



## The Disappearing Appraisers

BY PETER MILLER, CTW FEATURES

Something's new in the housing market. If you've recently financed or refinanced a home, you may have seen it: Fewer and fewer of us are using appraisers.

A new study from the Federal Housing Finance Agency (FHFA) found that in the fourth quarter of 2023, buyers used appraisers 9.6% less when compared with a year earlier, while those refinancing engaged appraisers 4.0% less during the same period.

There's still a need to value properties even if we're using appraisers less often. What the FHFA numbers show is that electronic valuations are gaining ground.

In the usual case of a residential transaction, the appraiser is hired by the lender but paid by the purchaser. This arrangement assures the lender that the appraiser is qualified and independent. But, at the same time, an appraisal offers important buyer protections. If a home doesn't appraise, if the appraisal value is less than the negotiated sale price, one can argue that the buyer will not overpay for the property. Instead, the buyer and seller might work out a new and lower price, the buyer might add cash to the transaction so the loan can be smaller, or the deal might fall through.

Meanwhile, the work done by appraisers over many years has been fed into massive data

systems. Information concerning tens of millions of homes is now in such systems. Fannie Mae, as one example, says its database holds more than 54 million valuations.

The result of computerization is that borrowers increasingly have a choice regarding how to value a property in a way that is acceptable to lenders, the secondary market where loans are bought and sold, and mortgage investors.

Fannie Mae — a huge mortgage buyer — offers three valuation options.

**Value acceptance.** Also known as an "appraisal waiver." In this case, the borrower accepts the lender's property valuation.

**Value acceptance + property data.** This, says Fannie Mae, "is a new option that utilizes property data collection by a third party who conducts interior and exterior data collection on the subject property."

**Hybrid appraisals.** This is "an interior and exterior property data collection by a vetted and trained third-party that is provided to an appraiser to inform the appraisal."

Freddie Mac, another huge mortgage buyer, also provides borrowers with an electronic data option called an "ACE" (automated collateral evaluation). It says ACE "is our appraisal waiver offering

and a PDR is a property data report. ACE+ PDR is an offering that allows lenders to originate eligible loans without an appraisal. With ACE+ PDR, additional property information is physically collected on-site by trained property data collectors using the Freddie Mac property dataset, in lieu of an appraisal."

The increased use of electronic valuations might seem like an inherently good thing. Electronic reports, says Freddie Mac, "decrease borrower costs and turn-times," meaning that borrowers and lenders can get property evaluations faster and with less cost.

In fact, Fannie Mae "estimates that value acceptance (appraisal waivers) on loans sold to us saved mortgage borrowers over \$2.1 billion in 2020-2022."

Having seen the use of electronic systems grow in many areas — think of the increasing acceptance of electric vehicles and hybrids — we're also on the verge of something new when valuing real estate. It seems likely that the use of electronic valuations will regularly increase because billions in savings cannot be ignored. While there will still be opportunities for appraisers, don't be surprised if your next real estate valuation is calculated with nothing more than electrons, beeps, and software.

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**2222 E Walker Lane, Holladay**  
9 BD | 10 BA | 9,275 SF | 1 AC | \$7,495,000

Introducing the pinnacle of contemporary luxury in the affluent Salt Lake City corridor, a never-lived-in 9,275 square foot mansion on a full acre of opulence. Featuring nine bedroom suites, each with arresting views and walk-in closets, along with a total of 10 baths, this estate is tailored for the elite.



**3162 E Eagle View, Sandy**  
8 BD | 12 BA | 16,150 SF | \$5,990,000

Discover an unparalleled mountain retreat in Sandy. This expansive 16,150 square foot estate luxuriously spreads over 2.42 acres, offering seven bedrooms, 12 bathrooms, and a bevy of exquisite amenities.



**364 N Tanner Lane, Midway**  
7 BD | 8 BA | 9,315 SF | \$2,290,000  
Impeccable quality-built Rambler, walking distance to Homestead Resort & Golf Club.



**8178 Newbury Grove Ln, Cottonwood Hts**  
5 BD | 5 BA | 5,218 SF | \$1,749,000  
Exquisite near-new Craftsman style home upgraded for quality with all main floor living.



**587 E Mash Farm Circle, Murray**  
4 BD | 5 BA | 5,308 SF | \$1,569,000  
Exquisite (new build) custom home, boasting unspoiled mountain vistas.



**7258 W Summit Top Lane, Herriman**  
4 BD | 3 BA | 4,137 SF | \$1,175,000  
Embrace modern sophistication on 0.24 acres of serenity.



**850 S Donner Way #102, SLC**  
4 BD | 3 BA | 2,505 SF | \$999,995  
Enjoy glorious sunsets and sparkling city lights from this stunning condo.



**1892 E Ashley Mesa Lane, Sandy**  
5 BD | 4 BA | 3,240 SF | 0.22 AC | \$825,000  
Immaculate two-story in a quiet and highly desirable Sandy neighborhood.



**9118 S Meadow Lily Lane, West Jordan**  
5 BD | 3 BA | 2,981 SF | 0.33 AC | \$799,000  
Welcome home to suburban living in this immaculate West Jordan Rambler.



**91 W Ryker Lane, Midvale**  
Unit 8 — 4 BD | 3 BA | 1,684 SF | \$479,900  
Unit 6 — 4 BD | 3 BA | 1,684 SF | \$499,900  
New C Street townhomes in a great location.



**1789 Wide River Drive, St. George**  
2 BD | 2 BA | 1,190 SF | 0.06 AC | \$349,000  
Escape to St. George with this incredibly clean and charming Sun River 55+ community home.



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