

Appraiser Independence Requirements (AIR) FAQs

Fannie Mae and Freddie Mac (government sponsored enterprises or GSEs) published their Appraiser Independence Requirements in October 2010. Updates to AIR and these FAQs were published in August 2023, with additional updates to these FAQs in October 2023. The requirements provide important protections for mortgage investors, home buyers, and the housing market. The updates do not change the intent or principles of the requirements. The removal of previous FAQs does not mean the question and answers are no longer applicable or relevant, but rather the FAQs were redundant or the edits to AIR have clarified those topics so they would no longer be frequently asked questions.

These FAQs provide additional information in response to common questions about the Appraiser Independence Requirements. The [AIR document](#) should always be referenced for clarity as it is our official statement of policy.

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Scope of Coverage

- Q1. Does AIR specifically prohibit communication with an appraiser by a real estate agent?**
- No. Real estate agents and other third parties can be valuable sources of information. Conversations in which real estate agents or other third parties on behalf of the lender attempt to influence the development, reporting, result, or review of an appraisal are prohibited.
- Q2. Does AIR apply to servicing activities, e.g., loss mitigation, MI removal, pre-foreclosure transactions, etc.?**
- No. AIR is specific to a "mortgage origination transaction," and servicing or portfolio management activities are not "mortgage origination transactions." However, the basic principles should be applied to protect the process and mitigate risk.



Q3. How do the GSEs audit compliance with AIR?

Compliance with AIR is part of each GSE's operational review of the lender. By selling the loan to a GSE, the lender represents and warrants compliance with that respective GSE's selling requirements, including compliance with AIR.

Selection of Appraisers

Q4. When selecting an appraiser, may lenders use a pre-approved appraiser list or panel?

Yes. Lenders may use a pre-approved list or panel to select a residential appraiser, provided that:

(1) any employees of the lender tasked with selecting appraisers for the list are independent of the loan production staff; and

(2) the loan production staff is not involved in selecting an appraiser off the list for a particular appraisal assignment. See AIR section IV.D.

Q5. How does AIR section I.B.(9) impact how lenders may remove appraisers from a list of qualified appraisers?

AIR section I.B. (9) addresses the removal of an appraiser from a list of qualified appraisers in connection with influencing or attempting to influence the outcome of an appraisal. Also see sections IV.A.(2), IV.D., and VIII.

Q6. Some lenders have proprietary automated origination systems that include a process for ordering appraisals. How does AIR impact those systems?

The lender must review its systems to ensure that the appraiser selection process complies with AIR.

Q7. Who should be considered the "restricted parties" for purposes of achieving appraiser independence?

The term "restricted parties" refers to the loan production staff who are responsible for generating loan volume or approving loans, as well as their subordinates. This would include an employee whose compensation is based on loan volume or the closing of a loan transaction. Employees responsible for the credit administration function or credit risk management are not considered loan production staff. See AIR section IV.A.(1).

Q8. Can a restricted party participate in the onboarding, selection, or offboarding of an Independent Party?

No. Restricted parties cannot participate at any level. These actions have to be completed by parties that are independent of loan production. See section IV.A.(2).

Q9. Are employees of the lender, such as processors, closers, or underwriters, that do not receive commissions or incentives for the closing of a loan permitted to order appraisals?

Yes, if their immediate supervisor is not a member of the mortgage production staff or otherwise participates in the lender's mortgage production process and is not considered a restricted party. See AIR sections IV. and VIII.

Q10. May a representative of the lender provide an appraisal management company a list or a panel of appraisers to use for loans involving a specified mortgage broker, real estate agent, or loan officer?

No. No one is allowed to provide a list or a panel of appraisers to use for loans involving a specified mortgage broker, real estate agent, or loan officer? See AIR sections I.B.(9) and IV.A.



In-House Appraisers

Q11. **Are lenders and correspondent lenders permitted to use in-house appraisers to obtain appraisals?**

Yes. In-house appraisers may be used in accordance with AIR, section V.

Appraisal Management Companies (AMCs)

Q12. **Is a lender required to use an AMC for ordering appraisals?**

No. A lender may order appraisals directly from an individual appraiser, appraisal company, or an AMC.

Q13. **May a lender order an appraisal by directing a mortgage broker to select an AMC from among a group of specifically authorized AMCs, one of which would receive information from the mortgage broker about the loan application and begin the appraisal process?**

No. A mortgage broker may not have any involvement in selecting a protected party. See section IV.A.(2).

Q14. **If a lender has an approved group of AMCs, is it acceptable for a mortgage broker to independently select from that group if it's done on an established timetable or eligibility window, and not on an individual loan basis? For example, every 120 days the mortgage broker has the opportunity to switch to a different approved AMC.**

No. A mortgage broker may not have any involvement in selecting a protected party. See section IV.A.(2).

Q15. **May a lender direct a mortgage broker to use a web portal set up either by the lender, or by the lender's authorized agent, through which the mortgage broker inputs a request for an appraisal that triggers the lender's system to order an appraisal?**

Yes. A lender may direct a mortgage broker to use a web portal in this manner so long as the web portal does not allow the mortgage broker to have control of picking the AMC as noted in AIR sections I.B.(10) and IV.A.

Restricted Parties

Q16. **What is the difference between requesting an appraisal and ordering an appraisal?** ^{New}

Requesting an appraisal is providing the information necessary for the placement of an appraisal order, i.e., property type, address, and contact information to access the property. **Ordering** an appraisal involves the selection and engagement of the Independent Party that will manage the appraisal process and/or perform the appraisal, which is not allowed.

Q17. **Under what circumstances may a Restricted Party request an appraisal order using applicable systems (e.g. loan origination systems, third party portals)?** ^{New}

A Restricted Party may request an appraisal order using applicable systems as long as the Restricted Party does not have control or input over the selection of the independent party. Providing required information (e.g. property type, address, and contact information for access to the property) to facilitate the placement of an appraisal order is acceptable. Refer to Q16 for differences in requesting an appraisal versus ordering an appraisal.



- Q18. **May mortgage brokers select a specific AMC if the lender works with more than one AMC?**
No. If the lender works with more than one AMC, the lender must select the AMC. The mortgage broker cannot select from a list of approved AMCs. See section IV.A.(2).
- Q19. **May a lender accept an appraisal that was ordered by a mortgage broker?**
No. AIR does not allow a lender to accept an appraisal that was ordered by a mortgage broker, loan officer, or real estate agent as noted in AIR section IV.A.(2).
- Q20. **May a lender accept a mortgage broker's recommended list of independent parties?**
No. The lender may not use a list provided by a mortgage broker or any other restricted party. See sections I.B.9 and IV.A.(2).
- Q21. **May a mortgage broker order an appraisal directly from an AMC that was specifically authorized by the lender?**
No. AIR prohibits mortgage brokers from ordering appraisal services. See section IV.A.(2).
- Q22. **Does AIR permit a mortgage broker to select an appraiser from the lender's list of approved appraisers if the lender is responsible for the relationship with the appraiser, including compensation?**
No. AIR prohibits lenders from relying on an appraisal if the mortgage broker had a role in selecting, retaining, or compensating the appraiser. See section IV.A.(2).

Transfer of the Appraisal

- Q23. **Can a lender use an appraisal that was obtained by another lender in connection with a loan that was originated and submitted by a mortgage broker when the mortgage broker was not involved in the ordering of, or managing the process for, the appraisal?**
Yes. A lender may accept an appraisal transfer from a different lender in accordance with the requirements of AIR sections VI. and VIII., all Fannie Mae *Selling Guide* requirements, and related documents.
- Q24. **Lender A (an approved GSE Seller/Servicer) originates and closes a loan in its name but sells it to lender B (also an approved GSE Seller/Servicer), which in turn sells that loan to that GSE. Is lender B under any obligation to obtain a new appraisal?**
No. Lender B may buy a closed loan from Lender A and sell the loan to the GSE without a new appraisal if Lender B can represent and warrant that any appraisal conducted in connection with the loan conforms to AIR sections VI. and VIII., all Fannie Mae *Selling Guide* requirements, and related documents.

Payment for the Appraisal

- Q25. **If the appraisal is ordered by the lender in a manner compliant with AIR, are there any specific requirements about payments to the appraiser?**
Yes. the lender or any third party specifically authorized by the lender shall be responsible for providing for payment of all compensation to the appraiser. See AIR section IV.B.
- Q26. **Are borrowers precluded from providing payment for an appraisal to an AMC?**



No. AIR does not prohibit a borrower from providing payment to an AMC acting as an agent of the Seller; however, the borrower may not pay the appraiser directly for an appraisal.

Appraisal Report

Q27. **How is “closing” of the loan defined? Is closing the date the documents are executed or the date the funds are disbursed?**

We define “closing” as the date the borrower executes the loan documents.

Appraisal Reviews

Q28. **Does AIR prohibit members of a lender’s staff, or the staff of an authorized third party, from communicating with an appraiser for corrections of factual errors in the appraisal report?**

No. Communications with an appraiser regarding corrections of factual errors may be made by anyone on the staff of the lender, or on the staff of an authorized third party. See AIR, section IV.A.

Q29. **Who on the lender's staff, or on the staff of an authorized third party, may have communications with an appraiser relating to or having an impact on valuation, including ordering, or managing an appraisal assignment?**

Anyone who is not part of loan production staff or who is not compensated on a commission basis upon successful completion of a loan or anyone who does not report, ultimately, to any officer of the lender not independent of the loan production staff or process, may have communications with an appraiser relating to or having an impact on valuation, including ordering or managing an appraisal assignment. See AIR, section IV.A.(2).(c).

Compliance

Q30. **Is a loan eligible for sale to the GSEs if the lender purchased the loan from a correspondent that did not comply with AIR in originating that loan?**

No. It is the lender’s responsibility to ensure that loans it purchases with intent to deliver to the GSEs comply with AIR and all Fannie Mae *Selling Guide* requirements.

Q31. **Do sellers need to adopt policies to address potential misconduct such as bribery or intimidation of appraisers?**

Yes. A seller must have in place policies and procedures to ensure-compliance with AIR. See AIR section VIII.

Q32. **Is a seller required to establish a process for addressing complaints regarding AIR compliance?** ^{New}

Section VIII of AIR requires sellers to adopt written policies, procedures and disciplinary rules and implement adequate training programs to ensure compliance with AIR. As a best practice, lenders should include in their policies, procedures, and disciplinary rules a process for addressing AIR compliance complaints.