



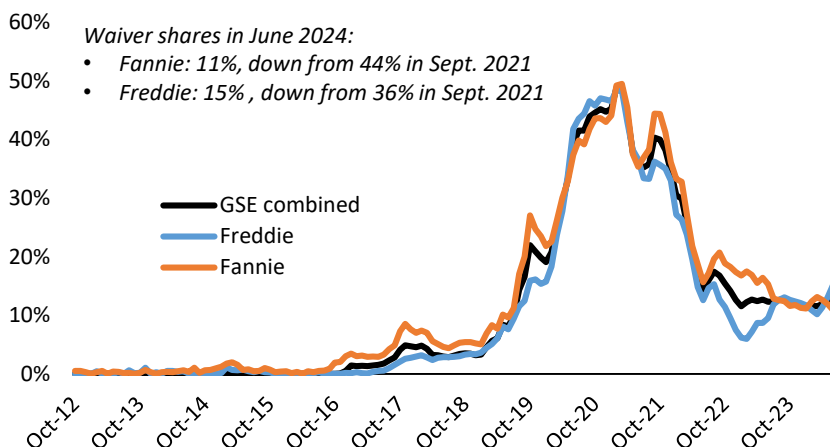
Prevalence of GSE Appraisal Waivers

June 2024 originations

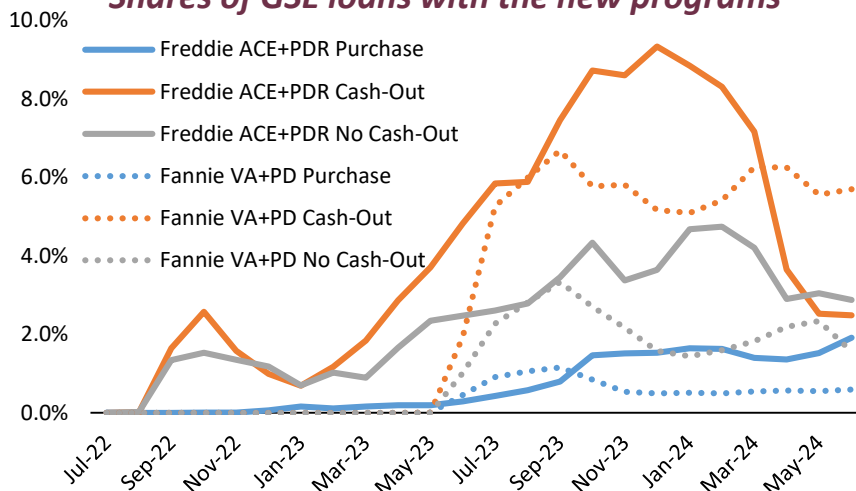
Key Points:

- The share of appraisal waivers for both GSEs combined for June 2024 stood at 13%, the same as last month and down 36 ppts. from its series' peak in March 2021.
- Shares for Fannie and Freddie appeared to diverge again in June 2024 after having moved in lock step since August 2023.
- Freddie introduced ACE+PDR* in July 2022. In June 2024, these shares stood at 1.9%, 2.5%, and 2.9% for Purchase, Cash-Out, and No Cash-Out loans, respectively.
- Fannie introduced Value Acceptance + Property Data (VA+PD)** in April 2023. In June 2024, the share of the new program was 0.6%, 5.7%, and 1.6% for Purchase, Cash-Out, and No Cash-Out loans, respectively.
- The introduction of both programs subsequently reduced waiver shares, but the data show that both programs have not picked up the entire slack, suggesting further policy changes and/or slow market pick-up.
- Waivers are granted using a data-based analysis of the reasonableness of the applicant's self-valuation. The data measure whether an appraisal waiver was used, not only granted, on the loan.
- For detailed and historical data, please see the spreadsheet on our [website](#).

Share of GSE loans with appraisal waiver, by guarantor



Shares of GSE loans with the new programs



Appraisal waiver and new program counts and shares by agency and purpose

June 2024: Counts	Freddie Mac				Fannie Mae			
	Cash-Out	No Cash-Out	Purchase	Total	Cash-Out	No Cash-Out	Purchase	Total
Appraisal	7,817	2,301	59,824	69,943	8,092	2,905	77,985	88,982
Appraisal Waiver plus Property Data Collection - Condition	243	97	1,365	1,705	665	60	513	1,239
Appraisal Waiver plus Property Data Collection - Value	0	0	0	0	370	30	243	644
Waiver	1,718	981	10,164	12,863	2,541	872	7,712	11,125
Total	9,778	3,379	71,353	84,511	11,669	3,867	86,453	101,990

June 2024: %	Freddie Mac				Fannie Mae			
	Cash-Out	No Cash-Out	Purchase	Total	Cash-Out	No Cash-Out	Purchase	Total
Appraisal	79.9%	68.1%	83.8%	82.8%	69.3%	75.1%	90.2%	87.2%
Appraisal Waiver plus Property Data Collection - Condition	2.5%	2.9%	1.9%	2.0%	5.7%	1.6%	0.6%	1.2%
Appraisal Waiver plus Property Data Collection - Value	0.0%	0.0%	0.0%	0.0%	3.2%	0.8%	0.3%	0.6%
Waiver	17.6%	29.0%	14.2%	15.2%	21.8%	22.5%	8.9%	10.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Freddie replaced appraisal waivers with ACE+PDR in July 2022 for no cash out loans with LTV greater than 90% and all cash out loans. The new program requires onsite property information collection.

** Fannie's value acceptance + property data program was activated in Desktop Underwriter on Apr. 15th and is reported as "Appraisal Waiver plus Property Data Collection – Condition" in the data from June 20th onwards. Freddie's ACE+PDR was initially reported as "Onsite Property Data Collection", but the reporting changed to "Appraisal Waiver plus Property Data Collection - Condition" on Sep. 7th, 2023. "Onsite Property Data Collection" is now renamed to "Appraisal Waiver plus Property Data Collection – Value". "Appraisal Waiver plus Property Data Collection – Condition", "Appraisal Waiver plus Property Data Collection – Value" and Waiver counts are mutually exclusive. To read our comment letter to FHFA on appraisal-related policies, practices, and processes, please click [here](#).

Sources: Fannie Mae & Freddie Mac, tabulated by the AEI Housing Center.



Risk Characteristics of GSE Appraisal Waivers

SHARE OF FREDDIE/FANNIE LOANS WITH AN APPRAISAL OR APPRAISAL WAIVER BY LTV BIN WITH AVERAGE MORTGAGE DEFAULT RATE (MDR)

LTV bin is a major constraint on appraisal waiver eligibility. Even after taking LTV bin into account, the MDRs on loans with an appraisal waiver are generally lower than for loans without a waiver, indicating the GSEs are applying other credit constraints that further reduce risk.

					Average MDR					
		June 2024			June 2024		April 2020			
Agency	CLTV Buckets	Appraisal	Waiver Used	Share Using Waiver	Appraisal	Waiver Used		Appraisal	Waiver Used	Share Using Waiver
	Purchase									
Freddie Mac	60% or below	12.3%	37.1%	33%	1.6%	1.5%		6.7%	24.3%	25%
	61 to 70%	7.0%	14.6%	26%	3.6%	3.3%		4.4%	15.1%	24%
	71-75%	8.5%	12.5%	20%	5.4%	4.6%		7.7%	14.9%	15%
	76-80%	20.7%	35.8%	22%	6.6%	5.9%		26.2%	45.7%	14%
	81-85%	4.7%	0.0%	0%				4.7%	0.0%	0%
	86-90%	12.0%	0.0%	0%				13.8%	0.0%	0%
	91-95%	23.6%	0.0%	0%				28.4%	0.0%	0%
	Above 95%	11.2%	0.0%	0%				8.0%	0.0%	0%
Fannie Mae	60% or below	12.9%	32.6%	20%	1.5%	1.5%		7.3%	22.3%	13%
	61 to 70%	7.7%	13.2%	14%	3.5%	3.1%		4.9%	11.7%	10%
	71-75%	9.2%	11.8%	11%	5.1%	4.6%		7.8%	11.4%	7%
	76-80%	22.1%	42.4%	16%	6.2%	5.6%		24.4%	54.5%	10%
	81-85%	4.8%	0.0%	0%				4.2%	0.0%	0%
	86-90%	12.7%	0.0%	0%				12.9%	0.0%	0%
	91-95%	19.7%	0.0%	0%				25.6%	0.0%	0%
	Above 95%	10.9%	0.0%	0%				12.8%	0.0%	0%
	Cash-Out									
Freddie Mac	60% or below	56.4%	75.9%	22%	6.9%	5.9%		32.5%	66.5%	2%
	61 to 70%	19.4%	24.1%	21%	15.2%	12.7%		20.1%	32.4%	1%
	71-75%	10.7%	0.0%	0%				19.0%	0.0%	0%
	76-80%	13.5%	0.0%	0%				28.4%	0.3%	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%	0.3%	100%
	Above 95%	0.0%	0.0%	N/A				0.0%	0.5%	67%
Fannie Mae	60% or below	61.2%	87.1%	29%	6.8%	6.8%		32.0%	63.0%	31%
	61 to 70%	20.4%	12.9%	15%	14.0%	13.3%		20.9%	37.0%	29%
	71-75%	10.0%	0.0%	0%				19.7%	0.0%	0%
	76-80%	8.4%	0.0%	0%				27.4%	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	44.3%	58.4%	35%	4.6%	4.0%		23.8%	32.9%	61%
	61 to 70%	16.3%	16.2%	29%	10.1%	8.4%		13.8%	24.0%	66%
	71-75%	10.4%	10.8%	30%	13.2%	10.6%		11.3%	23.9%	71%
	76-80%	12.1%	10.4%	26%	13.4%	10.5%		16.6%	18.7%	56%
	81-85%	4.3%	2.5%	19%	17.5%	16.3%		10.1%	0.2%	2%
	86-90%	5.9%	1.8%	11%	20.3%	17.0%		12.6%	0.3%	3%
	91-95%	6.2%	0.0%	0%				11.1%	0.0%	0%
	Above 95%	0.5%	0.0%	0%				0.6%	0.0%	2%
Fannie Mae	60% or below	46.9%	58.4%	27%	4.2%	4.2%		24.7%	28.7%	57%
	61 to 70%	16.2%	18.0%	25%	8.9%	8.2%		14.8%	19.1%	59%
	71-75%	11.0%	10.7%	22%	12.2%	10.5%		11.7%	21.1%	67%
	76-80%	12.6%	8.6%	17%	11.5%	12.1%		15.8%	18.6%	57%
	81-85%	4.2%	1.4%	9%	15.7%	10.4%		9.6%	5.1%	38%
	86-90%	4.4%	3.0%	16%	17.5%	17.3%		11.8%	7.5%	42%
	91-95%	4.4%	0.0%	0%				11.0%	0.0%	0%
	Above 95%	0.2%	0.0%	0%				0.6%	0.0%	0%

