reconciliation of the adjusted (or indicated) values for the comparable sales and identify why the sale(s) were given the most weight in arriving at the indicated value for the subject property. It should be noted that the indicated value in the Sales Comparison Approach must be within the range of the adjusted sales price of the comparables that are reported in the appraisal report form. **Fannie Mae DU** Follow DU requirements, which are the same as non-AUS requirements.	appraiser's analysis determines that the market's reaction is the full amount of the financing concession, a dollar-for-dollar adjustment is acceptable. • Positive adjustments for sales or financing concessions are not acceptable. For example, if local common practice or law results in virtually all of the property sellers in the market area paying a 1% loan origination fee for the purchaser, and a property seller in that market did not pay any loan fees or concessions for the purchaser, the sale would be considered as a cash equivalent sale in that market. The appraiser must recognize comparable sales that sold for all cash or with cash equivalent financing and use them as comparable sales if they are the best indicators of value for the subject property. Such sales also can be useful to the appraiser in determining those costs that are normally paid by sellers as the result of common practice or law in the market area. • **Date of Sale and Time Adjustments** • How to measure and analyze (market conditions) are critical elements in determining an accurate value because the appraisal is based on a specific date in time (effective date of appraisal). The comparable sales being considered must be analyzed by the appraiser to determine if there have been any changes in market conditions from the time the comparable went under contract to the effective date of the appraisal. This analysis will determine whether a time adjustment is warranted. A specific time adjustment to a comparable sale(s) may differ from the identified market trend since the determination of whether an adjustment is made to a comparable sale is based on market changes between the contract date of the comparable sale and the effective date of the appraisal. For example, the 12-month value trend may indicate a positive overall trend, however it's possible the market was stable (or declining) between the time period of the contract date of the comparable and the effective date of the appraisal. See this illustration for Market Condition Adjustments. Comparable(s) sales with a contract date that is recent in relation to the effective date of the appraisal will likely not have a time adjustment given the inability to identify a change in the market. The appraisal report must contain the market analysis that supports the indicated market trends, and any adjustments made for market conditions. ~~Adjustments may be either positive or negative depending on the market changes over the time period analyzed.~~ • Time adjustments should be supported by other comparables (such as sales, contracts) whenever possible; however, in all instances the appraiser must provide an explanation for the time adjustment in the appraisal report. • When completing Fannie Mae's appraisal reports, the appraiser should provide the date of the sales contract and the settlement or closing date. Only the month and year need to be reported. For example, appraisers may use "s04/10" or "c02/10" where "s" reflects the settlement or closing date and "c" reflects the contract date. If the exact date is necessary to understand the adjustments, it must be explained elsewhere in the report or in an addendum. If the contract date is unavailable to the appraiser in the normal course of business, the appraiser must enter the abbreviation "Unk" for unknown, in place of the contract date. • **Appraiser's Comments and Indicated Value in the Sales Comparison Approach** • The appraiser must provide fact-based and objective comment(s) that detail the work performed and data sources utilized for the market supported adjustments used, especially for the characteristics reported in the appraisal report form between the Sales or Financing Concessions and the Condition line items. A statement only recognizing that an adjustment has been made is not acceptable. When appropriate, the appraiser's analysis should also include fact-based comments about a current contract, offering, or listing for the subject or comparable sales, current ownership, and recent prior sales or transfers. Additionally, the appraiser's comments must reflect their reconciliation of the adjusted (or indicated) values for the comparable sales and identify why the sale(s) were given the most weight in arriving at the indicated value for the subject property. It

Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards Effective for Loans that Require an Appraisal with Applications Dated ON OR AFTER February 04, 2025
				should be noted that the indicated value in the Sales Comparison Approach must be within the range of the adjusted sales price of the comparables that are reported in the appraisal. **Fannie Mae DU** Follow DU requirements, which are the same as non-AUS requirements.