National Association of Appraisers
Unity • Strength • Professionalism

News Letter

January 31, 2025 Volume 3, Edition 1

ACTS Conference April 5-8, 2025

The Program Committee worked hard to secure topics, speakers and continuing education credits for the ACTS Conference in San Antonio, TX on April 5-8, 2025.

There is a new pricing structure for members and non-members. The next price change is March 15, 2025, so register soon!

Non-members can choose to join NAA as a designated member and receive more benefits for $125 which is a savings of $25 for the non-member conference rate. Hotel blocks expire March 10, 2025, so book NOW!

Pre-conference activities include a wine tasting on Friday, Software Demonstrations on Saturday, a Tour of the Historic Pearl and Market Square and the ever popular supervisor/trainee outing. The first of its kind Trainee Field Trip is scheduled for Sunday April 6th which includes measuring and observing several structures for an additional $20.

Pre conference CE includes a Valuation Bias and Fair Housing course and a 7-hour course on the new URAR.

But hold your horses there partner!

There is also a golf outing at The Quarry Golf Course on Wednesday after the conference and Local Flavor Night on Monday night at "A Taste of Texas!"

Due to the number of events, the Board of Directors meeting will be held on Friday April 4th, and the State Appraisal Organizational Leaders meeting will be on April 6th. These meetings are open to all and provide insight into what NAA does for you, the member.

Topics planned for the conference include Artificial Intelligence including real world applications and case studies, supporting adjustments, a fireside chat with the GSEs, VA and FHA, social media responsibilities, and more information on the new URAR dataset which will begin testing next year.

Be sure to click the link in the graphic below and register to attend the conference presented by NAA and Appraiser eLearning.

"Game Day" ACTS Opening Reception

With the final four in San Antonio during the ACTS conference, the theme for the opening reception on Sunday, April 6th is "Game Day." Be sure to wear your favorite team attire!

This fun event always surprises with food, fun, games and networking. The games and raffle will benefit the George Harrison Scholarship Fund that allows NAA to provide assistance to those entering the profession.

We also want to thank several education providers for providing NAA discounts and scholarships to the GRH scholarship program. These education providers have agreed to a pay as you go system so NAA can directly pay the provider for the scholarship awards. Thank you to Champions School of Real Estate, The CE Shop, McKissock and The Appraisal Institute for working with us to provide qualifying education to the scholarship recipients.

ASSOCIATION OF TEXAS APPRAISERS

The Association of Texas Appraisers is the co-host of the ACTS Conference 2025. The conference is also ATA's 19th Mid-Year meeting. The ATA meeting will be held on Saturday April 5th in conjunction with the Valuation Bias and Fair Housing Laws and Regulations class.

For more information on the ATA meeting, click the Texas logo.

ATA members pose with some NAA Board Members at the 2024 ACTS Conference.
Above: Back Row: Brent Bowen, Analissa Montalvo, Allison Rodriguez, Brian Marlow, Hansel Dobbs, Pamela Teel, Stephanie Streep-Tuley, Bill Streep, Teresa Walker, Laurie Egan and Bryan Reynolds
Front Row: Kim Mitchell, Cathy Harper, Malinda Griffin, Greg Stephens, Sierra Alden, Gynell Vestal, Marcela Jimenez

Mastering Market Condition Adjustments: A Guide for Residential Appraisers

by Andraya La Fredo

Accurately determining market condition adjustments is a critical skill for residential appraisers, enabling more credible and compliant appraisals. In November, Fannie Mae released updated guidance on market condition adjustments, emphasizing the importance of nuanced analysis. While the neighborhood section of appraisal reports allows for three general market condition categories—**increasing, stable, and declining—**appraisers are tasked with evaluating how specific market trends have fluctuated between the contract date of a comparable sale and the effective date of the appraisal. This may necessitate adjustments that diverge from the broader market trend.

As appraisers, it is essential to provide thorough and well-documented support for all adjustments—positive, negative, or none—that are included in a report. Equally important is substantiating the decision not to make an adjustment when market conditions do not warrant one. Simply stating that the subject market is "stable" is insufficient; instead, appraisers must present clear, data-driven evidence to justify the absence of market condition adjustments. This level of detail not only strengthens the credibility of the report but also ensures compliance with professional standards. Below is an outline of some effective tools and methodologies to support appraisers in making data-driven market condition adjustments.

Analyzing Market Trends

Understanding price trends over time is essential for identifying market appreciation or depreciation rates. These trends provide the foundation for calculating time adjustments for comparable sales. Modern MLS systems often offer robust data tools that allow appraisers to define specific market segments and analyze their characteristics, making it easier to derive meaningful graphs and assess trends.

Continued on page 2

Volunteer Opportunities

Many committees are looking for new members. Often the time commitment is not more than 1 hour per month.

The Fundraising Committee is actively seeking more members and the Membership Committee could also use your help!

Committees meet 4 - 12 times a year for about one-hour and provide the Board with assistance and proposals based on the duties assigned.

Email info@naappraisers.org for more information or to apply.

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Past Presidents Adv. Council . . . . Bryan Reynolds, MNAA KY

Welcome to New Members

NAA has both state appraisal organizations and individual memberships for appraisers and others. Explore the membership options of this volunteer organization and join us!

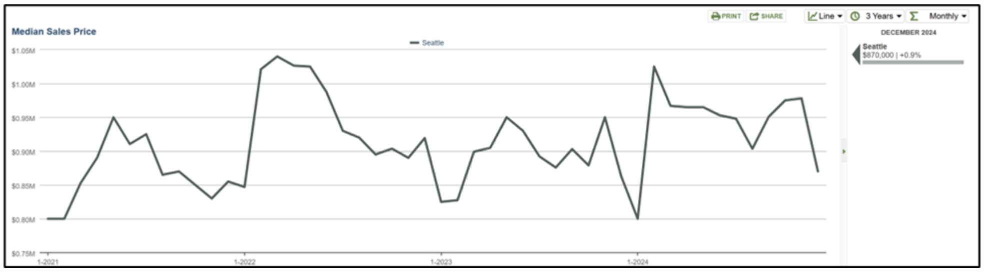
Welcome to all new members in 2024! A special welcome back to the Rocky Mountain Appraiser Association!

Appraiser Relief Fund

The Appraiser Relief Fund was established in 2021 to assist appraisers with day-to-day life after unexpected events such as medical conditions, fires, flooding, earthquakes or any other natural disaster.
Fundraising at the 2025 ACTS will be designated for the GRH scholarship fund with games and 50/50 raffles.

The fund can assist with licensing fees and other items that can help these appraisers get their businesses up and running again after the unexpected event. This is a 501-c3 non-profit organization.

If you know a fellow appraiser in need of assistance or want to donate to the fund, click here: https://naappraisers.org/arf



The slope of the regression line reflects the average change in sale prices per unit of time (e.g., month).

Example: If the slope indicates a $1,000 monthly decline, a comparable sale six months prior to the appraisal date would require a $6,000 downward adjustment.

Market Conditions continued from page 2

For instance, consider a market trend graph generated from NWMLS. Each data point represents the median sale price per month over a three-year period. Such visual tools are invaluable not only for the appraiser but also for stakeholders reviewing the report, as they clearly communicate trends and the rationale behind adjustments.

Example: Interpreting Market Trends

- In December 2024, the median sale price for the market area was $870,000, compared to $862,000 in December 2023—a year-over-year increase of less than 1%, reflecting a stable market.

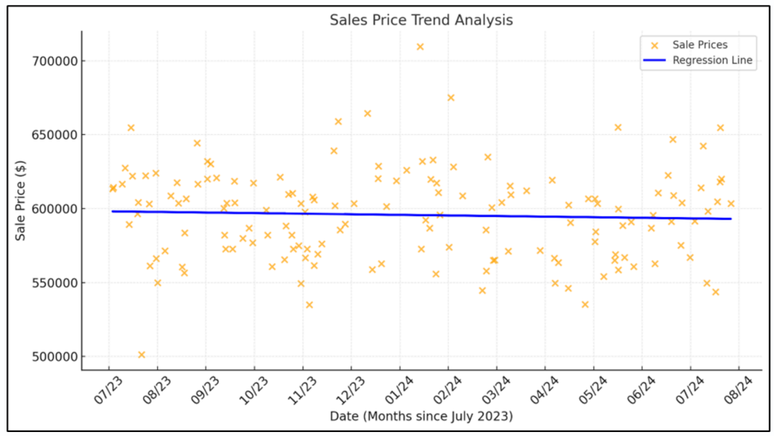
- However, the median sale price in August 2024 peaked at $903,000, indicating a 3.65% decline by December, necessitating a negative market condition adjustment for sales occurring earlier in the year.

Adjusting the time frame in your analysis can also reveal historical seasonal patterns. For example, data may show that January consistently records the lowest median sale prices, while early spring typically sees the highest. Such insights ensure adjustments are not only current but also contextually informed.

Leveraging Regression Analysis

Regression analysis is another powerful method for quantifying market trends and ensuring reliable adjustments. By modeling the relationship between time (independent variable) and sale prices (dependent variable), appraisers can derive precise rates of change that inform adjustments.

Steps for Conducting Regression Analysis:
1. Gather Data: Collect historical sales data that represents the subject property's market, including sale prices and corresponding contract dates.
2. Plot the Data: On a scatter plot, use the sale date as the X-axis and the sale price as the Y-axis.
3. Fit a Regression Line: Apply a linear regression model to determine the rate of price change over time.
4. Validate the Model: Use statistical measures like to assess the strength of the model. A higher value indicates that the regression effectively explains the variation in sale prices.



Regression analysis not only quantifies trends but also highlights seasonal variations or irregularities in the market. For example, it can identify consistent pricing increases in spring or declines in winter, enabling appraisers to align their adjustments with documented patterns.

MLS systems, appraisal software, and other technological tools are invaluable for improving efficiency and accuracy when assessing market conditions. Many platforms now offer built-in analytics, including graphs, historical pricing data, and even automated regression capabilities, empowering appraisers to make data-backed decisions faster.

By combining data-driven insights with a clear methodology, appraisers can deliver adjustments that reflect the true dynamics of the market. Substantiating every adjustment—or the decision not to adjust—with robust evidence not only elevates the quality of the appraisal but also builds trust with clients and stakeholders. Mastering market condition adjustments ensures that appraisers not only meet professional standards but also set a higher benchmark for analytical rigor in the industry.

With these tools and techniques, appraisers are equipped to navigate even the most complex market scenarios, providing the clarity and transparency essential for today's competitive appraisal landscape.

Understanding the Expanded Disclosure Clause Under the Updated Fannie Mae Language

The field of residential real estate appraisal is constantly evolving, and a recent revision to Fannie Mae's pre-printed language on appraisal forms underscores the need for appraisers to stay informed.

Effective November 2, 2026, new appraisal certification language—including the clause described below—will be required as part of the updated Uniform Appraisal Dataset (UAD) format, marking a significant departure from legacy UAD forms and carrying crucial implications for liability, work-product control, and overall business practices.

The Newly Revised Appraisal Disclosure Clause

Below is the updated clause from Fannie Mae, featuring the new sentence addressing "consent" requirements:

25. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, ... or other jurisdictions. Any of the foregoing persons or entities who receive this appraisal report may choose to store, copy, reproduce, analyze, use and distribute the data in the appraisal report for internal or external purposes without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent.

***Consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including but not limited to the public through advertising, public relations, news, sales, or other media).**

A person or entity who receives a copy of an appraisal report does not become an intended user, unless the appraiser identifies such person as an intended user. The appraiser and supervisory appraiser (if applicable) shall have no liability for any use of this appraisal report not related to the mortgage finance transaction and related activities for which this appraisal report was prepared.

*New sentence recently added by Fannie Mae to augment Certification 25.

A Point of Uncertainty: Whose Consent Is Needed?

While this new language appears to give appraisers some semblance of control over external distribution of their work, questions remain:

- Is the required consent the appraiser's, or is it the lender's (or AMC's) consent?
- Given the wording, it might be read that the "consent" required could be from the lender, who generally 'owns' the report for the mortgage-finance transaction. If that is the case, then in practice, the lender or AMC may feel free to distribute or sell copies of the appraisal if an interested party is willing to pay.
- Does the consent requirement really protect appraisers?
- If the appraiser is not the party granting or withholding consent, the protection is largely illusory. For example, in a situation where an aggregator wants to purchase large volumes of appraisal data, a lender or AMC may grant such consent without appraiser involvement.
- Potential confusion for appraisers and clients
- The clause might create confusion among borrowers, lenders, and other stakeholders who see references to "consent" in one line, but sweeping allowances for distribution in earlier paragraphs.

These gray areas underscore the importance of reading the fine print in any new or revised appraisal form and seeking clarification when necessary.

continued on page 5

New UAD Clause continued from page 4

Why the Expansion of the Clause?

1. Fluid Transmission of Appraisals in Secondary Mortgage Markets

The secondary mortgage market, crucial for maintaining liquidity and flexibility in the housing finance system, thrives on free-flowing data. Appraisal reports play a key role in this data ecosystem—used for underwriting, securitization, and risk assessment. The broad language allowing lenders and other institutions to distribute your appraisal freely reflects this need to move data quickly and seamlessly among stakeholders.

2. Potential Liability Shielding

The updated clause aims to shield appraisers from liability for uses of the report "not related to the mortgage finance transaction." Though this language may offer some protection, it also leaves open questions about how far that shield actually extends—particularly if third parties use the appraisal in new, unanticipated ways.

3. Changes in Control Over Your Work Product

By providing an appraisal under these updated terms, you may have little say in whether your work is shared, reanalyzed, resold, or used for secondary research. Even the newly inserted "consent" requirement could be interpreted as a consent requirement from the lender or AMC rather than from you—the appraiser—thus limiting your practical control over your intellectual property.

4. Professional Integrity and Diligence

Given that more entities may see and potentially reuse your work, maintaining high standards of accuracy, detail, and clarity is now more critical than ever. You never know who may be reviewing or repurposing your appraisal under the broader distribution rights.

Private Appraisals vs. Lending Appraisals: An Evolving Risk Profile

It is important to understand the distinct differences—and newly growing gap—between private and lending appraisals:

- Private Appraisals
- Typically commissioned by an individual client for a specific purpose (e.g., estate, divorce, or portfolio valuation), these appraisals afford you more control over how and where the data is distributed. They often include language to protect confidentiality and clearly outline intended use, limiting the audience.
- Lending Appraisals (Especially Under the New UAD Format)
- Lending appraisals fall under far broader distribution guidelines—particularly with the newly expanded Fannie Mae clause. The data and conclusions can be used by multiple parties, integrated into broader data platforms, or purchased in bulk by downstream market participants. This significantly widens your exposure and potential risk, even if certain liability protections are spelled out in the form.

From a business standpoint, you may need to reassess your fee structures to reflect the greater risk and expanded use for lending appraisals. In some cases, you may also consider additional liability coverage or risk management strategies if a growing portion of your assignments fits this profile.

Conclusion

Fannie Mae's revised disclosure clause underscores a fundamental shift in how appraisal reports can be disseminated and used. Although the newly inserted language speaks of "consent" for distribution to parties beyond those enumerated, it remains unclear if that consent is the appraisers to give—or whether it rests with the lender, AMC, or another entity that effectively controls the report.

In practical terms, this may leave appraisers with few additional protections against widespread distribution or potential misuse of their work. Nonetheless, it is essential to stay informed of these changes, review each new form carefully, and maintain high standards of integrity and diligence. Recognize that your work may ultimately travel far beyond its original transaction—and price and protect accordingly.

By understanding both the letter and the practical implications of the new clause, you can better navigate the evolving landscape of residential real estate appraisal and ensure that you continue to meet professional standards while safeguarding your interests as much as possible.

State Organizations

State Appraisal Organization Leaders

The State Appraisal Organization Meeting will be held in San Antonio, Texas on Sunday April 6th from 9 am to 12 pm. The state leaders meet quarterly to discuss issues occurring in their respective states. This group also provides a chance to collaborate to discuss member retention, education, and member benefits.

State organizations that are not currently members of NAA's Board of Governors are also welcome to attend this meeting in person or via zoom. The SAOL meeting and the BOG members provide a resource for fledgling organizations who need assistance in creating an appraisal organization.

Additional benefits of being a BOG member include having an organized voice. This group has authored letters to federal agencies on behalf of the state organizations.

State organizations who are members of the Board of Governors receive additional benefits. Every member of a state appraisal organization becomes an Individual Board of Governors Member of NAA. Individual BOG Members receive discounts on conference registration and industry discounts including for appraisal software and tools through NAA.

Other State Organizations

Colorado Coalition of Appraisers (COCAP) - www.cocapp.org - Michael Carroll - mj@mjvaluations.com

Delaware Association of Appraisers, Inc (DAA) https://www.deappraisers.net/

Illinois Coalition of Appraisal Professionals (ICAP) https://www.deappraisers.net/

Louisiana Real Estate Appraiser Coalition (LAREAC) https://www.lareac.org/

Michigan Coalition of Appraisal Professionals (MCAP) - https://www.facebook.com/groups/michcap/ - Eric Dean Morse - eric@realistappraisals.com

North Dakota Appraisers Association (NDAA) https://ndappraisers.org/

Professional Appraisers Association of South Dakota (PAASD) https://paasd.com/

Virginia Coalition of Appraisers (VaCAP) https://vacaponline.com/

Email us to be added to this list of state organizations.

NAA BOG Organizations

Appraisers Coalition of Washington (ACOW) https://acow-wa.org/ - info@acow-wa.org

Association of Texas Appraisers (ATA) https://www.txappraisers.org/ - info@TXappraisers.org

Coalition of Arizona Appraisers (CoAA) https://www.azcoaa.us/ - info@AZCOAA.us

Coalition of Oregon Real Estate Appraisers (COREA) COREAppraiser@gmail.com

Colorado Association of Real Estate Appraisers (CAREA) https://carea.wildapricot.org/ - CAREA.appraising@gmail.com

Mississippi Coalition of Appraisers (MSCAPP) https://mscapp.org/ - mscapp12@comcast.net

New York Coalition of Appraiser Professionals (NY-CAP) https://www.facebook.com/groups/202436526832014/ - NewYorkCoalitionofAppraisers@gmail.com

North Carolina Profession Appraisers Coalition (NCPAC) www.ncpac.us - ncpac@live.com

Ohio Coalition of Appraisal Professionals (OCAP) https://www.ocapweb.org/ - info@ocapweb.org

Real Estate Appraisers Association (REAA) https://reaa.org/ - info@reaa.org

Real Estate Appraisers of Southern Arizona (REASA) https://www.reasa.org/ - admin@REASA.org

Rocky Mountain Appraiser Association (RMAA) https://rmaa.org/ - President@RMAA.org

South Carolina Professional Appraisers Coalition (SCPAC) https://www.scpac.net/ - info@scpac.net

Tennessee Appraiser Coalition (TAC) https://tappc.clubexpress.com/ - president@tnappraisercoalition.com

Utah Coalition of Appraisal Professionals (UTCAP) https://uautah.wildapricot.org/ - Info.UTCAP@gmail.com

If you have a state coalition that isn't associated with NAA, consider joining forces by contacting a membership committee person or emailing us at info@naappraisers.org.

Changes Affecting Appraisers in FHA Revised Handbook 4000.1

by Bryan Meredith, MNAA

Revision Date: January 10, 2025 – Effective April 10, 2025

The Federal Housing Administration (FHA) released a revised version of handbook 4000.1 on January 10, 2025. There are several significant changes that directly impact appraisers. Understanding these updates is crucial for maintaining compliance and ensuring accurate property evaluations within FHA guidelines. Those items of note are discussed, if necessary. If there is no discussion, the page numbers are listed from the online version for the readers' reference and should be reviewed in the handbook. The current online PDF revised 01/10/2025 does not highlight all these changes and in areas just indicates text was deleted. The redlined version shows all changes and should be reviewed. **Pages on red line version are slightly different.

Changes pertinent to appraisers are found on the following pages of handbook 4000.1 revised 01/10/2025:

Pages 815-817 discuss the documents an appraiser must obtain from the mortgagee before beginning an appraisal. Often AMCs and lenders fail to provide all the required documents and appraisers would be prudent to request the documents and note what if any were (or were not) provided before beginning the appraisal.

Page 828 discusses whether the Sales Contract references dampness. And changes the word purchase to sales.

Page 819 changes the required form for completion inspection of new construction and manufactured housing from the 92051 CIR in PDF to the 1004D/442 form, to align with the industry standard.

Page 841 discusses defective paint and identifies treated wood repairs.

Page 842 removed the requirement to make an appraisal subject to an engineer or architect certification for the foundation of a manufactured home to be in compliance with the Permanent Foundation Guide for Manufactured Housing (PFGMH).

Although the appraisal does not need to be made subject to, the mortgagee is still required to obtain an engineer or architect certification the foundation of a manufactured home is in compliance with the PFGMH; therefore, if the appraiser was not provided a copy of the foundation certification it would be prudent to state the extraordinary assumption the foundation meets the PFGMH if there was nothing observed that would suggest otherwise.

Page 850 removes the requirement to label the property sketch covered or uncovered for areas such as a patio.

Pages 861-862 discuss market conditions and changing markets including definitions of increasing and decreasing markets.

Page 864 changed section d. to discusses reporting and analysis of prior sales or transfers of the subject and comparable sales.

** Red Line version corresponding page numbers: 819-821, 832, 823, 846, 846, 854, 866-867,869.

Appraisal Foundation Trustee and Partners

by Malinda Griffin, MNAA

The Appraisal Foundation (TAF) Board of Trustees Meeting: October 24-26, 2024, Denver, CO

Leadership and Governance: TAF interviewed candidates for ASB and AQB seats, focusing on regulatory challenges and strategies to strengthen board governance. The meeting also outlined goals for board effectiveness.

Financial and Operational Updates: TAF's updated five-year funding strategy prioritizes sustainability, with over $2 million in reserves. New projects include a scholarship program, a revamped web store, and enhanced accounting systems.

New and Ongoing Projects:
PAREA Program: AI PAREA graduates highlighted the program's rigor and called for mentorship opportunities post-graduation.

Becomeanappraiser.org: A new initiative under the Three Pathways Initiative aims to simplify entry into the profession.

Artificial Intelligence Exploration: A forthcoming guidance paper will address AI's role within USPAP and its implications for the profession.

TAF Partners Organizational Meeting
During this meeting, stakeholders discussed enhancing collaboration to advance appraisal education and compliance initiatives. Leadership representatives shared updates on state outreach efforts and outlined strategies to streamline licensing processes.

Specific proposals included:
Cross-Organizational Communication: Establishing more efficient channels between regulatory bodies and professional organizations.

Advanced Training Modules: Developing specialized training to prepare appraisers for emerging challenges and technological advancements.

These meetings underscore the appraisal industry's focus on compliance, innovation, and equity. With increased funding, technological advancements, and regulatory enhancements, the profession is poised to address future challenges while maintaining its commitment to ethical and fair valuation practices.

The Housing Market in 2025: A Dynamic and Evolving Landscape

by Kevin Hecht, MNAA

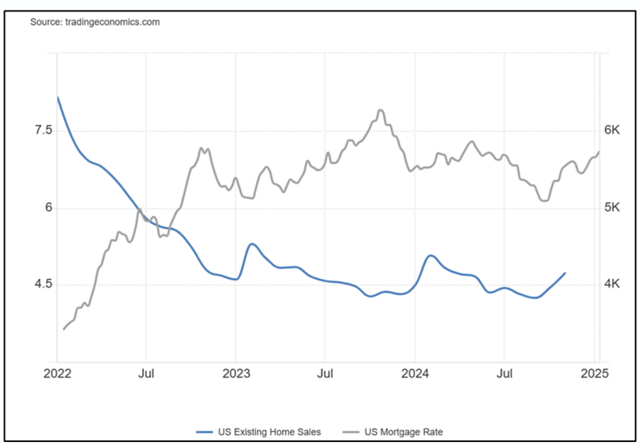
The housing market in 2025 is a fast-moving puzzle, influenced by a mix of economic factors, shifting buyer habits, and changing policies. With rising mortgage rates, fluctuating home prices, and evolving strategies from both buyers and sellers, it's clear this market is anything but predictable.

In this article, we'll break down the economic trends shaping the housing market, highlight key challenges and opportunities, and explore how appraisers can adapt to stay ahead. By understanding the forces at play, appraisers can continue to provide essential guidance and maintain confidence in the real estate market.

A Strong Economy with a Catch

The U.S. economy in 2025 demonstrates notable resilience, bolstered by strong job creation and steady unemployment figures. In December 2024 alone, 256,000 jobs were added, particularly in sectors such as care, retail trade, and government, while the unemployment rate held firm at 4.1%. This sustained labor market strength reflects an economy on stable footing, with wage growth exceeding inflation, allowing many households to feel financially secure despite rising costs.

However, this economic strength brings its own set of challenges. The Federal Reserve has maintained high interest rates to keep inflation in check, resulting in mortgage rates exceeding 7%—levels not seen since the early 2000s. The average 30-year mortgage rate climbed to 7.15% in early January, while 15-year rates spiked to 7.34%. These elevated borrowing costs significantly impact housing affordability, pushing many first-time buyers to reconsider or delay purchasing. Additionally, existing homeowners face the "lock-in effect," reluctant to sell and lose their low-interest mortgages, which limits housing inventory.



Though tamed from its peak, inflation remains a concern, with the Consumer Price Index rising at an annual rate of 2.7% as of November 2024. Fed officials have indicated that inflation risks are still skewed to the upside, which could prolong high interest rates. Yet, optimism persists in the housing sector. The Fannie Mae Home Purchase Sentiment Index shows a rise in consumer confidence, with 42% of respondents expecting mortgage rates to decline in the next 12 months.

The effects of these factors on the housing market are nuanced. While affordability remains a hurdle, the strength of the labor market sustains demand, albeit at reduced levels. Seasonal demand trends and pent-up buyer interest—suppressed during years of high rates—are poised to support modest market activity as mortgage rates stabilize or decrease slightly.

For appraisers, this economic landscape emphasizes the importance of adaptability. High rates, inventory constraints, and shifting consumer behavior demand careful analysis of local market trends and real-time data. While the economy provides a strong foundation, the pressures of affordability and elevated borrowing costs require ongoing strategic adjustments. In this evolving environment, appraisers must not only respond to immediate challenges but also anticipate how long-term trends will shape the housing market's future.

Key Housing Trends in 2025

Several trends are shaping the real estate market this year, creating both challenges and opportunities. Affordability remains a significant hurdle. While demand for housing is steady, higher mortgage rates are stretching budgets. Pending contracts are up just 1% compared to last year as buyers slowly adjust to the reality of higher costs.

Inventory is showing signs of improvement, with new listings up 12% from early 2024. However, the "lock-in effect" continues to limit overall supply as homeowners hesitate to trade low-rate mortgages for higher ones. Despite this, home prices have risen 5.8% year-over-year, highlighting the imbalance between supply and demand.

Another notable trend is the mismatch between sellers and buyers. While more homeowners are listing properties, affordability concerns are causing buyers to hold back, leading to fewer sales. If mortgage rates stay elevated, inventory could grow further, which may eventually put downward pressure on home prices.

What This Means for Appraisers

The housing market in 2025 challenges appraisers to be precise, adaptable, and economically informed. While high mortgage rates have slowed home sales, they also open the door to refinancing opportunities when rates fluctuate. Appraisers need to stay flexible and ready to respond to changing client needs and the unique factors affecting each transaction.

Local market conditions are more important than ever. Differences in supply, demand, and affordability can significantly influence property values. For instance, areas with strong job growth or population increases might see rising home prices even as national trends level out. Accurate appraisals require a deep understanding of these local economic factors, supported by tools like real-time data analytics and historical market insights.

Broader economic forces, such as government policies, inflation, and unexpected events like natural disasters or geopolitical shifts, can also impact housing markets. Staying informed and proactive helps appraisers provide more accurate and timely valuations in response to these changes.

Technology has become a key ally for appraisers navigating today's complexities. Tools like artificial intelligence and predictive modeling make analyzing market trends, forecasting changes, and uncovering patterns easier. For example, AI can combine employment data, mortgage rates, and housing inventory to deliver sharper insights into local market dynamics. By embracing these advancements, appraisers can stay competitive and provide valuations that reflect current economic realities.

Appraisers are more than just market analysts—they are critical to maintaining stability and trust in real estate transactions. By blending local knowledge, economic awareness, and cutting-edge tools, appraisers ensure property values are fair and reliable, helping buyers, sellers, and policymakers make informed decisions with confidence.

Conclusion: Your Expertise Matters

The housing market in 2025 is challenging, but appraisers play a critical role in keeping it fair and transparent. By providing accurate and unbiased valuations, appraisers help buyers, sellers, lenders, and policymakers make confident decisions.

Your ability to adapt and analyze is essential in a market filled with uncertainty. You're not just appraising properties—you're supporting families, stabilizing communities, and shaping the future of real estate.

Take pride in your work. Your expertise and dedication make a real difference; the housing market is stronger because of you. Keep pushing forward, knowing that your contributions are valued and essential.

NAA Board of Directors

The NAA Board of Directors meet quarterly and the meetings are open to all members. In-person meetings are held during the pre-conference activities at both ACTS and The Appraisal Summit. The last meeting was held virtually on January 14, 2025.

An AdHoc committee formed to create a formal designation process for NAA discussed the next steps and recommended forming a task force to create requirements for earning an retaining a more rigorous designation.

The Education Committee is finalizing three new certification programs with courses close to being complete. The new certifications will be for litigation work, manufactured housing and solar. Watch for these to be added to the existing review certification available from NAA and Appraiser eLearning.

The Conference Program Committee has the ACTS 2025 conference planned. Seattle has been selected to host ACTS 2026, and the Appraisal Summit planning is underway.

The trainee committee is pushing boundaries with their planning for the ACTS 2025 conference. There are 3 trainee events including a social outing, field trip and learning session on the schedule April 5th and 6th in San Antonio.

The Government Affairs committee issued comments on the Appraisal Subcommittee request for feedback on proposed rule changes. The comments focused on realistic timeframes and best practices with regards to the timeliness of state regulator agencies review.

NAA's membership has remained steady at 2,430 members, and the committee is working on new membership benefits, membership levels and membership retention.

Nominations are in for the 2025-2028 Board of Directors. Eight members have been nominated. Look for the email to vote on three board positions in February. Voting closes February 28, 2025.

Malinda Griffin, MNAA, president of NAA provided several industry meeting highlights to the board and wrapped up the meeting by thanking the committee chairs and members who serve.

Please email us for more information at info@naappraisers.org.

PARTNER
OF THE APPRAISAL FOUNDATION

In 2023, The Appraisal Foundation Board of Trustees completed a comprehensive review to ensure the Foundation's governance structure followed best practices and upheld the public trust. As a result, a new opportunity for collaboration with the Foundation was developed: Partners.

Partners are nonprofit organizations that have committed to work with The Appraisal Foundation to uphold public trust in the appraisal profession through communication and collaboration. Partner organizations have the ability to nominate individuals to become Partner Trustees on the Foundation Board of Trustees, but there is no direct appointment. Final selections of all trustees are made by the Board of Trustees in consultation with the Trustee Nominating Committee.

4th Quarter Industry Appraisal Highlights

by Malinda Griffin, MNAA

The recent sequence of professional gatherings—the AARO Fall Conference, CARE Council and TAFAC meetings, and The Appraisal Foundation Board of Trustees gathering—brought forward critical updates and initiatives that are reshaping the appraisal industry. Below are the key takeaways:

AARO Fall Conference: October 27-30, 2024, Boston, MA

Appraisal Subcommittee (ASC) Updates:
The ASC reinforced its commitment to ensuring state compliance and maintaining the National Registry for federally related transactions.
Notable updates include:

State Compliance Reviews: Reviews for 34 state programs were completed, with 37 more under evaluation. States needing improvement are undergoing targeted assessments.

Fair Housing and Bias Training: A new 7-hour valuation bias and fair housing course mandated by HUD must be completed by January 1, 2026.
PAVE Initiatives: Continued work on the Property Appraisal and Valuation Equity report aims to address algorithmic bias, enhance consumer understanding, and lower barriers for new appraisers.

Federal Legislation: Updates on the PAL Act and Appraisal Improvement Act, alongside initiatives to include trainees in the National Registry.

Funding and Technology: The ASC has allocated $4 million in grants for FY 2025 to bolster compliance efforts and increase diversity. New tools like digital dashboards and AI-powered appraisal models are being developed to optimize recordkeeping and analysis.

Professional Development: The Appraiser Qualifications Board (AQB) is testing advanced courses that align with updated certification standards, with an emphasis on ethics and fair valuation.

President of NAA, Malinda Griffin, MNAA, attending the Board of Trustees meeting in Denver on October 24-26, 2024, left and AARO meeting in Boston on October 27-30, 2024

CARE Council and TAFAC Meetings

by Malinda Griffin, MNAA

Compliance and Strategic Initiatives: Stricter AMC compliance measures were discussed, with 17 AMC programs reviewed in 2024. Colorado, Texas, and Iowa earned high ratings for their robust frameworks. Efforts to standardize licensing practices and improve complaint resolution timelines are ongoing.

Fannie Mae and Freddie Mac Updates: Agency representatives addressed concerns about appraisal assistance transparency and time/market adjustments. Both entities will continue to update selling guides quarterly to promote clarity.

USPAP Advisory Council Insights: Michelle Bradley, ASB Chair, emphasized the need for appraiser objectivity and strict USPAP adherence. Generative AI's impact on appraisal practices was also reviewed, with a focus on transparency and compliance.

Affiliate Member Discussions: Topics ranged from state-level reciprocity in continuing education to barriers to entry, such as the availability of supervisors and property inspection training gaps.

The TAFAC meeting highlighted ongoing updates to the Uniform Standards of Professional Appraisal Practice (USPAP) and broader initiatives for improving federal and state oversight.

<u>Key points included:</u>
Appraiser Competency: Mechanisms were discussed to ensure appraisers remain adept in a rapidly evolving landscape, particularly with the integration of AI tools.

Regulatory Alignment: Emphasis was placed on aligning updates with the real-world challenges practitioners face to maintain public trust.

The nominations for TAFAC Secretary were made with the slate consisting of Linda Nelson, Thaddaus Dawson Jr and Jeff Hogan. After introductions, a vote was taken by paper ballot with Jeff Hogan being chosen.

Linda Selvin, 2024 TAFAC Chair was honored for her service this year.

The meeting was wrapped up with Chair Linda Selvin reminding attendees of the mission of TAFAC, we represent various professions and occupations with an interest in valuation. She then passed the gavel to the 2025 Chair, Malinda Griffin.

2024 Appraisal Updates:

Navigating Policy Changes and Industry Shifts

by Hansel Dobbs, MNAA

The appraisal profession is undergoing significant transformation, driven by new policies and evolving guidance from Fannie Mae, Freddie Mac, and FHA. As 2024 draws to a close, appraisers face a mix of challenges and opportunities as these updates shape the future of the industry. This comprehensive review highlights the year's most impactful changes.

<u>Fannie Mae and Freddie Mac: Modernizing the Appraisal Landscape</u>

One of the most talked-about changes of 2024 was Fannie Mae and Freddie Mac's decision to expand eligibility for Value Acceptance programs starting in Q1 2025:

- Loan-to-Value (LTV) Ratios: Eligibility for Value Acceptance will increase from 80% to 90%, while the Value Acceptance + Property Data program extends LTV limits to the program's maximum for purchase loans on primary residences and second homes.

These changes are part of the GSEs' ongoing push to streamline the mortgage process, save borrowers money, and reduce closing times. However, this expansion of appraisal waivers has raised concerns among appraisers about the diminishing role of traditional appraisals.

Since 2020, appraisal alternatives have reportedly saved borrowers over $2.5 billion in fees. While these savings benefit consumers, appraisers argue that such alternatives cannot match the nuanced judgment and expertise needed for complex properties. Automated processes and data-driven decisions can miss critical insights, potentially increasing risks for lenders and borrowers alike.

<u>Uniform Appraisal Dataset (UAD) Expansion and Redesign</u>

A major milestone in 2024 was the integration of FHA appraisal data into the Uniform Appraisal Dataset (UAD). This collaboration between Fannie Mae, Freddie Mac, and HUD is a significant step toward standardization across housing agencies. Key components of this initiative include:

- Comprehensive appraisal-level data for 266,000 FHA-insured mortgages spanning 2017–2022.
- Aggregate statistics for nearly 9 million single-family home appraisals from Q1 2017 through Q2 2024.

This expansion aims to increase transparency, reduce bias, and create a unified approach to appraisal data across agencies.

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UAD Redesign Timeline

The UAD redesign is set to reshape how appraisers interact with data and reporting formats. Significant dates include:

- Industry Training: November 18, 2024
- GSE Policy Updates: June 4, 2025
- UAD 3.6 Mandate: November 2, 2026

This redesign introduces updated reference guides, new reporting formats, and enhanced documentation requirements. Appraisers must invest time in training and adaptation to stay compliant and competitive. While modernization promises efficiency, it also requires appraisers to stay vigilant in ensuring their expertise remains integral to the valuation process.

Fannie Mae's Clarification on Short-Term Rentals

Short-term rentals (STRs) have been a point of confusion for appraisers, especially regarding the use of Form 1007 (Single-Family Comparable Rent Schedule). Fannie Mae clarified key points in 2024:

- STRs differ from traditional rentals due to factors such as nightly rental agreements, inclusion of personal property (furniture and fixtures), and additional services.
- The 1007 form was not designed for STRs and must only use comparable properties with monthly rental rates. Multiplying nightly STR rates by 30 to estimate market rent is not acceptable.

For appraisers, STR assignments require careful navigation to ensure compliance. This clarification reinforces the importance of adhering to established methodologies and avoiding assumptions that could undermine credibility.

Reconsideration of Value (ROV): Standardizing Appeals

In May 2024, Fannie Mae introduced a Reconsideration of Value (ROV) policy to provide a standardized framework for borrowers seeking to appeal appraisal results. The policy outlines clear responsibilities for lenders, borrowers, and appraisers:

- Lenders' Role: Disclose ROV processes to borrowers at loan application and after delivering the appraisal. Validate borrower-submitted evidence before forwarding it to appraisers.
- Borrowers' Role: Submit up to five additional comparables or data points supporting their appeal.
- Appraisers' Role: Review and respond to ROV requests, providing commentary on their original conclusions regardless of whether changes are warranted.

This policy seeks to balance borrower rights with appraiser independence while addressing inconsistencies in how appeals have historically been handled. For appraisers, the new framework emphasizes the importance of thorough documentation and accurate reporting to defend valuations.

Key Takeaways for Appraisers

As 2024 concludes, appraisers face a rapidly evolving landscape that presents both challenges and opportunities:

- Prepare for UAD Changes: Familiarize yourself with updated documentation and training to ensure compliance with the redesigned UAD.
- Highlight Your Expertise: Emphasize the critical value of appraiser judgment, particularly in complex assignments where automated processes fall short.
- Navigate ROV Requests Proactively: Maintain robust documentation and clear reporting to defend your valuations against challenges.
- Adopt Best Practices for STR Assignments: Ensure methodologies align with Fannie Mae's guidance, using appropriate comparables and avoiding improper assumptions.

Looking Ahead: Adapting to the Changing Landscape

The changes introduced in 2024 underscore a pivotal moment for the appraisal profession. As Fannie Mae, Freddie Mac, and other agencies increasingly lean on automation and technology to streamline the mortgage process, appraisers are being challenged to adapt quickly and decisively. These updates are clear indicators that the GSEs are moving toward greater reliance on automated valuation technologies to modernize and simplify the mortgage experience.

For appraisers, this shift highlights the urgent need to expand our depth of analysis, focusing on areas where human expertise can provide value that technology cannot yet replicate. Complex property assignments, nuanced market conditions, and in-depth reconciliation are just a few examples of where appraisers' judgment remains indispensable. As the mortgage industry becomes more technical, our role must evolve to complement these advancements by delivering insights and services that go beyond the capabilities of automated systems.

The future demands that we elevate the value of our work. By embracing these changes, refining our analytical approaches, and emphasizing our unique expertise, appraisers can remain essential players in the housing market.

George R Harrison Scholarship

The National Association of Appraisers created a scholarship program for those people who need a helping hand and are interested in entering the appraisal profession.

This scholarship honors the legacy of one of the founders of NAA who believed that quality education plays a pivotal role in becoming a professional appraiser.

To find out more, donate or apply for funds, visit the NAA website here: GRH Scholarship.