

## Pro and Cons of Desktop Appraisals

Desktop Appraisals are in the spotlight! Although they've been around for a while, they are currently gaining popularity due to their ability to meet the growing need of lower-cost appraisal options that many lenders desire.

### What You Need to Know About Desktop Appraisals

The desktop appraisal is the same thing as a full appraisal but without a physical inspection. They are performed remotely without the appraiser actually visiting the property. The same property analysis occurs in the report, but the data comes from third-party resources such as MLS, public records, Google Maps images, and/or the homeowner. On top of the information they're able to find on the property, appraisers will also rely on nearby home sales to determine the property's estimated value.

### Pros

**Quicker Turn Times** – Due to the lack of interior inspection, and the time allocated to researching nearby comparable sales, desktop appraisals can be completed in less time. Although, the appraisal process is the same after the data is collected so the time savings occur from not having to drive to the property, measure the home, walk through the interior collecting information and photograph comparable sales in the area.

**Less Expensive** – Since a physical inspection is not performed the appraiser incurs less expenses from time and travel which usually results in the desktop appraisal fee being less than that of a full appraisal.

**More convenient** – Since all of the work is done from the appraiser's office it is much more convenient for the agent or owner because they will not have to take off from work or alter their schedule.

### Cons

**Less Accurate** – Inaccuracy with this type of appraisal might involve properties with insufficient and/or incorrect data online, complex or hidden attributes that aren't visible on Google Maps, or are not mentioned in third-party resources, or lack of similar comparables. Since the property is never inspected by the appraiser, the desktop appraisal will never be as accurate.

Appraisers are trained observers. With experience and education, we can spot items that could have a potential impact on value. When no interior inspection is performed any data collected is through third-party sources which leaves room for inaccuracy. Even if a virtual tour of the house is available to the appraiser, there are still things the appraiser may not see as clearly as if they were onsite.

**Less Versatile** – Desktop appraisals are not used for every type of property. While great for the average tract house, they wouldn't be a good fit for a unique home or one with limited online data. In addition, current Fannie Mae guidelines restrict their use to the following:

- One-unit properties (including those with an ADU and units in a PUD),
- Principal residences,
- Purchase transactions (including new construction), and
- LTV ratio less than or equal to 90%.

In Summary, desktop appraisals are great for a quick value. They can work especially well with "cookie cutter" properties in tract neighborhoods, that are in average condition with no recent upgrades, and that have plenty of data available online. They would not work as well for unique properties or those with limited online data.

**Is a desktop appraisal right for you?** It all depends on the intended user. If you're looking to refinance your property through a bank, then a desktop appraisal likely won't work. But, if you are an investor looking for a quick value, and the data is there, then a desktop appraisal could be a great option.

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