

FHFA and Desktop Appraisals in 2022



By Luke Tomaszewski
ProxyPics

Desktop appraisals were introduced in March of 2020 in response to the global pandemic, which allowed appraisers to complete the appraisal without entering the property under consideration.

During the 2021 Mortgage Bankers Association (MBA) Annual Conference and Expo in San Diego, Sandra Thompson, the acting director of the FHFA, announced that Desktop Appraisals would be brought back as a permanent solution in early 2022 for purchase transactions and would shortly make their way into refinance transactions.

The problem within the appraisal industry has been a shortage of appraisers, which has been a hot topic over the last decade. New appraisers would benefit the profession greatly, but it's not the ultimate solution.

In 2016 the United States experienced a heavy spike in mortgage originations,

and demand for appraisals was at an all-time high. During this time, it is estimated that the PIW (Property Inspections Waivers) did not exceed 10%.

Data from the MBA show that origination volume in 2016 was \$2.052 billion, while 2020 doubled that total to \$4.108 billion. In 2020 PIW's were es-

timated to have increased to approximately 40% of all transactions, and the demand was still very high for the appraisal industry to keep pace.

Is the shortage of appraisers the real issue? Will permanent desktop appraisals be the solution?

Yes, a shortage of appraisers is indeed a factor, but not everywhere. Keep in mind that some areas of the U.S. have a heavy saturation of appraisers while others will have a sparse number of appraisers for multiple counties.

RURAL APPRAISALS

Typically, more rural markets will have a shortage of appraisers and longer turnaround times, which result in price increases.

The permanent desktop appraisal solution in early 2022 will help in these areas as the distance that the appraiser

travels to reach the subject property can exceed 100 miles.

Why? Because most appraisers are selective of certain areas when they have multiple inspections to make it worth their time. This impacts the customer because they will have to wait 2-to-4 weeks for the appraiser to simply inspect the subject property.

TECHNOLOGY ADVANCES

Although the desktop appraisal serves as a solution for the shortage of appraisers in rural areas of the country, it will have much development to undergo in terms of technology to ensure that it can assist the appraiser and dramatically speed up the appraisal process.

Today, there are technology providers that can assist in collecting real-time photos such as ProxyPics, and there are data providers that can import data right into the appraisal report with companies like ACI, PropMix, Spark, Appraiser Genie and DataMaster, to name a few.

In conclusion, firms and appraisers that take advantage of the new flexibilities and technology that are available, will have the ability to increase their efficiency in completing more appraisal reports within the evolving industry. ▲



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Luke Tomaszewski is the Founder and CEO of new tech company ProxyPics, his second U.S. patent. With over 18 years of experience in the appraisal industry, Tomaszewski created ProxyPics to change the way homes are photographed for mortgage needs in the digital age.



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