



MFM Bulletin: 015-2023

Date: April 28, 2023

Subject: Fannie Mae Property Inspection Waiver Changes and 1004D Completion Alternatives

Fannie Mae has recently issued Bulletin 2023-02 announcing changes to the Property Inspection Waiver (PIW) option and announcing alternative methods for the Appraisal Update and/or completion form 1004D.

Value Acceptance:

Fannie Mae has replaced the term "PIW" (Property Inspection Waiver) with **'Value Acceptance'** on the DU findings. Below is what you will see if the loan is eligible without an appraisal:

A screenshot of a "Day 1 Certainty" form. The title "Day 1 Certainty" is at the top. Below it is a section titled "Property Information". Under this section, there are two rows of information. The first row shows "Value Acceptance" in a yellow box, followed by a green checkmark and the word "Eligible". The second row shows "Appraisal Rep & Warrant" followed by "Not Applicable".

Value Acceptance + Property Data Report:

Similar in all respects to Freddie Mac's Ace + PDR, Fannie Mae is implementing the same option that requires a Property Data Report utilizing property data collection by a third party who conducts interior and exterior data collection on the subject property.

The AUS findings will indicate "Value Acceptance + Property Data Report" instead of just Value acceptance. The PDR report must be uploaded to Fannie Mae's Property Data API database by the Appraisal Management Company with the report maintained in the file. PDR reports must continue to be ordered through Class Valuation and Incenture Appraisals ONLY.

Property Data Collection with Needed Repairs or Completion Verification:

Since there is not an appraisal, we cannot use a 1004D form to verify completion of required repairs when a PDR is used. Instead, the lender will need to obtain a borrower attestation letter. The letter must include (at a minimum) the following:

- Borrower name,
- Property address,
- Certification from the borrower that the alteration or repair was satisfactorily completed,



- Date and signature(s) of the borrower(s),
- Visually verifiable exhibits of the completed work, and
- One or more of the following:
 - Signature of the qualified professional that completed the repairs,
 - a professionally prepared report, or
 - paid invoices for the alterations or repairs.

Note: Two forms of verification are required – the visual exhibit together with at least one of the three third party exhibits listed at the end.

Form 1004D Completion Alternatives:

The appraiser may now complete the form based on alternative methods, such as virtual inspections, digital photos, site videos, or other technological solutions. All completion documentation must include one or more visually verifiable exhibits. A link to the digital exhibits from within the form is acceptable but must be accessible by Fannie Mae for the life of the loan. These exhibits must be unaltered and able to be authenticated using metadata and the geocode for the subject property.