



Illinois Department of Financial and Professional Regulation

Division of Professional Regulation

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Division of Professional Regulation

November 17, 2011

Mr. Alfred Pollard
General Counsel
Federal Housing Finance Agency
1700 G Street, NW
4th Floor
Washington, DC 20552

Dear Mr. Pollard:

The Illinois Real Estate Appraisal Administration and Disciplinary Board is greatly concerned over the September 1, 2011 implementation of the Uniform Appraisal Dataset (UAD) by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) under the direction of the Federal Housing Finance Agency (FHFA). Conforming to the UAD significantly compromises the appraiser's ability to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) and with Illinois Law.

Fannie Mae and Freddie Mac are not the "*intended user*" or "*client*" or "*lender*" in most mortgage transactions. Rather, they are participants who may *rely* on the appraisal report as part of any mortgage finance transaction. Certification 23 on Fannie Mae Form 1004 and Form 1073 clearly states, "*The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.*" Appraisers are required to use the UAD format when reporting their findings in appraisals performed for loan purchase decisions, using a coding system rather than clearly and logically stating their findings and facts. The UAD coding system is confusing, nontransparent, and not readily understandable to readers. As a result, the borrower may be unable to understand the appraiser's analyses, opinions, and conclusions in a meaningful way and may be misled by the appraisal report. It is the Board's duty to protect the public trust in Illinois. In our opinion, this format will serve to erode the public trust.

Concerns regarding the UAD format have been raised by the Appraisal Standards Board of the Appraisal Foundation and by The Association of Appraiser Regulatory Officials in earlier letters to the FHFA. The Real Estate Appraisal Administration and Disciplinary Board of Illinois shares the same concerns. We believe these new requirements will cause potential harm to and unintended consequences for the citizens of Illinois.

If you have any additional questions regarding this topic or need additional information, please contact me.

Sincerely,

David L. DuBois
Chairman
Illinois Real Estate Appraisal Administration & Disciplinary Board

Cc: Mr. James R. Park, Executive Director, ASC