

Property Inspection Waiver

On August 18, 2017, Fannie Mae announced that it is offering appraisal-free purchase mortgages when the loans have low loan-to-value ratios. Freddie Mac also announced it would be participating in this program beginning Sept. 1.

Property inspection waiver (PIW) is an offer to waive the appraisal for eligible transactions. PIW offers are issued through Desktop Underwriter® (DU®) using Fannie Mae's database of more than 26 million appraisal reports in combination with proprietary analytics from Collateral Underwriter® (CU™) to determine the minimum level of property valuation required for loans delivered to them.

THE PROCESS

PIW is available to all lenders through DU. There are no prerequisites and no registration process.

When a DU loan casefile receives a PIW offer and it is exercised by the lender, Fannie Mae accepts the value estimate submitted by the lender as the market value for the subject property and provides relief from enforcement of representations and warranties on the value, condition, and marketability of the property. The lender is required to represent and warrant that the data (other than the value estimate) submitted to DU is complete and accurate, and lenders must order an appraisal if they have reason to believe that the property's current market value should be confirmed. For example, a property located in an area impacted by a recent disaster should always have an appraisal.

The majority of transactions will not receive a PIW offer, which means they require an appraisal by a qualified residential appraiser to establish the market value.

ELIGIBLE TRANSACTIONS

- One-unit properties, including condominiums
- Limited cash-out refinance transactions:
 - Principal residences and second homes up to 90% LTV/CLTV
 - Investment properties up to 75% LTV/CLTV
- Cash-out refinance transactions:
 - Principal residences up to 70% LTV/CLTV
 - Second homes and investment properties up to 60% LTV/CLTV
- Purchase transactions:
 - Principal residences and second homes up to 80% LTV/CLTV

INELIGIBLE TRANSACTIONS

- Properties located in a disaster-impacted area
- Construction and construction-to-permanent loans
- Two- to four-unit properties
- Loan casefiles in which the value of the subject property provided to DU is \$1,000,000 or greater
- HomeStyle® mortgage products (Renovation and Energy)
- DU Refi Plus™ loan casefiles (DU Refi Plus loan casefiles continue to be eligible for the DU Refi Plus property fieldwork waiver (PFW))
- Texas 50(a)(6) loans
- Leasehold properties, community land trust homes, or other Properties with resale restrictions
- Cooperative units and manufactured homes
- DU loan casefiles that receive an ineligible recommendation
- Loans for which the mortgage insurance provider requires an appraisal
- Loans for which rental income from the subject property is used to qualify

To exercise a PIW offer on a loan casefile that is eligible for a PIW, the lender must, at time of delivery, include the Fannie Mae casefile ID and SFC 801 in the loan delivery file to receive representation and warranty relief. Additionally, the PIW offer may not be more than four months old on the date of the note and the mortgage.

If a lender chooses not to exercise the PIW, at a minimum, the lender is required to follow DU's appraisal recommendations to deliver the loan to Fannie Mae.

For more information, please visit:

www.fanniemae.com/singlefamily/property-inspection-waiver

