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Residential appraisal forms - by Bill Pastuszek

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Fannie Mae and Freddie Mac have been working on the redesign of the Uniform Residential Appraisal Report (URAR) for several years. The GSEs, through their Uniform Appraisal Dataset (UAD) and Forms Redesign Initiative working group, have worked closely with stakeholders and allowed their input to shape the “data-driven” URAR. Stakeholders included lenders, subject matter experts, trade industry association, software vendors, government agencies/departments, and appraisers.

Some highlights include and are termed as “key benefits of the new URAR” follow: “dynamic” output with commentary placed within each topic; standardized data that allows appraisers to better define the property, providing a more “holistic” view and greater understanding of the property characteristics; flexibility, allowing the URAR to be easily adapted to address future industry-wide needs.

The process is described as having been highly interactive with an initial phase gathering stakeholder input through an online Virtual Bulletin Board (VBB) Process. The outcome provides feedback that the new URAR would be “nimble and readable, with stronger narrative flow and data organization” and would be more “user-friendly and focused on the most relevant content.”

Some particularly notable changes included: dynamic links to photos/exhibits, space for commentary. Suggestions for improvement included: Reordering/reorganizing with sections to facilitate review, create as much visual simplification as possible, and aligning nomenclature with corresponding data and/or USPAP definitions.

New URAR features will include a dynamic sales grid, replacement of general addenda, photo placement within relevant sections, dynamic report output, descriptions without abbreviations. A new Summary Page will consolidate relevant information in one place. Placement of photographs in relevant sections will undoubtedly make descriptions easier for appraisers and enhance understanding for readers.

Given that kitchens and baths have different finishes than the rest of the house, the new form provides the ability to provide this additional, often critical, information.

The report further notes that one standardized report will enhance review time for atypical properties. The “dynamic” sales grid proposed will allow for more objectivity in the appraisal process and will provide additional information to assist appraisers in valuation and for readers in their understanding of the appraisal process, and aid reviewers in efficiently reviewing reports.

Welcome USPAP-related enhancements include a “heavier emphasis on capturing data to facilitate USPAP compliance” and adding “datapoints” to support USPAP concepts such as: Marketing Time, Reasonable Exposure Time, Effective Date of Appraisal, Date of Signature and Report.

From a risk management perspective, the report is designed to more easily “flag” information for risk. As information is better organized, and more “more granular,” potential correction requests are reduced.

To sum up, the report notes: “The details of the new URAR are currently being finalized by the GSEs. The report is under review and undergoing pressure tests to ensure accuracy and usability.” The summary recognizes that “appraiser education is key,” and “additional training and educational resources beyond this report will be rolled out along with the new URAR.”

After enduring a report format that dates back well over a decade, and that has been added to incrementally over that time, appraisers may now have the opportunity to produce reports more efficiently and that can be better understood and evaluated by a wide variety of readers and reviews.

It would be nice to have a reporting format that is more transparent and that underscores the objectivity of the appraisal process. These changes are long overdue, and, with other potential regulatory and legislative changes in process, may lead to a better appraisal process.

Access the full March 2022 report online. There will no doubt be additional information issued as this process progresses.

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