

2024

Appraisal Process Report

National Association of REALTORS®
Research Group



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REALTOR® Data Collector Program

This report attempts to examine the following process: Fannie Mae and Freddie Mac have been collaborating with appraisal management and property valuation-related tech companies to separate the collection of property data from the appraisal analysis in some cases where an appraisal waiver has been offered.

On a limited basis, some appraisal management companies are now enabling data collectors to gather specific data points of properties using an app that meets Fannie Mae and Freddie Mac's standards. Fannie and Freddie base their waiver decision on existing appraisal data. The new data collected is used by Fannie Mae and Freddie Mac to verify information that led to the initial appraisal waiver decision. In rare cases where the waiver offer is lost due to changes in qualifying loan characteristics, the property data collected can be used to perform a hybrid appraisal where a qualified appraiser uses the data to create a new appraisal. However, it is likely that Fannie Mae and Freddie Mac will expand their policies to widen the use of property data collection and hybrid appraisals for home purchases in the future.

This program was developed in response to the desire for more consistent data and data verification, as well as the reported declining number of active appraisers and shortages reported in the past. Fannie Mae and Freddie Mac argue that property data collection and appraisal waivers may result in fewer delays and cost savings to borrowers due to the omission of an appraisal. Others note that REALTORS® may earn income as data collectors. However, some observers raised concerns about safety and quality.



Executive Summary

In September 2024, NAR surveyed its members about the recent use of Data Collectors in the Valuation process. The findings are as follows:

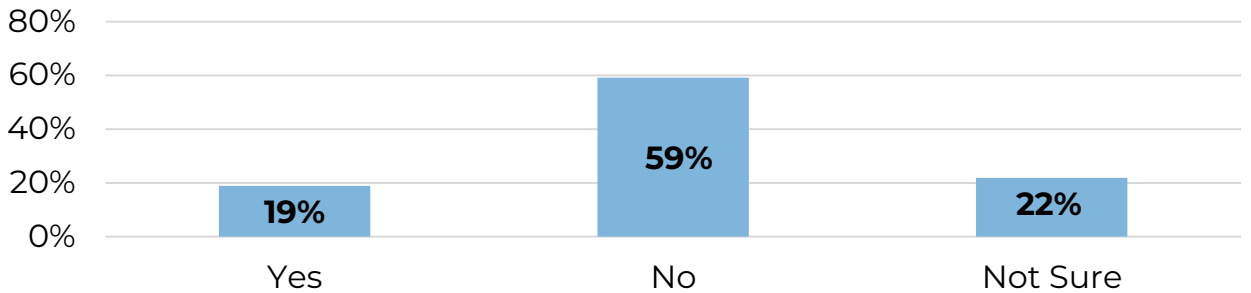
Report Highlights:

- In the past 12 months, 59 percent of respondents have not encountered a situation where a data collector visited a property to collect information for a mortgage loan transaction.
- Forty-two percent of respondents found the potential for property data collection and appraisal waivers to be extremely or very important for potential cost savings for homebuyers.
- Forty-five percent of respondents found the potential for property data collection and appraisal waivers to be extremely or very important for time savings and/or reduced disruption for homebuyers.
- Sixty-five percent of respondents said they are concerned about the quality of the data collected. Fifty-nine percent stated they are concerned that this separation of data collector and appraiser will negatively affect the appraisal if it is used.
- Ninety-three percent of respondents have not worked as a property data collector for a mortgage transaction within the past month.
- Thirty-seven percent of respondents have not had a data collector give themselves or their clients the impression that they were the appraiser or had some role other than collecting property data.
- In the past 12 months, 69 percent of respondents were unaware of third-party privacy policies or disclosures.
- Eighty percent of respondents perceive the quality of property data collected by data collectors as lower quality than appraisers.
- Seventy-nine percent of respondents are concerned with the accuracy of information collected by non-appraisers, and 73 percent were concerned with adequate training and qualifications of non-appraisers.

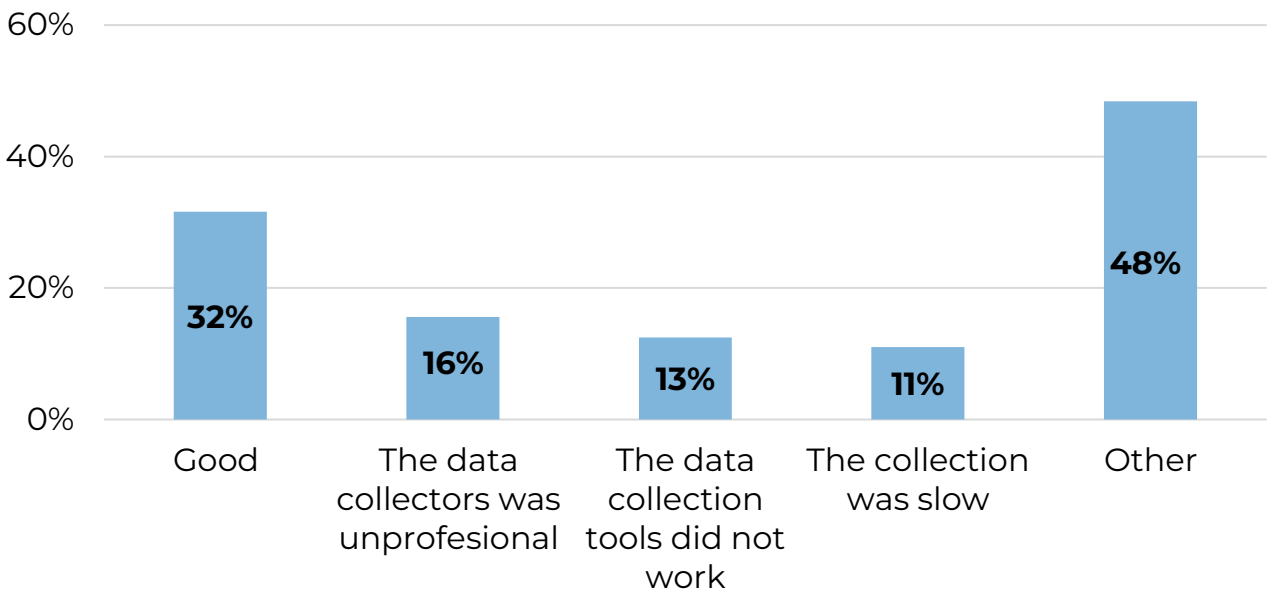
Data Collector Visit Experiences for Mortgage Loan Transactions

- In the past 12 months, 59 percent of respondents have not encountered a situation where a data collector visited a property to collect information for a mortgage loan transaction.
- For respondents who have encountered a data collector, 32 percent stated their experience was good, and three percent stated the collection process was slow.

Encounters with Data Collectors for Mortgage Transactions in the Past 12 Months



Experience Ratings with Data Collectors

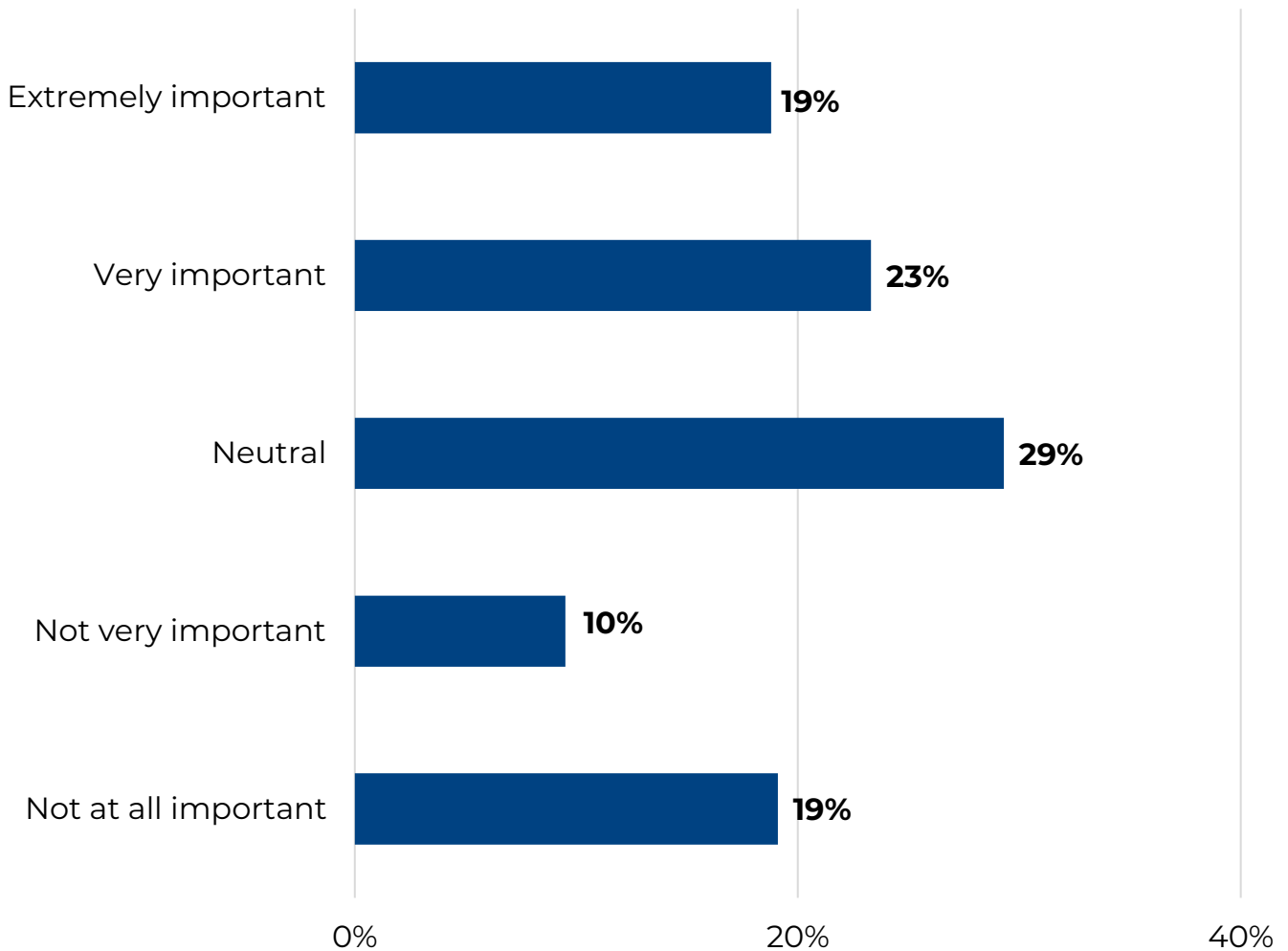


Note: Respondents were permitted to select as many responses as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Importance of Cost Savings from Property Data Collection and Appraisal Waivers

- Forty-two percent of respondents found the potential for property data collection and appraisal waivers to be extremely or very important for potential cost savings for homebuyers.

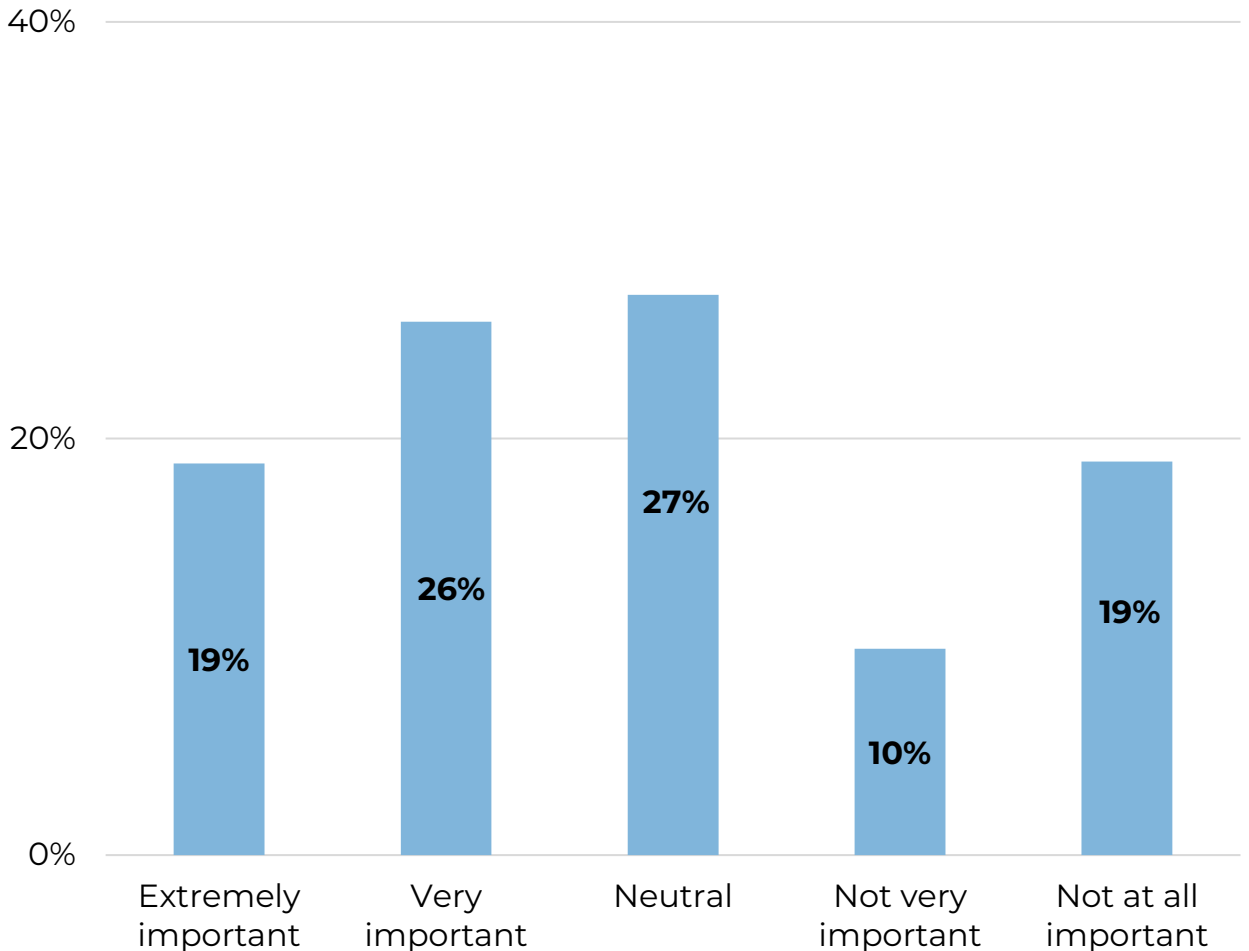
Cost Savings Importance to Homebuyers



Importance of Time and Disruption Savings from Property Data Collection and Appraisal Waivers

- Forty-five percent of respondents found the potential for property data collection and appraisal waivers to be extremely or very important for time savings and/or reduced disruption for homebuyers.

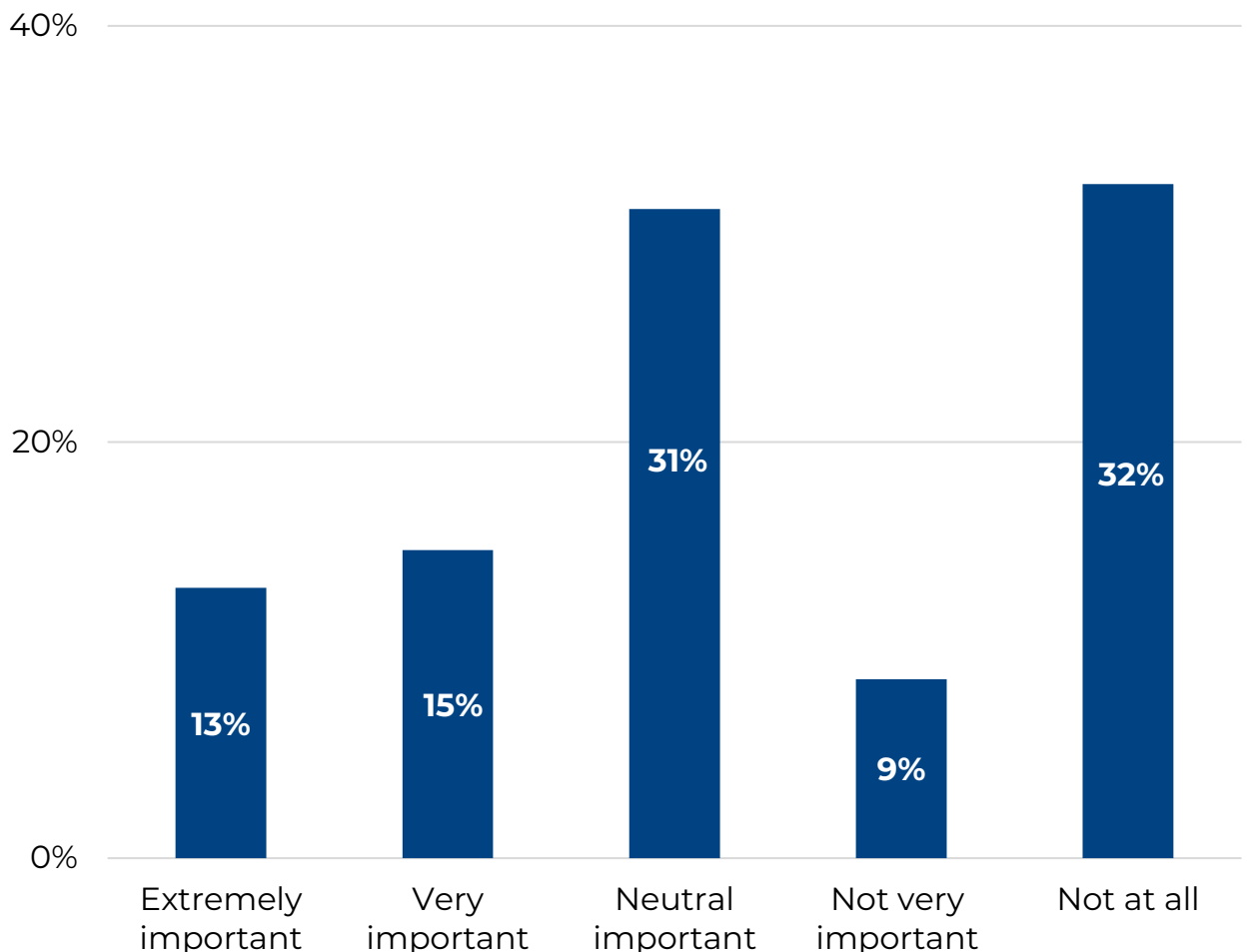
Time Savings Importance to Homebuyers



Income Opportunities for Property Data Collectors

- Twenty-eight percent of respondents found the potential for property data collection and appraisal waivers to be extremely or very important for the potential income of staff/agents as property data collectors.

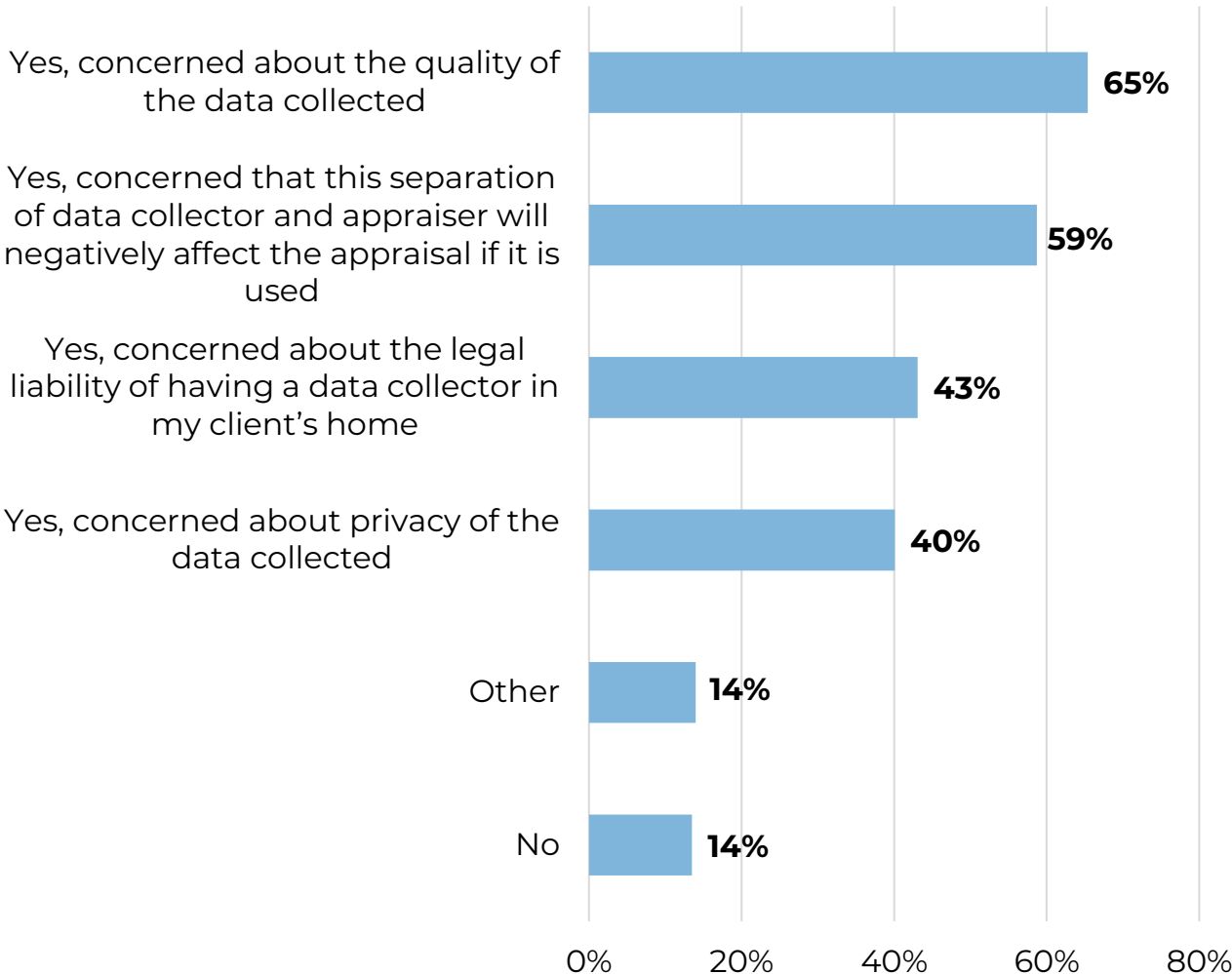
Importance of Potential Income from Property Data Collection Work



Concerns Regarding Data Collection Procedures

- Sixty-five percent of respondents said they are concerned about the quality of the data collected. Fifty-nine percent stated they are concerned that this separation of data collector and appraiser will negatively affect the appraisal if it is used.

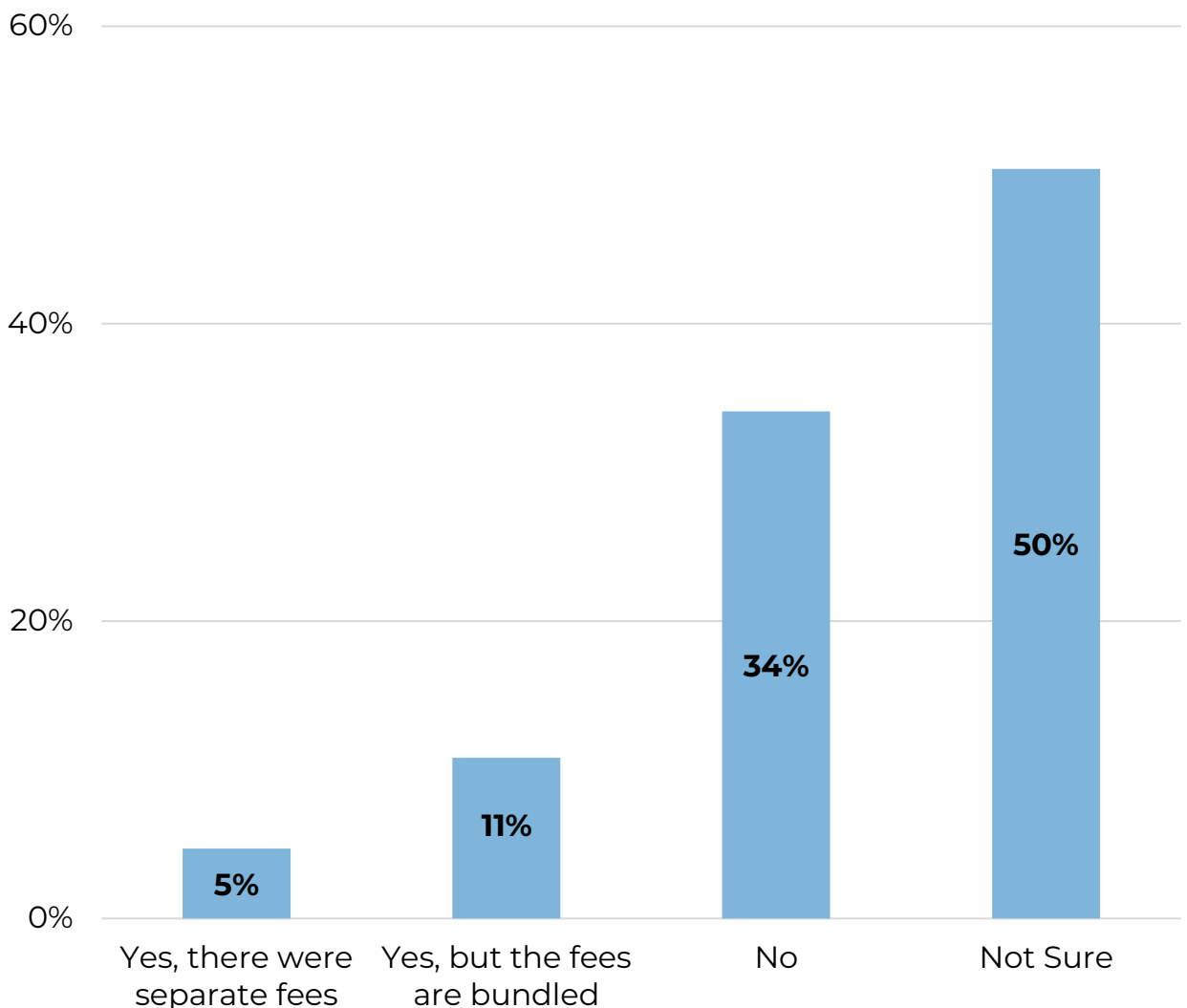
Concerns About New Data Collection Procedures



Client Awareness of Appraisal and Management Fees

- Five percent of respondents were made aware of the fee for the appraisal and a separate fee for the appraisal management company. Eleven percent were made aware of a fee for the appraisal and a fee for the appraisal management company, but the fees were bundled.

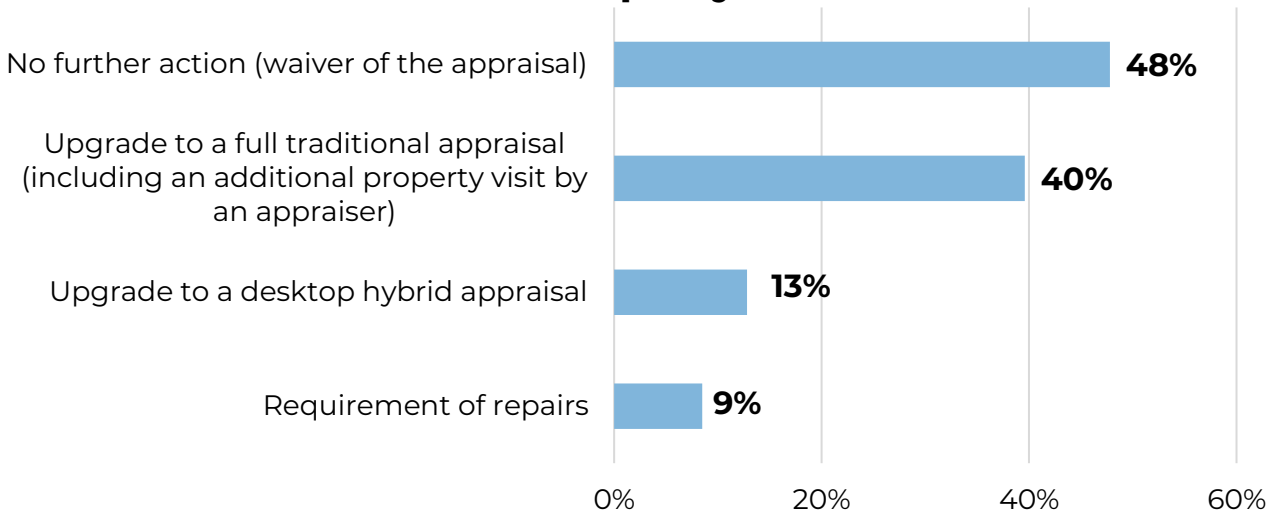
Transparency of Appraisal Fees



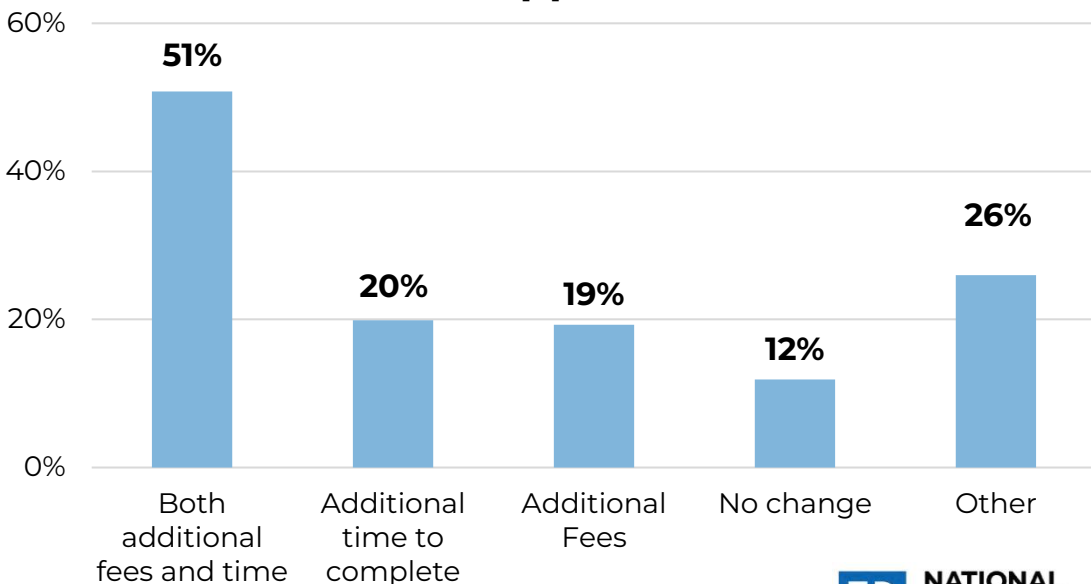
Outcomes of Data Collection Processes

- The data collection resulted in 40 percent of respondent upgrading to a full traditional appraisals.
- For data collection resulting in a hybrid desktop or traditional appraisal, 51 percent required both additional fees and time.

Results from Property Data Collection



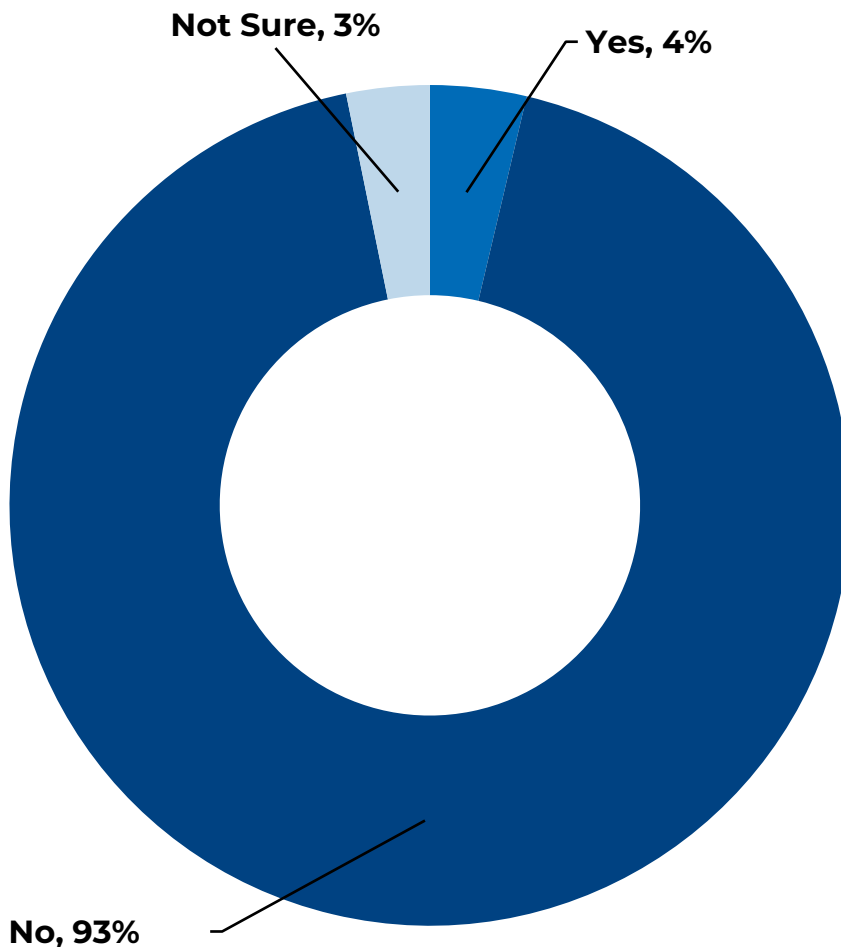
Outcomes of Hybrid and Traditional Appraisals



Experience as a Property Data Collector

- Ninety-three percent of respondents have not worked as a property data collector for a mortgage transaction within the past month.

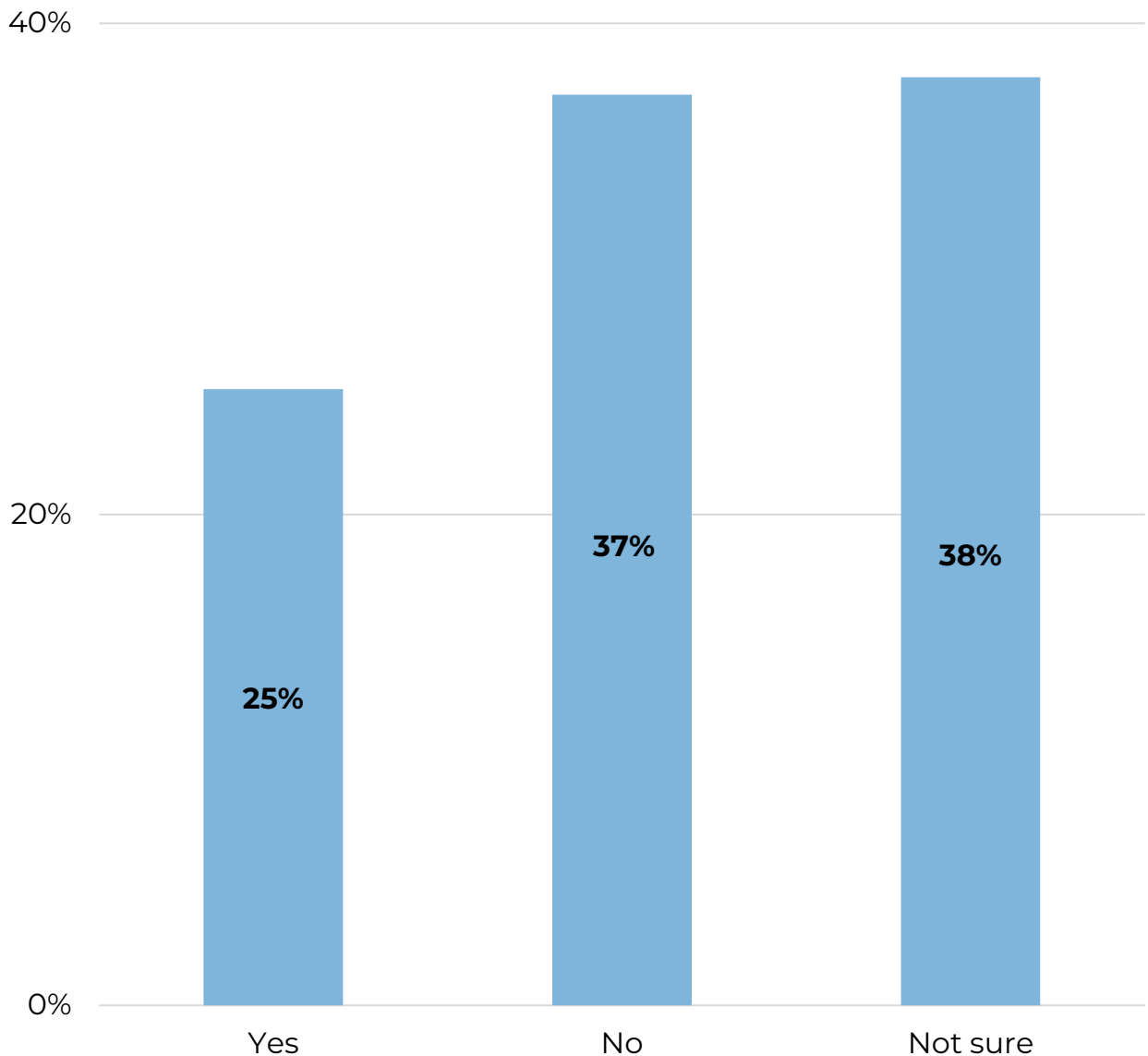
Participation in Property Data Collection for Mortgage Transactions



Perceptions of Data Collectors

- Thirty-seven percent of respondents have not had a data collector give themselves or their clients the impression that they were the appraiser or had some role other than collecting property data.

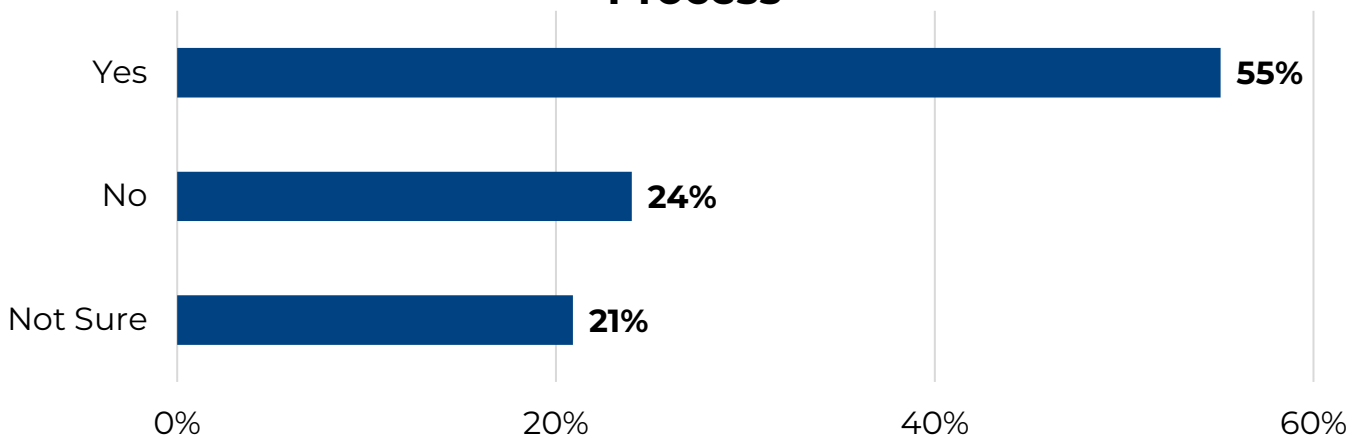
Perceptions of Data Collectors as Appraisers or Other Roles



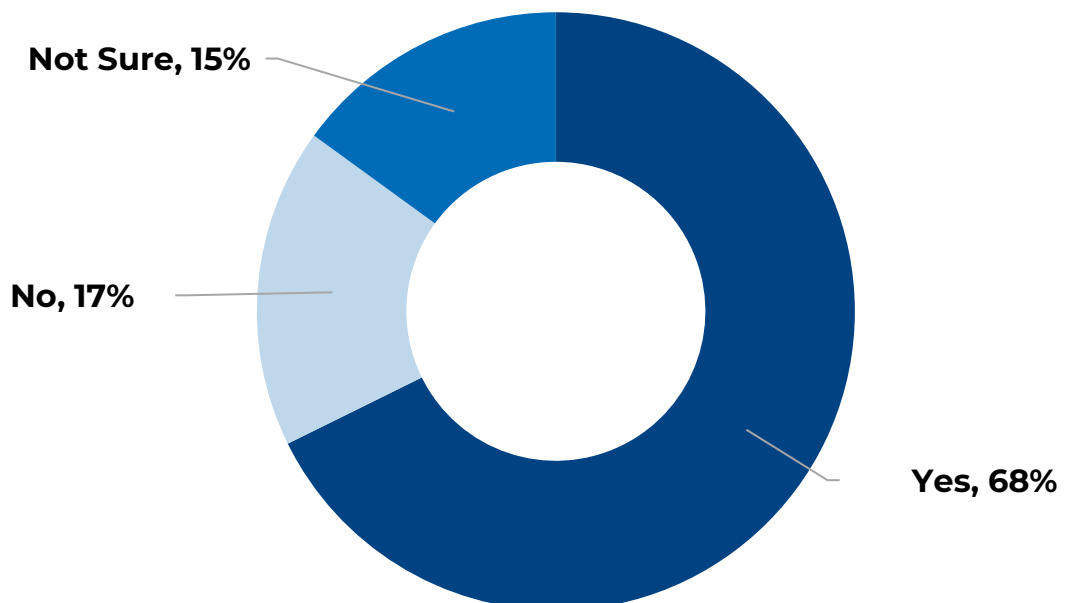
Safety and Privacy Concerns in Data Collection

- Fifty-five percent of respondents had safety concerns with the data collection process, while 68 percent were concerned with their data privacy.

Safety Concerns During the Data Collection Process



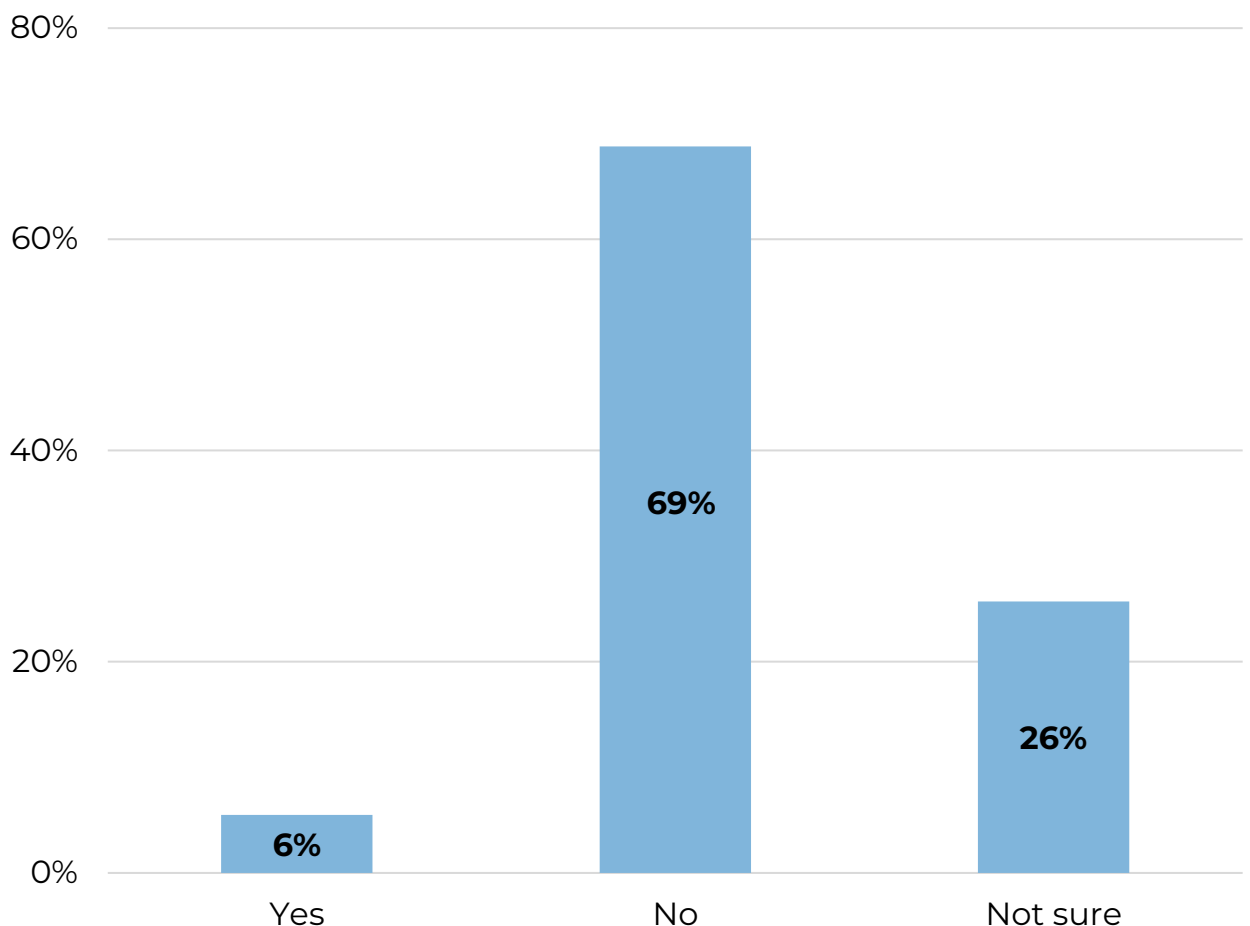
Data Privacy Concerns



Awareness of Privacy Policies in Data Collection

- In the past 12 months, 69 percent of respondents were not made aware of any third-party privacy policies or disclosures.

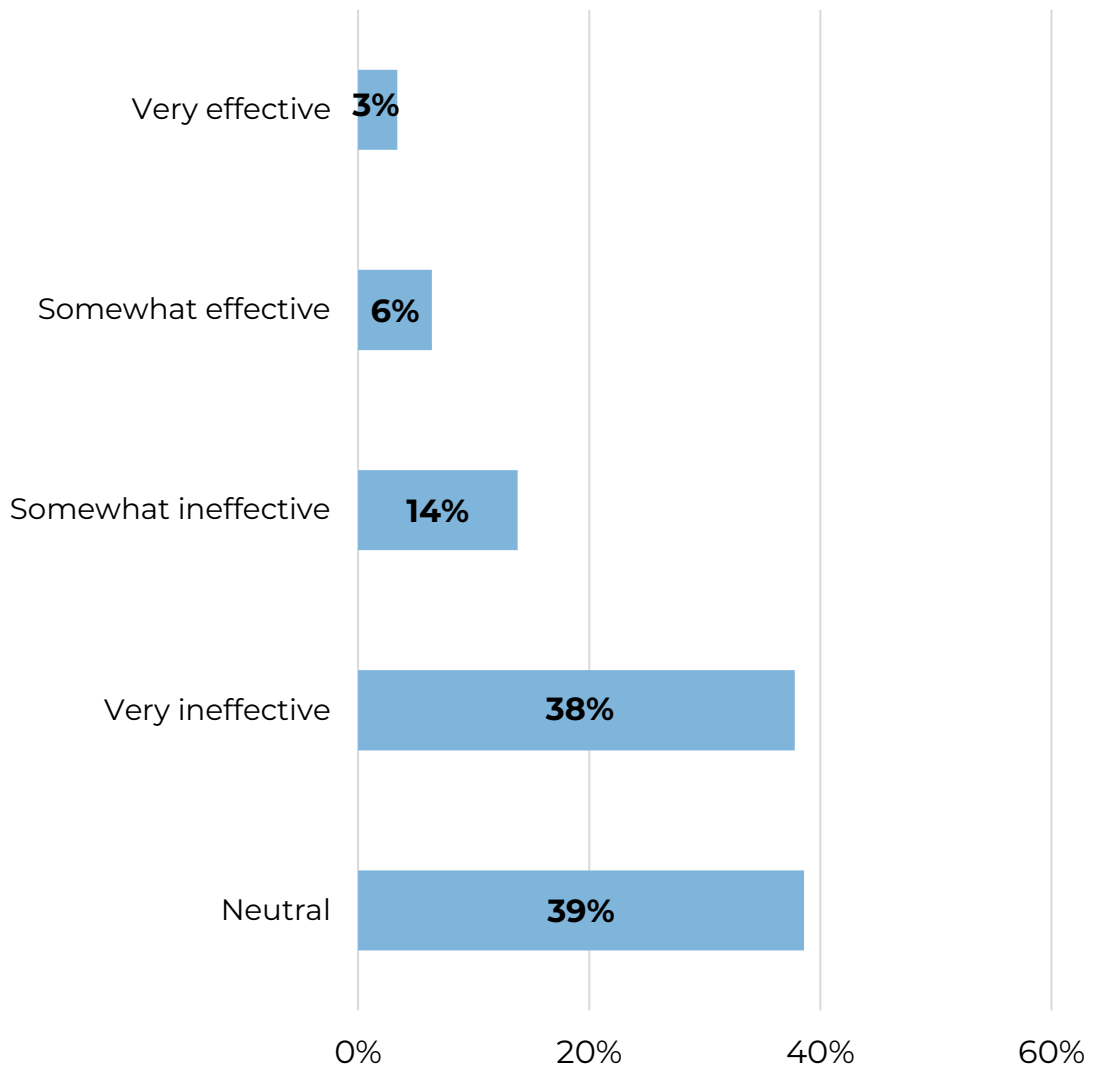
Awareness of Third-Party Privacy Policies During Data Collection



Effectiveness of Valuation Process

- Thirty-eight percent of respondents rated the valuation processes with data collectors as very ineffective.

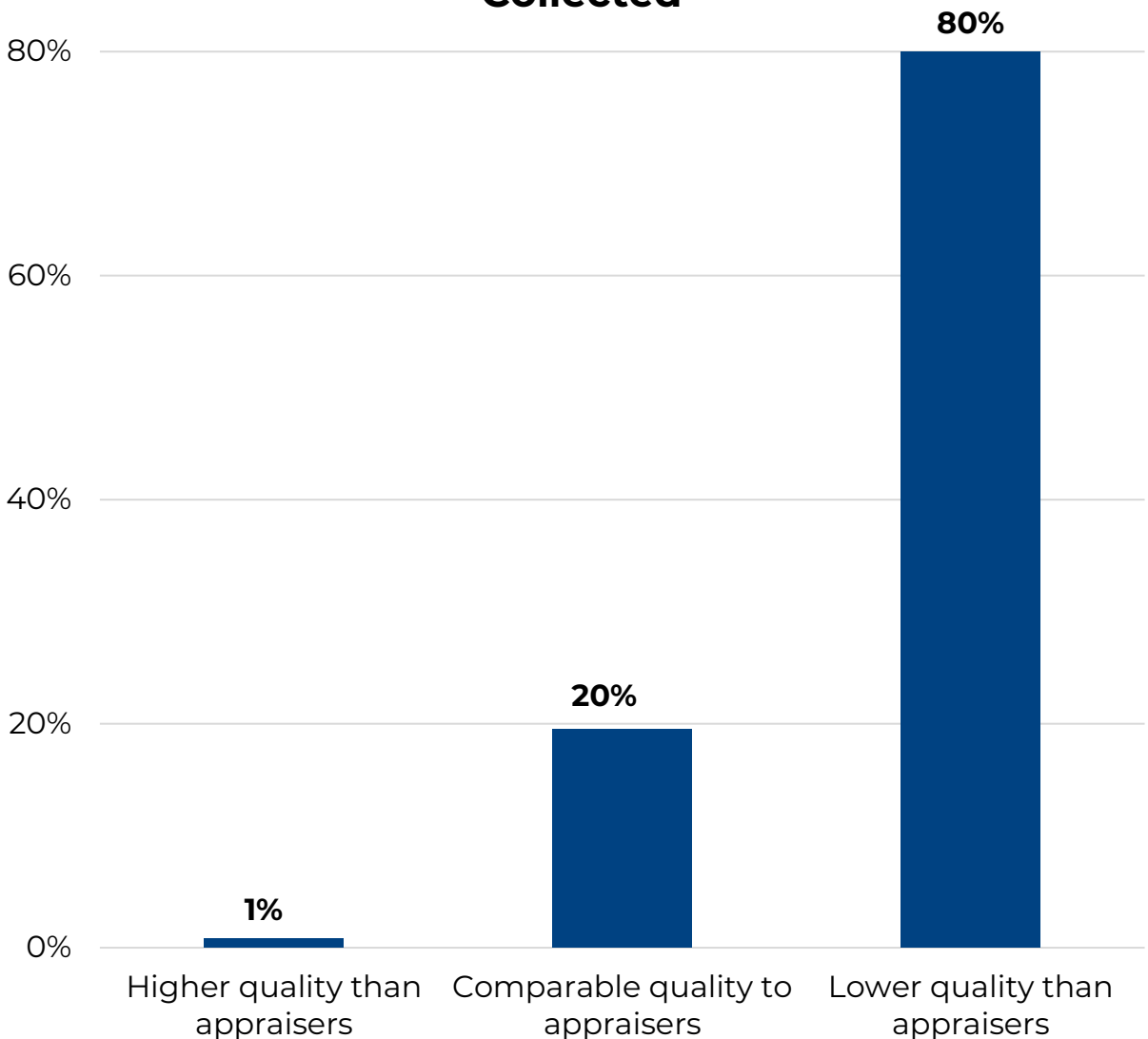
Effectiveness Ratings of Valuation Processes Involving Data Collectors



Quality Perceptions of Property Data

- Eighty percent of respondents perceive the quality of property data collected by data collectors as lower quality than appraisers.

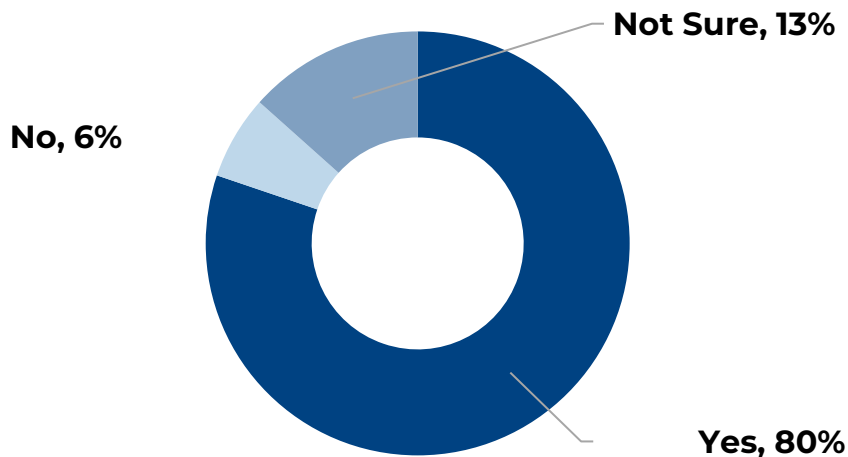
Comparative Quality of Property Data Collected



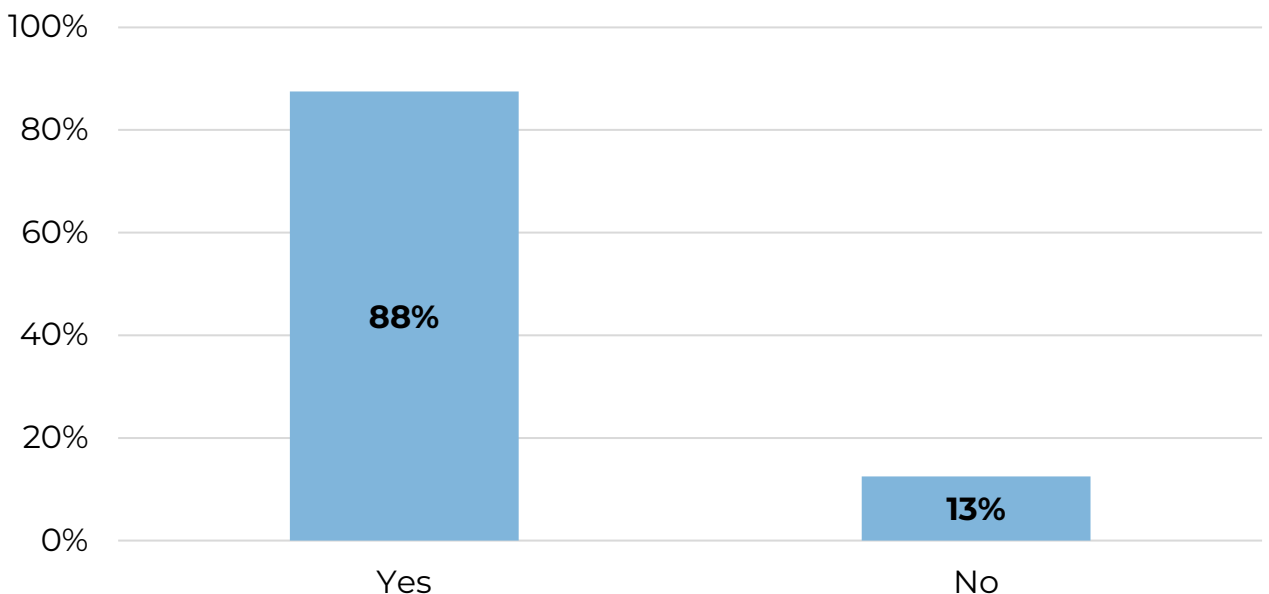
Training and Guidelines for Data Collectors

- Eighty percent of respondents believe there is a need for additional training or guidelines, while 88 percent believe in a need for further licensing or certification of data collectors.

Perceived Need for Training or Guidelines



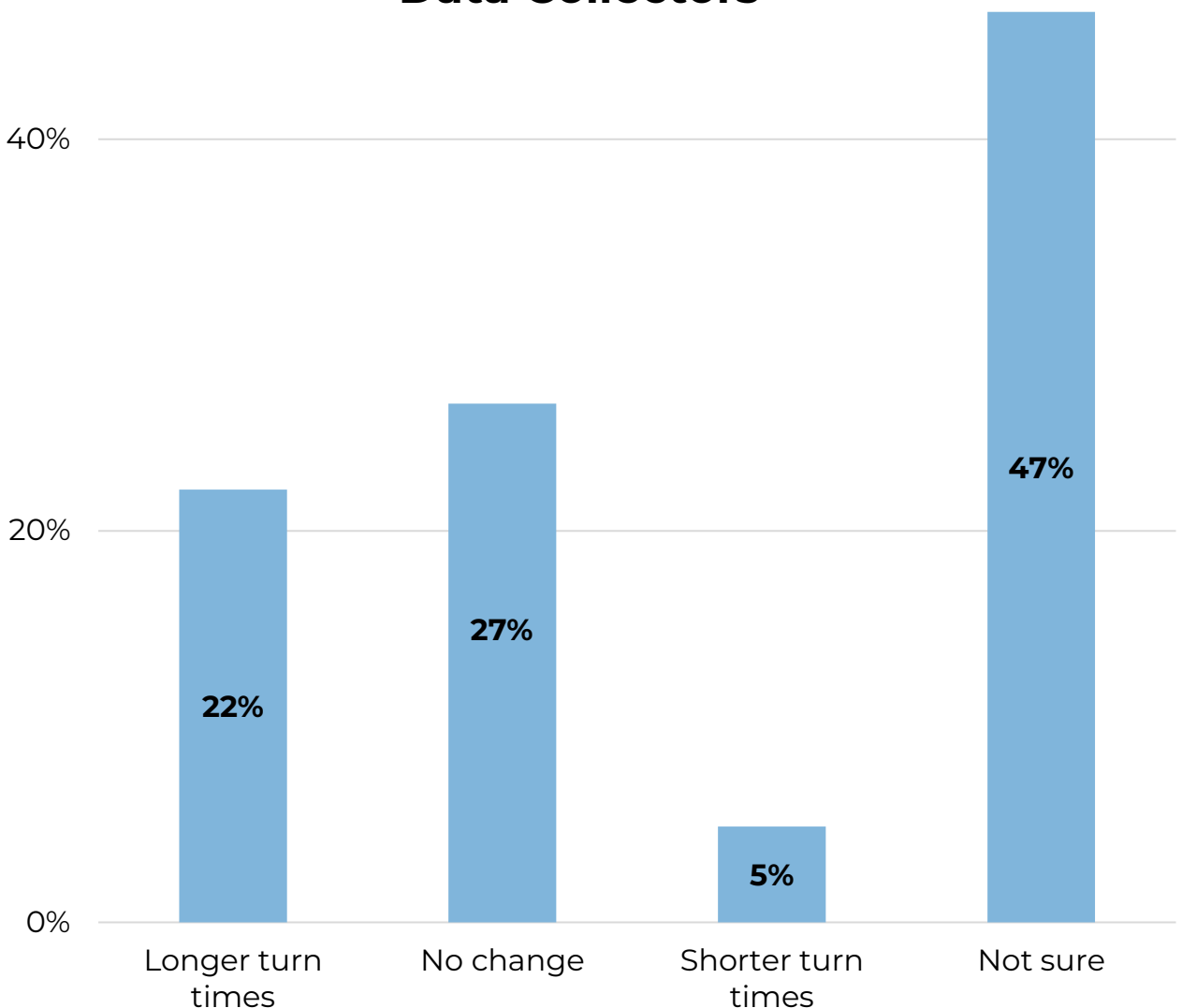
Perceived Need for Licensing or Certification



Turnaround Time Differences in Appraisals

- Relative to traditional appraisals, 22 percent of respondents observed longer turnaround times for appraisals involving data collectors in property data collection.

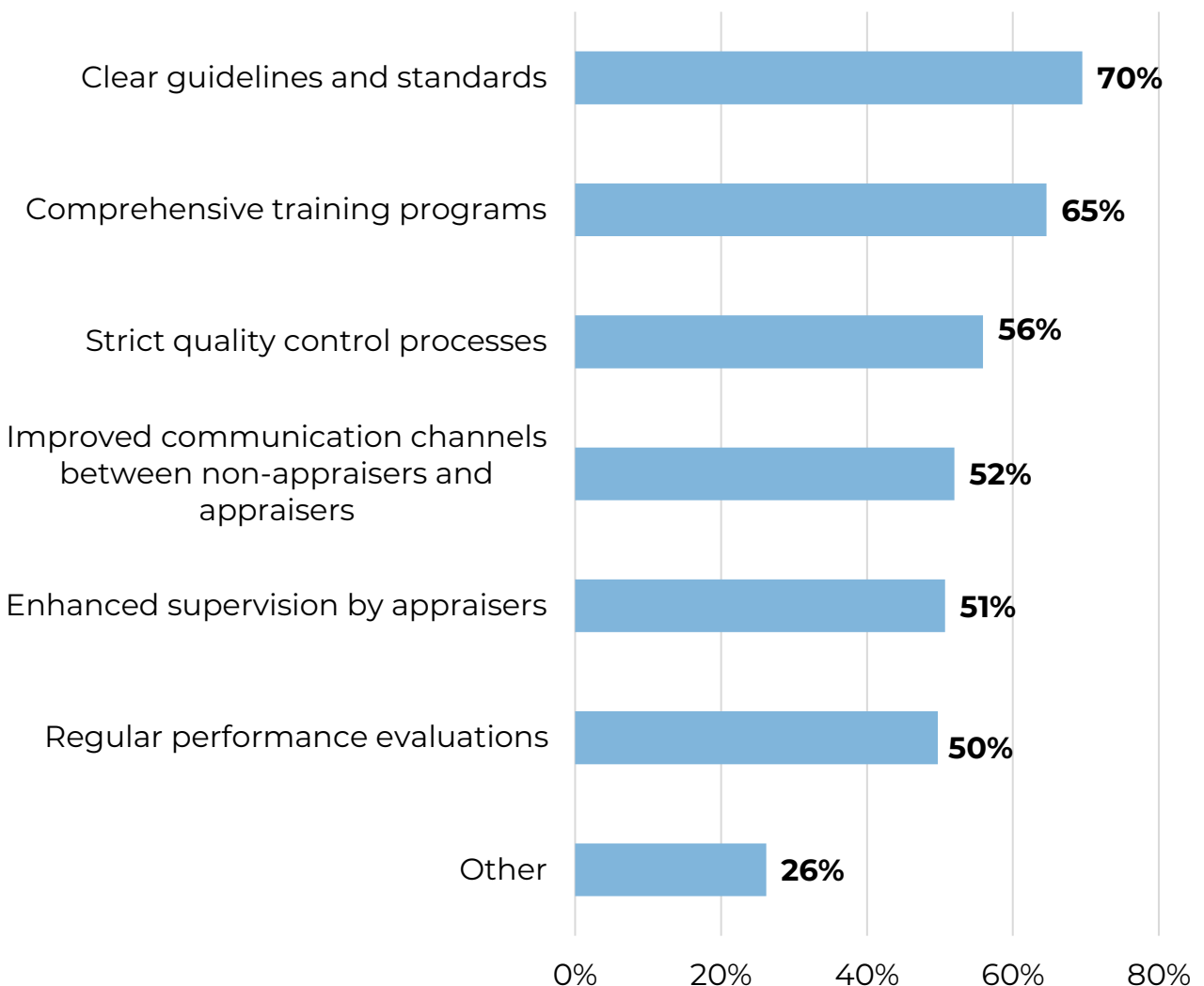
Turnaround Time for Appraisals with Data Collectors



Ensuring Accuracy in Data Collection

- To ensure the accuracy and reliability of property data collected by data collectors, 70 percent suggest clearer guidelines, and 65 percent suggest comprehensive training programs.

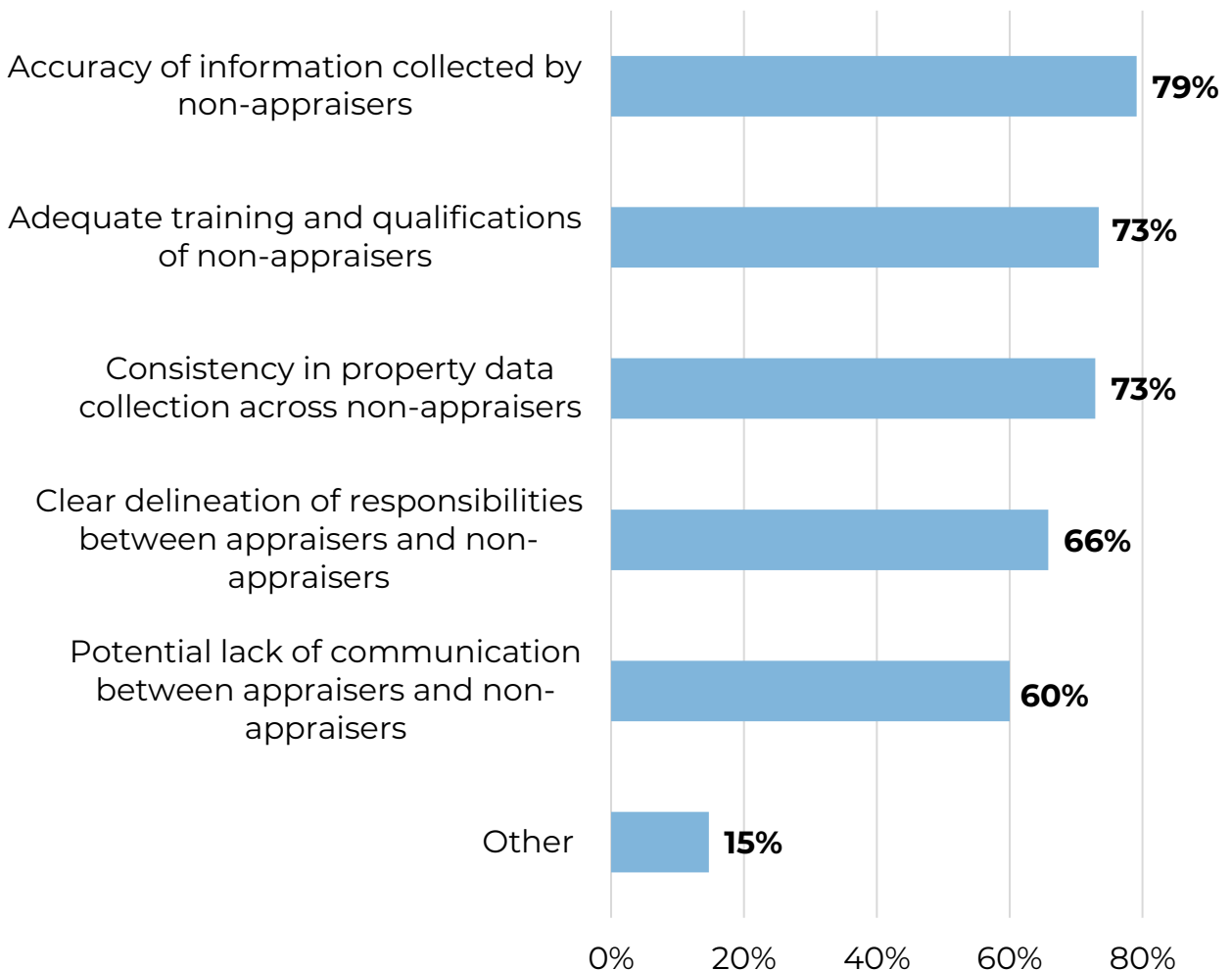
Suggested Measures for Accuracy and Reliability of Property Data Collection



Collaboration Concerns Between Appraisers and Data Collectors

- Seventy-nine percent of respondents are concerned with the accuracy of information collected by non-appraisers, and 73 percent were concerned with adequate training and qualifications of non-appraisers.

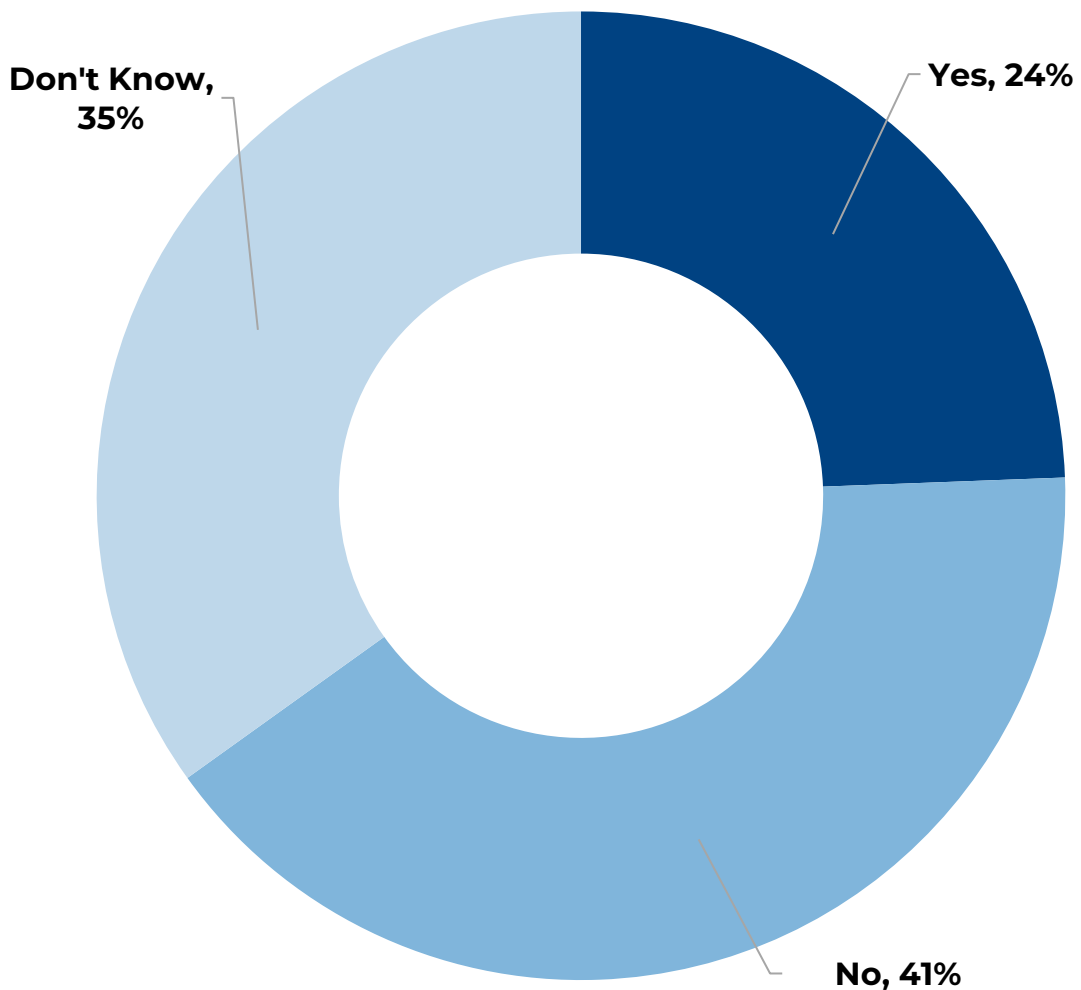
Suggested Measures for Accuracy and Reliability of Property Data Collection



Easing Concerns Over Time

- Twenty-four percent of respondents see their concerns about property data collectors easing over time if the process is refined.

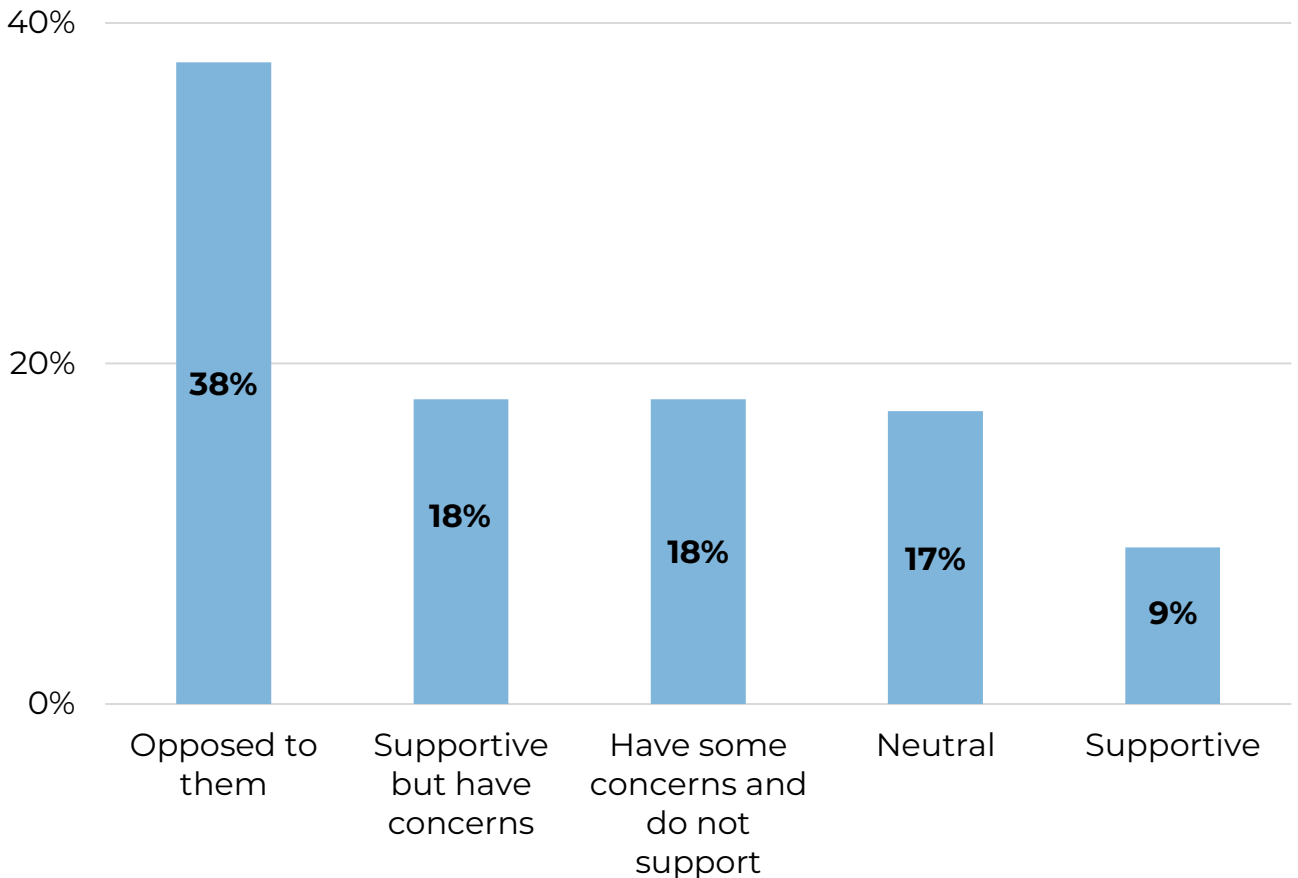
Perceptions of Easing Concerns



Net Sentiment on Property Data Collection and Appraisal Waivers

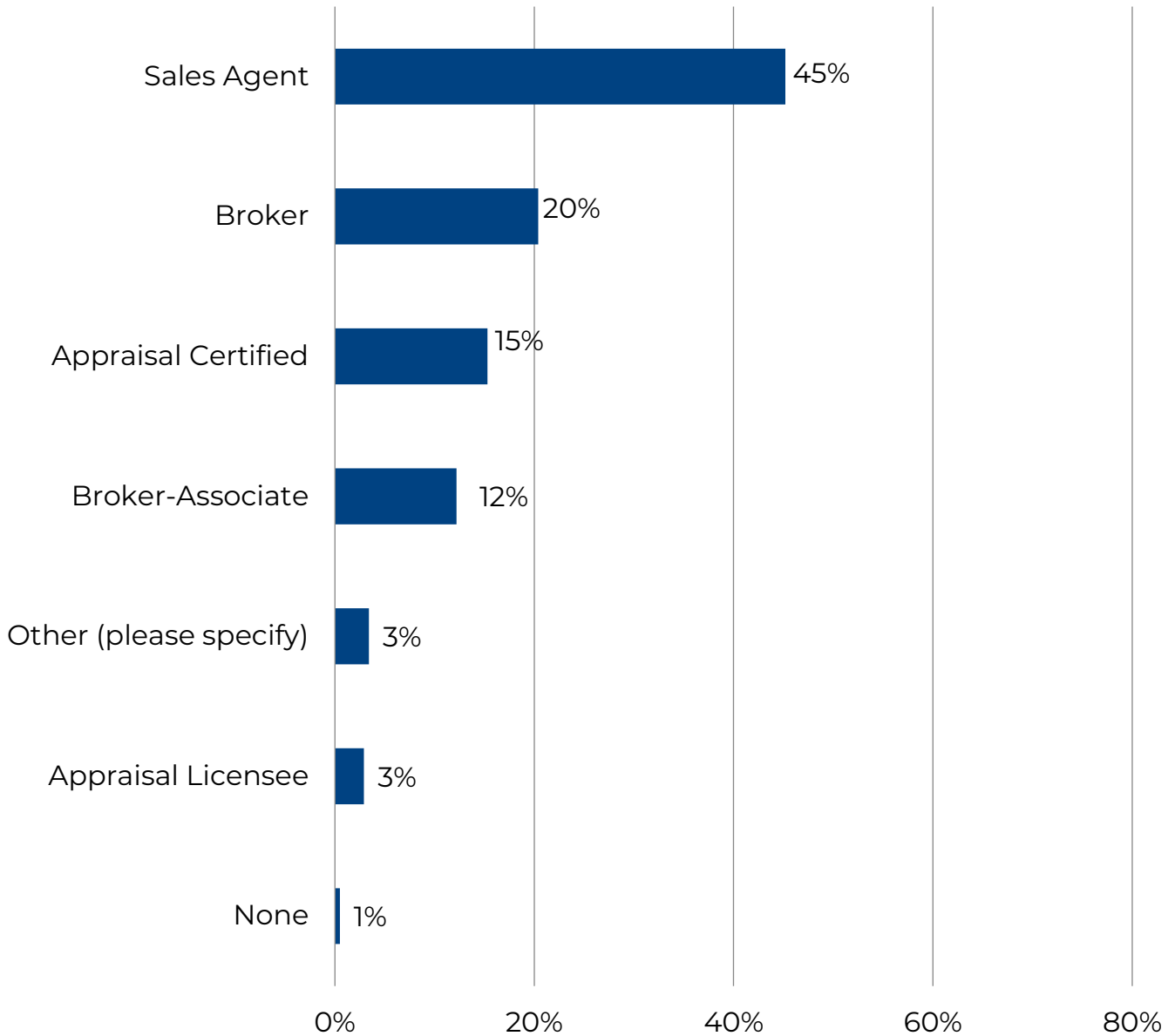
- When considering both the potential for a faster loan origination process and reduced consumer costs, as well as concerns about the valuation process, liability, and other issues, 38 percent of respondents stated they are opposed.

Overall Feelings on Property Data Collection and Appraisal Waivers Considering Benefits and Concerns



Demographics

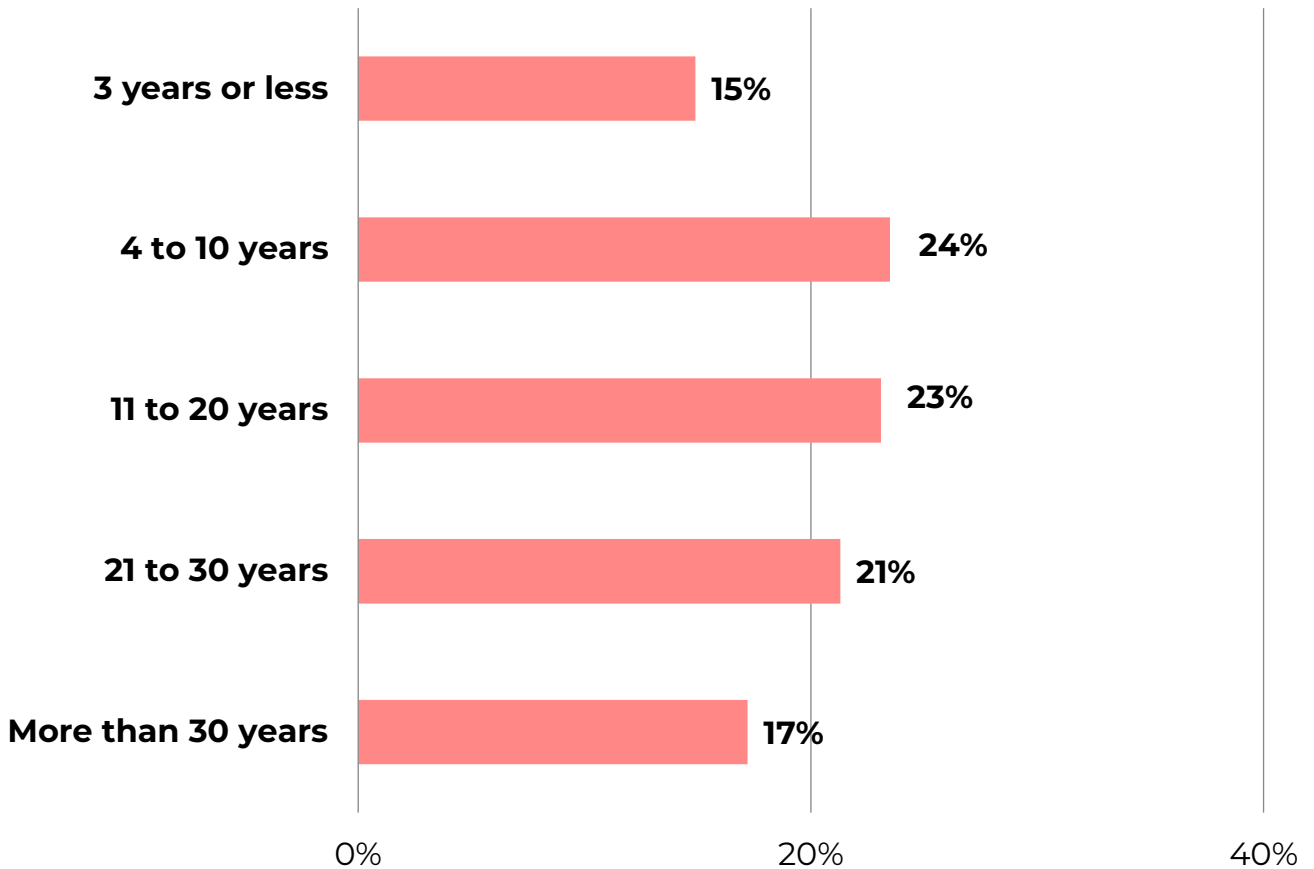
Function in Real Estate*



*-less than 1%

Demographics

Years in Real Estate

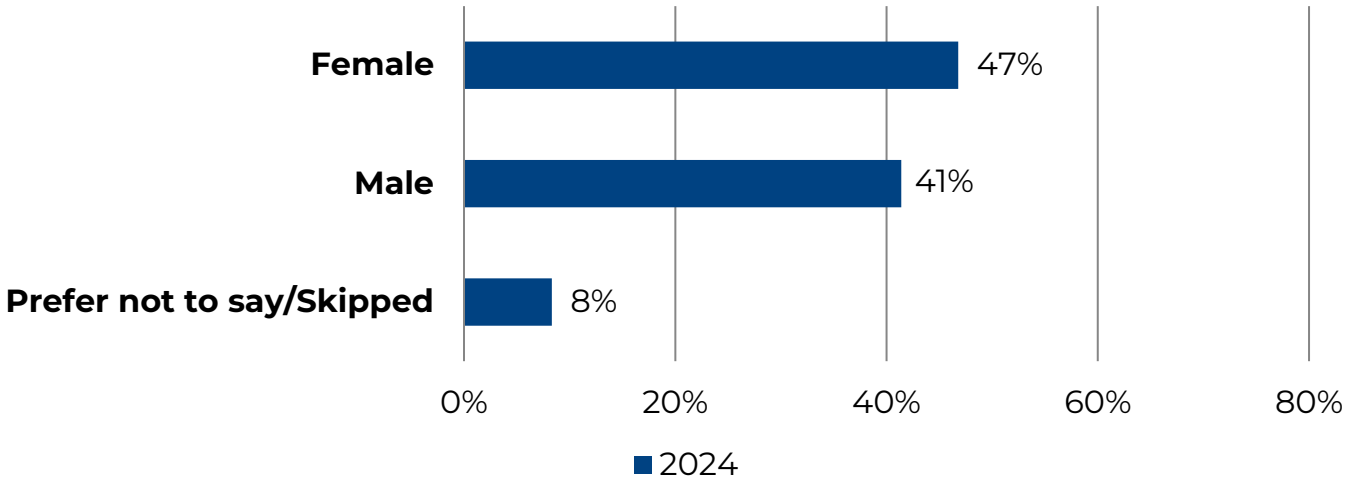


Median: 17 years

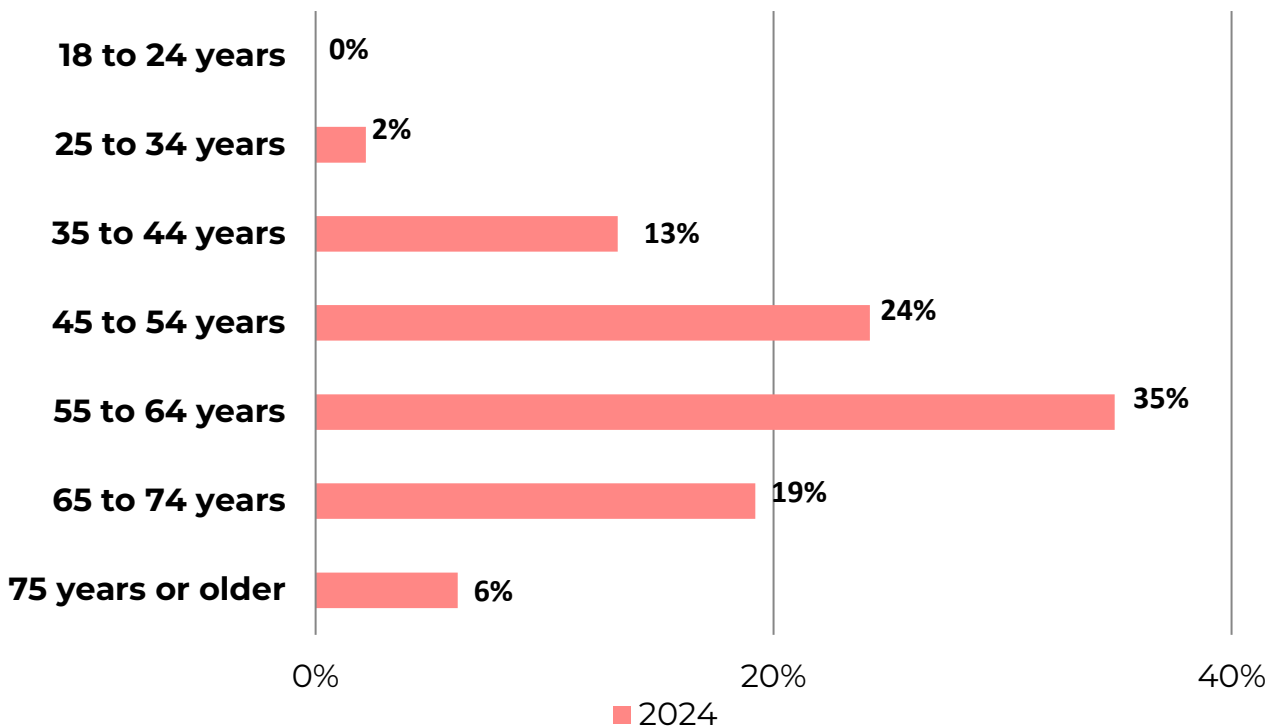
*-less than 1%

Demographics

Gender



Age

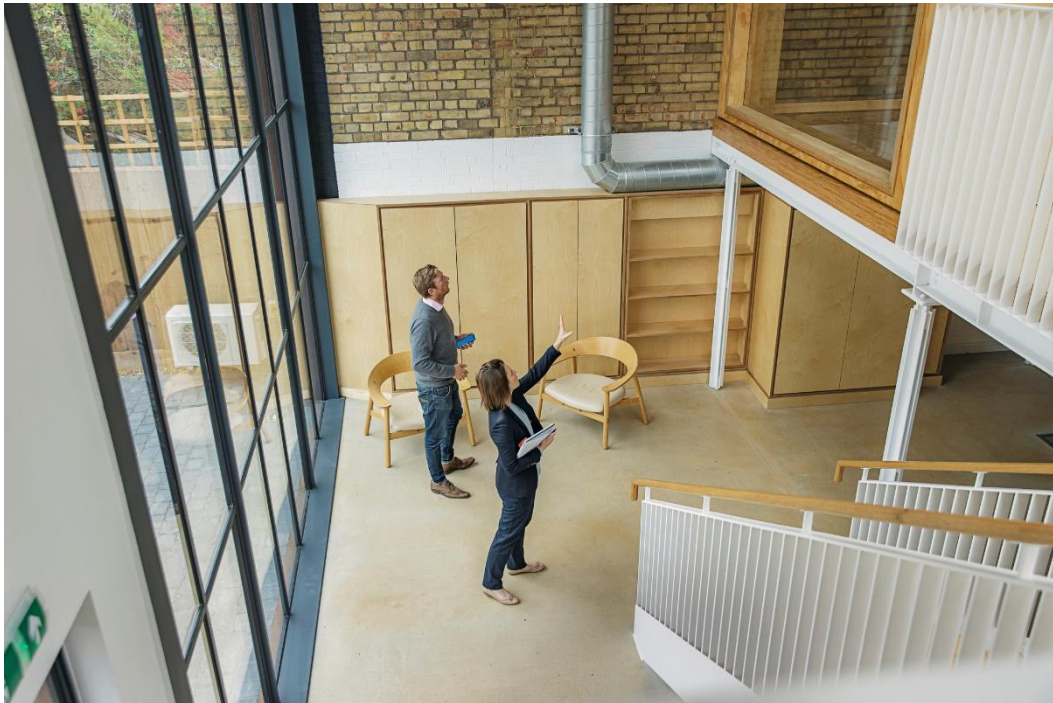


*-less than 1%

Methodology

In September 2024, NAR invited a random sample of 58,219 active REALTORS® to complete an online survey. The survey link was sharable, resulting in some non-REALTOR interested parties participating as well. A total of 2,378 usable responses were received for an overall response rate of 4.1 percent. At the 95 percent confidence level, the margin of error is plus or minus 1.9 percent.

The primary measure of central tendency used throughout this report is the median, the middle point in the distribution of responses to a particular question, or the point at which half of the responses are above and below a particular value.



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