

NEW APPRAISAL UNDERWRITING PROCESS

APPRAISAL COMES INTO THE APPRAISAL DEPARTMENT FROM THE APPRAISER

- The Appraisal Department will checklist the appraisal for completeness
- The appraisal will be released from Mercury to the branch. Any disputes should be submitted to the Appraisal Department prior to submitting the appraisal to underwriting.
- **Review your Checklist and SSR cert for red flags.**

Fannie Mae Proprietary Edit Findings						
FNM1000	N/A	N/A	Appraisal	The Collateral Underwriter Risk Score is 3 on a scale of 1 to 5 where 5 indicates highest potential collateral risk. A score of 999 indicates no Collateral Underwriter Risk Score available.	Warning	N/A
FNM1004	N/A	N/A	Appraisal	There is a heightened risk of overvaluation.	Warning	N/A

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- When reviewing the SSR certs pay close attention to the **Collateral Underwriter Risk Score**. Scores over 3.9 will often indicate that comp selection or data integrity needs careful review.
- The other finding you need to review for is **overvaluation**. Anytime there is a flag for overvaluation, regardless of the risk score, means there could potentially be a value change, and **you'll want to notify the borrowers and realtors that the appraisal is subject to review.**
- Branch will rename the bucket from "Appraisal" to "2000 (Appraisal)" in the Efolder via the drop down.

Document Details (Appraisal)

Details

Name: Appraisal

Description:

Details

Name: 2000 (Appraisal)

Description:

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- The invoice will need to be moved to the "9300 (invoice): Appraisal" bucket all other documents can remain in the "2000 (Appraisal)" bucket.
- Make sure you have Purchase Agreement, Flood Cert & Drive Report uploaded as well as the UW will need to review these items with the appraisal.

- Branch will mark the file “Ready to Underwrite”.

The screenshot shows a 'Tracking' window with a 'Status' tab. The 'Ready for UW' checkbox is checked, and the date and time are 02/06/19 11:49 AM. The user name 'jnivison' is visible. Other options include 'Days to Receive', 'Days to Expire', 'Requested From', 'Requested', 'Re-requested', 'Received', 'Reviewed', and 'Ready to Ship'.

UNDERWRITING THE APPRAISAL

- The underwriter will see the appraisal show up on their daily queue.
- The underwriter will be responsible for the underwriting of the appraisal. He/She may consult with a collateral underwriter or management if there are concerns needing more research.
 - If so, branch will see the following condition added in the conditions tab: 2000 (Appraisal) – Second Level Review; Due to complexity of Property, UW has escalated Appraisal for second level review
 - If corrections are needed, branch will see the following condition added in the conditions tab: 2000 (Appraisal): Collateral UW Conditions; The following are conditions that the VDMC Collateral Underwriter has requested from the Appraiser.
 - Once the revised appraisal is back from the appraiser, Underwriting will download the report and upload it into the 2000 – Appraisal bucket and un-version the old appraisal. Any changes in value after will need to be resent to the borrower. (Underwriting will advise branch of a value change).

APPROVED APPRAISAL

- The **branch was sent** the initial appraisal via Mercury and will release a copy of the appraisal to the borrower when the LO/LP deems appropriate. The branch is responsible for making sure the delivery receipt is obtained.
- The following delivery acknowledgments will be acceptable:
 - Branch can send a message through Encompass to the Appraisal department and someone will push the appraisal out to the borrower for download, and this will produce a SureReceipt

- Branch can deliver the appraisal to the borrower via e-mail and have the Appraisal Delivery Acknowledgment wet signed or Docu-Signed via Floify
- If the borrower does not have an e-mail address, then a copy will need sent to the borrower via US mail and the borrower must wet-sign the delivery acknowledgment
- If the appraisal is delivered to the borrower before underwriting review and then there are material revisions as a result of the underwriting process, the branch is responsible for making sure the final appraisal has been sent to the borrower via either of the delivery methods above.
 - NOTE: If a later version of the appraisal must be disclosed to the borrower due to a material change (such as value change) the borrower must acknowledge the final appraisal we are using for the loan a minimum of 3 days prior to closing, unless a timing waiver was signed
 - If a second appraisal is required (due to flip or HPML) then the acknowledgment date for compliance purposes will be based on the date the borrower receives and acknowledges the second appraisal
- The branch also needs to make sure we get a delivery receipt, if the borrower did not download the appraisal sent from Mercury or does not have an email, you will need to send them a copy via mail or email and a delivery acknowledgement form wet signed or eSigned via Floify will need to be executed.
- The Appraisal delivery form or the Appraisal waiver form must be signed three (3) days prior to the closing so make sure you get one of these forms signed timely.
 - On HPML files you must have a delivery form signed you cannot use a waiver form.

VA APPRAISALS AND NOV'S

- Once the Underwriter has signed off on the appraisal and issued the Notice of Value (NOV), the branch will be responsible for making sure the appraisal and NOV has been sent to the borrower.
- The Appraisal delivery acknowledgement form must be signed three (3) business days prior to the closing on every file, unless a signed Appraisal Timing Waiver is uploaded removing the timing restriction and allowing it to be signed prior to closing.
 - Please note: Appraisal Timing Waivers are NOT allowed on HPML files, appraisal delivery must occur 3 business days prior to closing.
- The Appraisal Delivery Acknowledgement form has been updated to reflect the Inclusion of the Notice of Value (NOV) which is specific to VA loans.
 - Both the NOV and Appraisal must be delivered to borrower before they can sign the Appraisal Delivery Acknowledgement form.

TRAINING ON THE NEW PROCEDURES

- The updated procedures will be reviewed on 3/13 on the monthly Processing Roundtable call, and a training will be released for all sales and production staff.