



Illinois Department of Financial and Professional Regulation

Division of Professional Regulation

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The Appraisal Unit has received a number of inquiries regarding the proper use of the **Fannie Mae Form 1004D/Freddie Mac Form 442**. Lender clients have been asking Illinois licensees to complete the form under the following sample scenario:

- An appraiser has completed an appraisal in 2002. The lender wants the appraiser to “*update*” the value by using the **1004D** to a current date, many years later.

This is an inappropriate request and would most likely result in a seriously misleading report.

There are some important things to consider when completing the 1004D:

- The “*update*” portion of that form (*upper portion*) is a **new** assignment, and has a **new** effective date.
- The new appraisal incorporates the original appraisal either physically or by reference.
- The potential for non-compliance with USPAP comes in if the appraiser does not understand that this is equal to a new appraisal and does not follow new appraisal guidelines per USPAP.
- The use of this form requires all the same steps to develop as the original appraisal did.

Can the 1004D only be completed by the same appraiser and for the same client?

Nothing in USPAP prevents an appraiser from appraising a property previously appraised by another appraiser. The 1004D has data fields for “*Original Appraiser*” and “*Original Client*.” The 1004D expands your scope of work if you were not the original appraiser.

How long is the 1004D “good” for?

An important distinction is that an appraisal is **ONLY** good for the effective date of value. However, clients **MAY** choose to rely on this form for transactions **NO OLDER** than 120 days beyond the effective date of value. Appraisers generally do **NOT** warrant values beyond the effective date as property conditions change as do overall markets. Prudent users of the form, particularly in changing markets, may further restrict the days out from the effective date; but certainly no longer than 120 days.