

# About desktop appraisals

Leveraging the wealth of big data, the power of advanced analytics, and the speed of technology, appraisers can perform desktop appraisals without physically inspecting the property.<sup>1</sup>

## Desktop appraisal benefits

- ✔ Supports digital transformation in the mortgage origination process.
- ✔ Cost- and time-efficient process benefits borrowers and lenders.
- ✔ May reduce confirmation bias.
- ✔ Mitigates appraiser capacity constraints.
- ✔ Rigorous testing shows similar risk performance compared to traditional appraisals.
- ✔ Improves disaster/pandemic response time.

## Additional resources

- [Selling Guide B4-1.2-02, Desktop Appraisals](#)
- [URAR Hybrid and Desktop Appraisal Forms — Quick Reference](#)
- [URAR Hybrid and Desktop Appraisal Forms — Overview](#)

1. This fact sheet provides a summary for reference only. All criteria are subject to the formal terms and conditions of the Selling Guide.

2. Basic eligibility: purchase transaction, one-unit principal residence, LTV is less than or equal to 90%, and DU Approve/Eligible recommendation.

# Appraiser and lender responsibilities



Lender receives message from Desktop Underwriter® (DU®) indicating the casefile is eligible<sup>2</sup> for a desktop appraisal.



Lender orders desktop appraisal.

Lender and borrower always have the option to order a traditional appraisal (Form 1004) or execute an appraisal waiver if offered.



Appraiser receives assignment for desktop appraisal reported on Form 1004 Desktop.



Appraiser conducts analysis and develops opinion of value.

- Use Form 1004 Desktop.
- No physical inspection of the subject property; data may be provided by various parties (buyer/seller agent, homeowner, builder, appraiser files, etc.) and through secondary data sources (public records, MLS, internet, etc.).
- Must include floor plan with interior walls and exterior dimensions.
- The appraiser must have sufficient information to develop a credible report.
- Data provided by parties with a financial interest in the sale or financing of the subject property must be verified by a disinterested source.



Appraiser submits report.



Lender reviews the appraisal to confirm it:

- is reported on Form 1004 Desktop,
- includes a floor plan, and
- meets all other requirements.



Lender submits appraisal to the Uniform Collateral Data Portal® and delivers the loan through Loan Delivery. Choose “DesktopAppraisal” as the appraisal method type in loan delivery data.

# About desktop appraisals

## FAQs

1

### What Fannie Mae form will appraisers use to complete a desktop appraisal?

Appraisers must use Fannie Mae [Form 1004 \(Desktop\)](#) to complete desktop appraisals. Note that this is different from our temporary response to COVID-19, which required appraisers to report desktop appraisals on the standard URAR by inserting a modified set of instructions, scope of work, statement of assumptions and limiting conditions, and certifications into the comment addendum. (The appraisal COVID-19 Temporary Flexibilities were discontinued May 31, 2021.)

2

### What are the differences between the traditional Form 1004 and Form 1004 (Desktop)?

See the “[URAR Hybrid and Desktop Appraisal Forms – Overview](#)” for a line-by-line comparison of the differences between Forms 1004 and 1004 (Desktop). Although this includes comparisons of both Forms 1004 (Hybrid) and 1004 (Desktop), the Hybrid form is not currently in use per the *Selling Guide*.

3

### How should the appraiser complete the four Appraisal Assignment Type fields in the Additional Comments section of Form 1004 (Desktop)?

Appraisers must provide the Appraisal Assignment Type and supporting details as shown in the following table.

Field Labels	Required Entry
Appraisal Assignment Type	“DesktopAppraisal”
Subject Property Data Collection Method	“Other”
Subject Property Data Collection Date	Null (leave blank)
Subject Property Data Workforce	Null (leave blank)

*Note: When the assignment type is “DesktopAppraisal”, the Subject Property Data Collection Method must indicate “Other”, the Subject Property Data Collection Date field must be blank, and the Subject Property Data Workforce field must be blank. This will result in the report xml displaying: AppraisalReportContentName=“DesktopAppraisal;Other;;”.*

4

### Does Certification 10 allow an appraiser to accept information about the transaction from someone with a financial interest (i.e., homeowner, real estate agent)?

Yes, provided the appraiser verifies the information through a disinterested source.

NOTE: Verification should not be confused with re-creation. Appraisers have broad discretion in how they verify and what sources they consult. Examples of verification sources include websites with aerial or street-level photos, floor plans or imagery generated by third-party applications (commonly known as 3D scans), remote viewing through virtual inspection technologies, assessor data, or prior appraisal assignment results.

# About desktop appraisals

## FAQs

5

### What is the difference between a floor plan and a sketch?

A sketch (also referred to as a “footprint sketch”) must illustrate the subject’s exterior footprint (walls) with dimensions for all levels of the dwelling unit(s). It must also display the calculations showing how the gross living area was determined. These need to be legible, which, in some cases, may require the exhibit to be spread over several pages.

A floor plan is more comprehensive, showing interior walls to illustrate the functional utility of the home. In addition to the requirements for a sketch, the floor plan must also include the following:

- interior walls,
- doorways,
- staircases,
- exterior ingress/egress, and
- labels for each room.

These additional items for the floor plan do not require dimensions (except as necessary for calculation of GLA) and do not need to be precisely scaled so long as they provide a true representation of the flow of the house.

See the Exhibits for Appraisals section of [Selling Guide B4-1.2-01, Appraisal Report Forms and Exhibits](#) for more details.

6

### How can a floor plan be created digitally?

Appraisers typically generate digital sketch exhibits for their appraisal reports using sketching tools integrated in their appraisal forms software. That is an acceptable solution for floor plans as well. The key is that the floor plan cannot be hand drawn. That said, we are not prescriptive about what solutions an appraiser may leverage. For example, third-party applications are available that can create floor plans using mobile device apps, 3D scans, video chats, or virtual inspections.

7

### If an interested party to the transaction provides the appraiser with a floor plan generated using 3D scan technology, does it have to be verified?

Regardless of who provides the 3D scan application output to the appraiser, the content itself is generally controlled by the software providers who are not interested parties to the transaction. So, the appraiser’s obligation under Certification 10 to verify information from interested parties would not apply. However, the appraiser should analyze them in context of the body of information available in the normal course of business, the same as with any other data. Appraisers are always expected to make their own determinations and comply with USPAP.

8

### Can appraisers use a previously available floor plan?

Yes, if it is accurate and representative of the current state of the property, and meets the requirements in the Exhibits for Appraisals section of [Selling Guide B4-1.2-01, Appraisal Report Forms and Exhibits](#).

# About desktop appraisals

## FAQs

- 
- 9** **Is additional verification required when photos are obtained from an interested party?**  
Photos taken during a live walkthrough of the subject are considered an appraiser observation during a live event, and do not require further verification. Photos obtained without direct observation from the appraiser may require verification.
- 
- 10** **Is a full floor plan with interior partitions required for outbuildings, such as toolsheds, offices, and garages?**  
No. A full floor plan is not required for outbuildings (except in the case of an outbuilding containing an accessory dwelling unit). A separate software-generated footprint sketch that includes exterior wall dimensions must be provided.
- 
- 11** **Do floor plans with interior walls need to be generated in accordance with ANSI standard for the desktop reports?**  
Although Fannie Mae does not require desktop appraisal floor plans to be compliant with the ANSI standard, we encourage the appraiser to voluntarily adopt ANSI when possible. Some 3D scan companies have publicly committed to generate ANSI-compliant output; when considering a 3D scan floor plan, appraisers may wish to consult the website of the source company for more information.
- 
- 12** **Can the appraiser perform a personal onsite interior and exterior inspection of the subject property for a desktop appraisal?**  
No. If the appraiser assigned the desktop physically visits the property and does an interior inspection, it has crossed over to a traditional appraisal and is no longer a desktop. In that case, the appraiser must report on the standard Form 1004. See Certification Two in the [Form 1004 \(Desktop\)](#).
- 
- 13** **Are the age of appraisal requirements for desktop appraisals different from other appraisals?**  
Yes. When the effective date of the original desktop appraisal report is more than four months from the date of the note and mortgage, a new appraisal is required.
- 
- 14** **Will these be supported in Collateral Underwriter® (CU®)?**  
Yes, desktop appraisals will receive CU risk scores and messages. If the CU risk score is 2.5 or less, the lender will receive enforcement relief of certain representations and warranties, the same as for traditional appraisals (see [Selling Guide A2-2-06, Representations and Warranties on Property Value](#)).

# About desktop appraisals

## FAQs

15

**Can lenders lose a desktop appraisal offer, like can sometimes happen with appraisal waivers, based on the risk of the loan?**

Yes, but the desktop appraisal eligibility parameters are relatively straightforward. If the loan meets the eligibility requirements (single-family, one-unit, primary residence, purchase, LTV ≤ 90%, DU Approve/Eligible status - [see DU Desktop Requirements](#)), DU will offer the desktop appraisal option. If the terms of the loan change so that the eligibility requirements are no longer met, with one exception DU will withdraw the desktop appraisal offer. The exception is when the LTV increases above 90% solely because the desktop appraisal is below the contract price – in that scenario, DU will continue to offer the desktop appraisal option.

16

**Can desktop appraisals be used for new construction purchases?**

Yes. If the construction is not complete as of the effective date of the desktop appraisal, then verification of completion applies, including inspection of the property and completion of form 1004D by the appraiser upon completion of the construction. The appraiser will be required to verify that the work was completed in accordance with the requirements and conditions in the original appraisal report. See [Selling Guide B4-1.2-04, Requirements for Postponed Improvements](#) for more details.

17

**Can desktop appraisals be used for a subsequent transaction?**

No – a desktop is only for purchase transactions and cannot be used for a subsequent refinance transaction. Also, when there is a subsequent sale of the subject, a new appraisal assignment is required.

18

**When a desktop appraisal is submitted to the Uniform Collateral Data Portal®, how will the form type be reported in the Submission Summary Report (SSR)?**

Form type will be reported in the SSR as FNM 1004 for both traditional and desktop appraisals.

19

**Can Desktop Appraisals be used for Texas 50(a)6 loans?**

No. Texas 50(a)6 loans are, by definition, refinance transactions; only purchase transactions are eligible to use the desktop appraisal option.