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DU Value Acceptance Policy

TJ Underwriting Overlay and Restrictions

TJ may permit the use of DU Value Acceptance (formerly appraisal waiver) in accordance with Fannie Mae guidelines and Desktop Underwriter (DU) findings, subject to the following TJ overlays and restrictions.

1. DU Eligibility Requirement

- The final DU findings must indicate the loan is eligible for Value Acceptance.
- The DU loan casefile must receive an Approve/Eligible recommendation.
- Loans submitted through manual underwriting are NOT eligible for an appraisal waiver.
- If any change to the loan file requires DU to be re-run, the updated DU findings must continue to reflect Value Acceptance eligibility.
- If Value Acceptance is no longer received, a full appraisal is required.

2. Transaction Type (TJ Overlay)

Appraisal Waiver is limited to the following:

- One-unit properties only, including warrantable condominiums
- Primary Residence only
- Rate & Term Refinance, Limited Cash-Out Refinance and Cash-Out Refinance only

Appraisal Waiver is NOT allowed for:

- Purchase transactions
- Investment Properties
- Second Homes

3. Ineligible Properties (TJ Overlay)

- 2–4 units properties
- Unique, atypical, or non-standard properties
- Properties with estimated value submitted to DU of $1,000,000 or greater
- Properties with recent listing history that may impact value
- Properties located in declining or unstable markets, as determined by Underwriting
- New construction properties
- Properties requiring project review that cannot be validated without an appraisal

4. AVM Validation Requirement (TJ Overlay)

- In accordance with Fannie Mae guidelines, the lender is responsible for the accuracy of all data submitted to Desktop Underwriter (DU) and remains fully liable for the property value used in the underwriting decision.
- When DU Value Acceptance (Appraisal Waiver) is utilized, an Automated Valuation Model (AVM) report must be obtained to support the property value entered into DU.
- The value submitted to DU must not be overstated or understated. Any intentional or unreasonable misstatement of value is strictly prohibited.
- AVM must be:
  - Ordered by TJ, or
  - Provided by the Broker and acceptable to TJ Underwriting.
- TJ Underwriting reserves the right to require a full appraisal at its discretion, even if DU issues Value Acceptance.

5. Disclosure Requirement

- Borrower must sign the Appraisal Waiver Disclosure for DU Value Acceptance (PIW).
- The signed disclosure must be included in the loan file and closing package.
- The required disclosure form is available on the TJ website.
- The loan file must contain documentation evidencing the borrower's acknowledgment and acceptance of the appraisal waiver.

6. Underwriter Final Authority

TJ Underwriting reserves the right to require a full appraisal at any time, regardless of DU findings, if:

- Property value appears unsupported or inconsistent
- Market data is insufficient or conflicting
- Loan risk is elevated
- Investor, agency, or secondary market requires an appraisal
- Quality Control or Compliance requires additional valuation support