



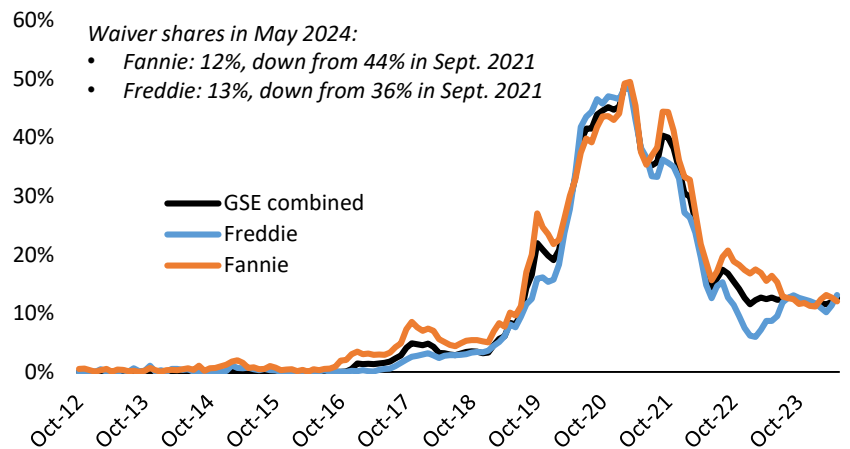
Prevalence of GSE Appraisal Waivers

May 2024 originations

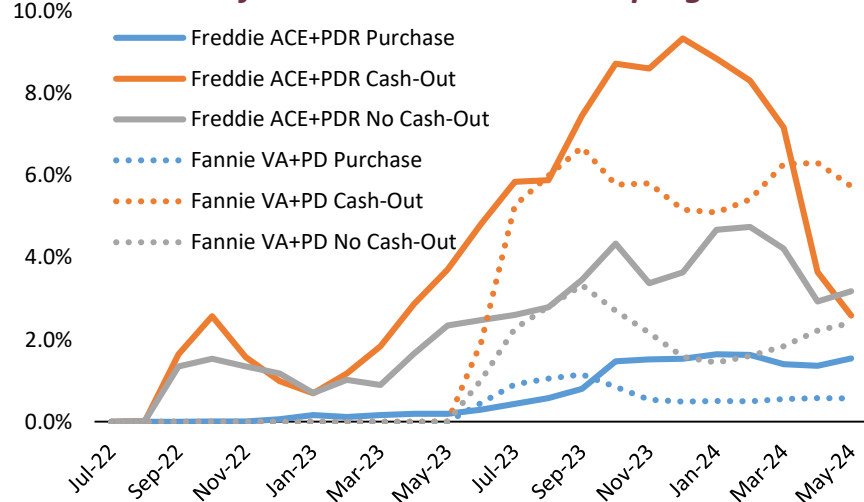
Key Points:

- The share of appraisal waivers for both GSEs combined for May 2024 stood at 13%, 1 ppt. higher than last month and down 36 ppts. from its series' peak in March 2021. In August 2023, shares for Fannie and Freddie converged for the first time since June 2021 and have moved in lock step since then.
- Freddie introduced ACE+PDR* in July 2022. In May 2024, these shares stood at 1.5%, 2.4% and 3.2% for Purchase, Cash-Out, and No Cash-Out loans, respectively.
- Fannie introduced Value Acceptance + Property Data (VA+PD)** in April 2023. In May 2024, the share of the new program was 0.6%, 5.7%, and 2.4% 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

May 2024: Counts	Freddie Mac				Fannie Mae			
	Cash-Out	No Cash-Out	Purchase	Total	Cash-Out	No Cash-Out	Purchase	Total
Appraisal	9,023	3,032	63,352	75,407	7,992	3,140	65,605	76,736
Appraisal Waiver plus Property Data Collection - Condition	283	145	1,124	1,552	675	109	413	1,197
Appraisal Waiver plus Property Data Collection - Value	0	0	0	0	391	49	228	667
Waiver	1,642	1,378	8,610	11,629	2,704	1,239	6,780	10,723
Total	10,948	4,554	73,086	88,588	11,762	4,536	73,025	89,324

May 2024: %	Freddie Mac				Fannie Mae			
	Cash-Out	No Cash-Out	Purchase	Total	Cash-Out	No Cash-Out	Purchase	Total
Appraisal	82.4%	66.6%	86.7%	85.1%	67.9%	69.2%	89.8%	85.9%
Appraisal Waiver plus Property Data Collection - Condition	2.6%	3.2%	1.5%	1.8%	5.7%	2.4%	0.6%	1.3%
Appraisal Waiver plus Property Data Collection - Value	0.0%	0.0%	0.0%	0.0%	3.3%	1.1%	0.3%	0.7%
Waiver	15.0%	30.3%	11.8%	13.1%	23.0%	27.3%	9.3%	12.0%
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								
		May 2024			May 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	11.4%	36.3%	30%	1.6%	1.5%		6.7%	24.3%	25%
	61 to 70%	7.0%	15.4%	23%	3.7%	3.2%		4.4%	15.1%	24%
	71-75%	8.5%	12.1%	16%	5.3%	4.5%		7.7%	14.9%	15%
	76-80%	21.3%	36.2%	18%	6.5%	5.8%		26.2%	45.7%	14%
	81-85%	4.8%	0.0%	0%				4.7%	0.0%	0%
	86-90%	12.3%	0.0%	0%				13.8%	0.0%	0%
	91-95%	24.4%	0.0%	0%				28.4%	0.0%	0%
	Above 95%	10.4%	0.0%	0%				8.0%	0.0%	0%
Fannie Mae	60% or below	11.6%	31.3%	22%	1.5%	1.4%		7.3%	22.3%	13%
	61 to 70%	7.5%	13.6%	16%	3.5%	3.2%		4.9%	11.7%	10%
	71-75%	9.1%	12.6%	13%	5.2%	4.4%		7.8%	11.4%	7%
	76-80%	21.9%	42.5%	17%	6.2%	5.7%		24.4%	54.5%	10%
	81-85%	4.5%	0.0%	0%				4.2%	0.0%	0%
	86-90%	12.2%	0.0%	0%				12.9%	0.0%	0%
	91-95%	20.4%	0.0%	0%				25.6%	0.0%	0%
	Above 95%	12.7%	0.0%	0%				12.8%	0.0%	0%
	Cash-Out									
Freddie Mac	60% or below	55.7%	78.0%	20%	6.8%	5.8%		32.5%	66.5%	2%
	61 to 70%	20.7%	22.0%	16%	15.0%	12.2%		20.1%	32.4%	1%
	71-75%	11.2%	0.0%	0%				19.0%	0.0%	0%
	76-80%	12.5%	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	60.4%	85.4%	31%	6.7%	6.5%		32.0%	63.0%	31%
	61 to 70%	20.6%	14.6%	18%	14.1%	14.0%		20.9%	37.0%	29%
	71-75%	10.4%	0.0%	0%				19.7%	0.0%	0%
	76-80%	8.6%	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	41.4%	50.9%	35%	4.7%	3.9%		23.8%	32.9%	61%
	61 to 70%	16.8%	19.7%	34%	9.4%	9.2%		13.8%	24.0%	66%
	71-75%	11.7%	11.1%	29%	13.2%	9.4%		11.3%	23.9%	71%
	76-80%	11.9%	13.2%	32%	12.8%	11.5%		16.6%	18.7%	56%
	81-85%	4.6%	2.4%	19%	15.5%	13.9%		10.1%	0.2%	2%
	86-90%	5.9%	2.7%	16%	18.4%	18.1%		12.6%	0.3%	3%
	91-95%	7.1%	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	43.8%	54.8%	32%	4.3%	4.2%		24.7%	28.7%	57%
	61 to 70%	17.3%	15.6%	26%	9.3%	7.7%		14.8%	19.1%	59%
	71-75%	11.9%	13.7%	30%	12.3%	9.4%		11.7%	21.1%	67%
	76-80%	12.4%	10.4%	24%	12.1%	9.6%		15.8%	18.6%	57%
	81-85%	3.9%	1.9%	16%	13.9%	13.0%		9.6%	5.1%	38%
	86-90%	4.9%	3.7%	22%	16.8%	15.1%		11.8%	7.5%	42%
	91-95%	5.5%	0.0%	0%				11.0%	0.0%	0%
	Above 95%	0.2%	0.0%	0%				0.6%	0.0%	0%

