

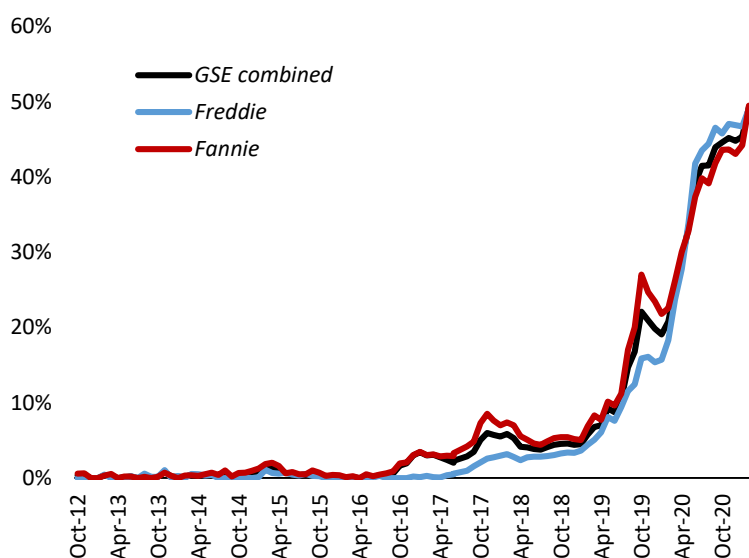


General Findings on the Prevalence of GSE Appraisal Waivers

February 2021 originations

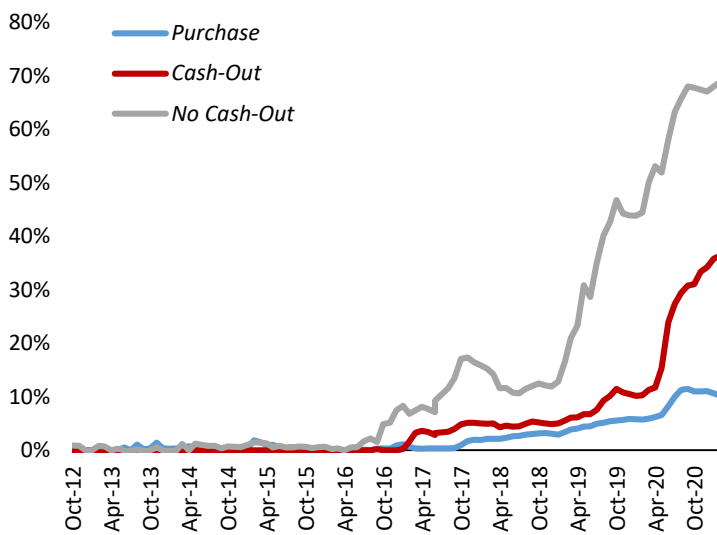
SHARE OF GSE LOANS WITH APPRAISAL WAIVER, BY ORIGINATION MONTH

The share of appraisal waivers rose for both GSEs in February 2021. Fannie's share stood at 50%, up from 44% in January, while Freddie's stood at 49%, up from 47%. For the GSEs combined, the waiver share stood at 49% setting a new series' high.



SHARE OF GSE LOANS WITH APPRAISAL WAIVERS, BY LOAN PURPOSE AND ORIGINATION MONTH

Shares of GSE appraisal waivers in February 2021 stood at 69% for No Cash-Out refinances, at 36% for Cash-Out refinances, and at 10% for Purchase loans. Over time, these shares have grown rapidly, however as of recently, they appear to have plateaued for Purchase loans and No Cash-Out refinances.



+133%

Increase in the use of waivers (all loan types) since Feb. 2020

+260%

Increase in the use of Cash-out waivers since Feb. 2020

APPRAISAL WAIVER COUNTS AND SHARES BY AGENCY AND PURPOSE

February 2021: Counts	Freddie Mac				Fannie Mae			
	Cash Out	NCO	Purchase	Total	Cash Out	NCO	Purchase	Total
Appraisal	55,088	72,295	74,626	202,009	61,140	80,905	91,405	233,450
Waiver	31,598	154,615	8,860	195,073	34,679	184,279	9,884	228,842
Total	86,685	226,910	83,486	397,081	95,819	265,184	101,289	462,292

February 2021: %	Freddie Mac				Fannie Mae			
	Cash Out	NCO	Purchase	Total	Cash Out	NCO	Purchase	Total
Appraisal	63.5%	31.9%	89.4%	50.9%	63.8%	30.5%	90.2%	50.5%
Waiver	36.5%	68.1%	10.6%	49.1%	36.2%	69.5%	9.8%	49.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

For detailed and historical data, please see the spreadsheet on our [website](#).

To read our comment letter to FHFA on appraisal-related policies, practices, and processes, please click [here](#).





Risk Characteristics of GSE Appraisal Waivers

SHARE OF FREDDIE & FANNIE LOANS WITH AN APPRAISAL OR APPRAISAL WAIVER BY LTV BIN WITH AVERAGE MORTGAGE RISK INDEX (MRI)
LTV bin is a major constraint on appraisal waiver eligibility. Even after taking LTV bin into account, the MRIs on loans with an appraisal waiver are generally lower than for loans without a waiver. This would indicate that the GSEs are applying other credit constraints that further reduce risk.

		Average MRI								
		February 2021			February 2021		March 2020			
	CLTV Buckets	Appraisal	Waiver Used	Share Using Waiver	Appraisal	Waiver Used		Appraisal	Waiver Used	Share Using Waiver
Agency	Purchase									
Freddie Mac	60% or below	6.1%	20.1%	28%	1.0%	1.0%		7.3%	23.5%	22%
	61 to 70%	4.6%	13.4%	26%	2.5%	2.2%		4.5%	14.3%	21%
	71-75%	9.2%	11.7%	13%	3.9%	3.2%		8.1%	14.1%	13%
	76-80%	27.0%	54.8%	19%	4.1%	3.8%		26.5%	48.1%	13%
	81-85%	4.7%	0.0%	0%	5.0%			4.9%	0.0%	0%
	86-90%	14.0%	0.0%	0%	7.3%			13.2%	0.0%	0%
	91-95%	27.5%	0.0%	0%	10.0%			27.4%	0.0%	0%
	Above 95%	6.8%	0.0%	0%	11.9%			8.2%	0.0%	0%
Fannie Mae	60% or below	6.3%	23.9%	29%	1.1%	0.8%		7.2%	21.4%	12%
	61 to 70%	4.6%	10.9%	20%	2.7%	1.7%		5.3%	11.8%	9%
	71-75%	8.9%	10.3%	11%	4.2%	2.6%		8.6%	11.5%	6%
	76-80%	24.2%	54.8%	20%	4.5%	3.2%		24.8%	55.3%	9%
	81-85%	4.3%	0.0%	0%	5.5%			4.4%	0.0%	0%
	86-90%	13.2%	0.0%	0%	7.8%			12.9%	0.0%	0%
	91-95%	28.0%	0.0%	0%	11.5%			24.9%	0.0%	0%
	Above 95%	10.5%	0.0%	0%	11.3%			12.0%	0.0%	0%
Cash Out										
Freddie Mac	60% or below	29.2%	61.3%	55%	3.8%	3.3%		31.1%	52.8%	0%
	61 to 70%	20.7%	38.7%	52%	8.5%	7.9%		20.1%	38.9%	0%
	71-75%	20.9%	0.0%	0%	11.4%			18.9%	2.8%	0%
	76-80%	29.2%	0.0%	0%	10.4%			29.9%	0.0%	0%
	81-85%	0.0%	0.0%	N/A				0.0%	0.0%	0%
	86-90%	0.0%	0.0%	N/A				0.0%	0.0%	N/A
	91-95%	0.0%	0.0%	N/A				0.0%	0.0%	N/A
	Above 95%	0.0%	0.0%	N/A				0.0%	5.6%	67%
Fannie Mae	60% or below	28.1%	73.2%	60%	3.4%	1.9%		31.6%	63.6%	31%
	61 to 70%	21.3%	26.8%	42%	7.8%	5.2%		20.8%	36.4%	28%
	71-75%	21.9%	0.0%	0%	10.7%			20.0%	0.0%	0%
	76-80%	28.7%	0.0%	0%	9.7%			27.6%	0.0%	0%
	81-85%	0.0%	0.0%	N/A				0.0%	0.0%	N/A
	86-90%	0.0%	0.0%	N/A				0.0%	0.0%	N/A
	91-95%	0.0%	0.0%	N/A				0.0%	0.0%	N/A
	Above 95%	0.0%	0.0%	N/A				0.0%	0.0%	N/A
No-Cash Out										
Freddie Mac	60% or below	38.4%	35.2%	66%	1.9%	1.5%		24.0%	32.0%	58%
	61 to 70%	17.6%	22.1%	73%	5.5%	4.7%		13.4%	24.2%	66%
	71-75%	11.1%	17.0%	77%	8.6%	6.9%		10.8%	24.7%	71%
	76-80%	12.7%	15.3%	72%	8.3%	7.5%		17.0%	19.1%	54%
	81-85%	7.0%	6.4%	66%	12.5%	12.0%		10.8%	0.0%	0%
	86-90%	7.3%	4.0%	54%	11.9%	11.8%		12.6%	0.0%	0%
	91-95%	5.8%	0.0%	0%	15.4%			11.0%	0.0%	0%
	Above 95%	0.2%	0.0%	0%	15.8%			0.5%	0.0%	1%
Fannie Mae	60% or below	36.7%	48.2%	75%	2.3%	1.5%		25.1%	28.9%	53%
	61 to 70%	17.6%	19.2%	71%	6.8%	4.7%		15.0%	18.3%	55%
	71-75%	11.3%	15.2%	75%	9.8%	7.3%		12.2%	21.0%	63%
	76-80%	12.6%	11.2%	67%	9.7%	7.6%		15.8%	18.7%	54%
	81-85%	7.2%	2.9%	48%	13.6%	11.8%		9.7%	5.3%	35%
	86-90%	7.7%	3.3%	50%	13.4%	12.2%		11.5%	7.7%	40%
	91-95%	6.6%	0.0%	0%	17.3%	35.2%		10.3%	0.0%	0%
	Above 95%	0.3%	0.0%	0%				0.5%	0.0%	0%

