

March 11, 2009
The Market Conditions Addendum Form
Frequently Asked Questions

Q1: Will the Market Conditions Addendum be required for both manually underwritten mortgage loans and those underwritten with Desktop Underwriter® (DU®)?

Yes, the Market Conditions Addendum must be included with the appraisal report for all appraisals on one- to four-unit properties with an effective date on or after April 1, 2009. The addendum must be provided with Fannie Mae Forms 1004, 1004C, 2055, 1073, 1075, 2090, 2095, and 1025.

Q2: What if requested data is not available to the appraiser? For example, what if comparable active listings from a previous time period are not available?

If the appraiser is unable to complete a portion of the addendum because data is unavailable or unreliable, the appraiser must provide an explanation of his or her efforts to obtain such data and why it is not available. Simply stating “not applicable” or “N/A” is not an acceptable response.

Q3: When appraising a condominium or a cooperative, should only the bottom section of the form be completed?

No, both sections of the form must be completed. The upper section would address the overall market for condominiums or cooperatives, while the lower section addresses the specific project in which the condominium or cooperative is located.

Q4: What should the appraiser do if there is not enough data to present a meaningful analysis?

In those situations, the appraiser must complete the form with the information they have for the defined neighborhood/area—as the lack of data may indeed speak to what is occurring in that area. Additional analysis can be addressed in the summary/conclusion section of the form on data in nearby areas for competitive properties. In any event, the appraiser must provide support for their conclusions as to housing trends as noted in the Neighborhood section of the appraisal report.

Q5: When completing the *Median Sale Price as % of List Price* is that determined by dividing the Median Comparable Sale Price by the Median Comparable List Price from the preceding data on the form or is it based on using sold comparables only?

The *Median Sale Price as % of List Price* is to be determined by analyzing those comparables which have sold and settled during the specific timeframe.

Q6: When completing the Inventory Analysis, will the inputted data show a trend?

The data may show a trend/direction or no trend at all. However, it is important to remember that the time frame for the analysis is six months, three months, and three months. Be sure to have analyzed the first column properly before determining any trend.