

Appraiser Independence Requirements

Frequently Asked Questions (FAQs)

May 2025

Appraiser Independence Requirements FAQs

On April 18, 2024, Chapter 60 of the Freddie Mac *Multifamily Seller/Service Guide* (Guide) was updated to include Appraiser Independence Requirements ([section 60.2](#)). This document includes several frequently asked questions received from seller/servicer and appraiser networks since publication.

Why has Freddie Mac adopted Appraiser Independence Requirements?

Freddie Mac requires appraisers to work in accordance with Uniform Standards of Professional Appraisal Practice (USPAP), which states that appraisers must be independent, objective and exercise independent judgment. The Appraiser Independence Requirements were adopted in response to some loans where seller/servicers and/or brokers exerted influence on appraisers and due to concerns raised to us by the appraiser community. Some examples include pursuing appraisers who promise to meet certain value expectations prior to engagement, requesting the lowest expense comparable to fit seller/servicer underwriting, and requiring the appraiser to use data or comparables that the appraiser does not find to be accurate or supported. Furthermore, appraiser independence requirements are considered market standard and widely adopted among commercial real estate lending institutions outside of Freddie Mac.

How were the Appraiser Independence Requirements developed?

The framework for the Appraiser Independence Requirements comes from the [Interagency Appraisal and Evaluation Guidelines](#).

What is the primary purpose of the Appraiser Independence Requirements?

The primary purpose of the Appraiser Independence Requirements is to safeguard the independence, objectivity and impartiality of appraisers; to mitigate valuation risk; and establish guidelines explicitly in the Guide.

Are all seller/servicers required to have a centralized appraisal review function?

No, seller/servicers are not required to have a centralized appraisal review team. Guide section 60.2 only requires that the appraisal-ordering and review functions are separate from the mortgage origination/production functions. The new Guide language also states that “if absolute lines of independence between the Seller/Service’s appraisal functions and its Mortgage origination process cannot be achieved due to staffing limitations, the Seller/Service must clearly demonstrate within its written policies that it has prudent safeguards in place to isolate its appraisal functions from influence or interference by its Mortgage origination process.” Please engage the [Multifamily Appraisal team](#) for guidance to develop written policies and safeguards to satisfy the Guide requirements so that we may work with you on a solution that meets your staffing and workflow needs.

Can seller/servicers request value support for a property at the quote stage from an appraiser?

The Appraiser Independence Requirements are intended to establish parameters of what information may be shared between the seller/servicer and appraiser to avoid undue influence on the value conclusion and prevent value “shopping” at the quote stage. Generally speaking, the seller/servicer can request “*general*” or “*raw*” market data, but they may not request subject property “*specific*” valuation conclusions (i.e., value range, capitalization rate or capitalization rate range) or ask the appraisers to select comparable data (sales comparables, expense comparables, or rent comparables) for a **specific property prior to engagement**. After receiving seller/servicer feedback, we recognize the need to provide more specifics on this topic and are working to revise the Guide language to define permitted

seller/servicer inquiries to appraisers that validate loan sizing assumptions. See the tables on Page 4 for more information.

Why is the seller/servicer not allowed to request the appraiser's opinion of the best comparable sales, expected capitalization rate or expense conclusions for the subject property prior to engagement?

It is considered an appraisal when an appraiser uses their professional judgement to provide a range of value, market rent and/or capitalization rate for a specific property. In each instance, the appraiser is bound by the stringent reporting requirements of USPAP.

Rather than describing or defining the subject property, the seller/servicer may ask the appraiser for “general” or “raw” market data, such as requesting all multifamily sales transactions occurring in the past year under 100 units in the Brooklyn submarket. The important distinction is that the appraiser is not responsible for setting the parameters of the data search or using their judgement. The seller/servicer can use that data to draw their own conclusions.

Similarly, rather than asking the appraiser if a 4.25% capitalization rate can be supported, the seller/servicer can ask what the capitalization rate range has been for Class A multifamily buildings in Manhattan (or such other applicable geographic area), as long as the specific property or address is not disclosed implicitly or explicitly.

****Note:** An appraiser providing “raw” or “general” market data is considered an appraisal practice. All services performed as part of appraisal practice must comply with USPAP. Appraisers are required by the Ethics Rule of USPAP to disclose any services regarding the subject property performed by the appraiser, as an appraiser or in any other capacity, within the three-year period immediately preceding the agreement to perform the assignment.*

Can seller/servicer staff question or challenge the appraiser's assumptions and ask them to correct factual errors?

Yes, the seller/servicer (including members of the production or origination staff) can ask the appraiser to correct factual or mathematical errors and ask the appraiser to provide further support for their conclusions. Additionally, providing additional market data for consideration is acceptable.

Can a seller/servicer engage an appraiser to complete an appraisal for a property they have previously appraised for the borrower?

Yes, the seller/servicer may engage an appraiser to complete an appraisal for a property the appraiser previously appraised. However, the appraiser must prepare the new appraisal in accordance with Freddie Mac's requirements set forth in Chapter 60 of the Guide and USPAP. The appraiser is required by the Ethics Rule of USPAP to disclose any services regarding the subject property performed by the appraiser, as an appraiser or in any other capacity, within the three-year period immediately preceding the agreement to perform the assignment. The appraisal must also meet all requirements set forth in Chapter 60 of the Guide.

What should the seller/servicer do if an appraiser is suspected of violating Appraiser Independence Requirements or acting unethically?

If the seller/servicer suspects that one or more appraisers are violating any applicable laws or engaging in unethical conduct, the seller/servicer must promptly report the matter to the Freddie Mac Multifamily Appraisal team and the applicable State appraiser licensing agency or other regulatory body.

One example of an appraiser acting unethically is asking the seller/servicer or Conflicted Party for the anticipated loan amount, value or net operating income.

What should an appraiser do if a Conflicted Party or seller/servicer is suspected of violating Appraiser Independence Requirements?

If an appraiser suspects that a Conflicted Party or seller/servicer is violating Appraiser Independence Requirements, the appraiser should promptly refer the matter to the [Multifamily Financial Crimes team](#) or the [Multifamily Appraisal team](#).

An example of a Conflicted Party or seller/servicer violating Appraiser Independence Requirements is requesting the appraiser's proforma prior to appraisal submission and not providing this documentation (e.g., email communication) to Freddie Mac as a prior appraisal or previous version of the appraisal, as required by Guide [section 60.10](#).

What should the seller/servicer do if a Conflicted Party attempts to violate Appraiser Independence Requirements?

The seller/servicer should document any violations or potential violations of Appraiser Independence Requirements and ensure compliance with section 60.2 of the Guide and take any corrective action it deems appropriate for the situation. If the seller/servicer is uncertain whether a Conflicted Party's actions violate Appraiser Independence Requirements, the seller/servicer may consult the Freddie Mac Multifamily Appraisals team.

A Conflicted Party recommending an appraisal firm or appraiser(s) is one example of a Conflicted Party violating Appraiser Independence Requirements. In this case, the seller/servicer would document that this conversation took place, reinforce/remind the Conflicted Party that their actions violate Appraiser Independence Requirements and ensure compliance by not utilizing the recommended appraiser or appraisal firm for this particular deal.

What information can and cannot be shared between the seller/servicer and the appraiser at various stages of the loan process?

The following tables illustrate information that can and cannot be shared between the seller/servicer and appraiser in two different scenarios. The first scenario includes communications between the seller/servicer and appraiser *prior* to the appraiser being contractually engaged on a specific assignment, and the second scenario includes communications *after* the appraiser is engaged for an assignment throughout the underwriting process.

Prior to Executed Engagement Letter between Seller/Servicer and Appraiser

<i>Acceptable</i>	<i>Not Acceptable</i>
<ul style="list-style-type: none"> Sharing General Comparable or Market Data Examples: <ul style="list-style-type: none"> Requesting all recent sales that have occurred in the subject submarket over the last 6 months Asking for general price per unit ranges or capitalization rate ranges in a given market Inquiring what a typical management fee is for a LIHTC property in New Orleans Asking what the typical reassessment range is in Broward County, Florida Providing Valuation Guidance <ul style="list-style-type: none"> Example: Explanation for how taxes are assessed in Cook County, Illinois 	<ul style="list-style-type: none"> Sharing Comparable Data for a specific property Examples: <ul style="list-style-type: none"> Describing or identifying the subject property and requesting comparables that are "similar" Asking the appraiser for an anticipated range in value (i.e., \$/Unit) Asking the appraiser for a capitalization rate, capitalization rate range, market rent, or expenses for a specific property Sharing Loan Information <ul style="list-style-type: none"> Examples: Targeted loan amount, desired appraised value, LTV, DCR, seller/servicer's expense conclusions or

	income conclusions, escrows required to mitigate lease up risk
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During and After Engagement between Seller/Servicer and Appraiser

<i>Acceptable</i>	<i>Not Acceptable</i>
<ul style="list-style-type: none"> • Sharing the Purchase and Sale Agreement • Sharing the borrower's budget • Sharing or Understanding Comparable Data Examples: <ul style="list-style-type: none"> - Asking the appraiser if they considered XYZ sale in their analysis - Asking the appraiser if they have more recent expense comparables - Providing the appraiser with expense comparables from other borrower-owned properties and asking if the appraiser would consider the information in their analysis • Requesting Additional Support/Challenging Appraiser's Conclusions <ul style="list-style-type: none"> - Example: Providing details on specific historical expense items (e.g. water leak caused the water/sewer expenses to spike one month, suggesting the projected expense should be lower than the T-12) 	<ul style="list-style-type: none"> • Sharing Loan Information <ul style="list-style-type: none"> - Examples: Targeted loan amount, desired appraised value, LTV, DCR, Seller/Servicer's expense conclusions or income conclusions, escrows required to mitigate lease up risk • Requiring Specific Comparable Data <ul style="list-style-type: none"> - Example: Requesting or requiring the appraiser to use specific sale, rent or expense comparables in their analysis • Directing Appraiser's Conclusions <ul style="list-style-type: none"> - Examples: Requesting that the appraiser find the lowest possible expense comparables or to change their conclusions without support

USPAP References

Below are some of the applicable sections from the Uniform Standards of Professional Appraisal Practice (USPAP) 2024 Edition:

From the Conduct Section of the Ethics Rule¹:

"An appraiser:

- must not perform an assignment with bias;
- must not advocate the cause or interest of any party or issue;
- must not agree to perform an assignment that includes the reporting of predetermined opinions and conclusions."

"If known prior to agreeing to perform an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in each subsequent report certification:

- any current or prospective interest in the subject property or parties involved; and

¹ The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice (USPAP) 2024 Edition* (The Appraisal Foundation, 2024), 9.

- and any services regarding the subject property performed by the appraiser, as an appraiser or in any other capacity, within the three-year period immediately preceding the agreement to perform the assignment.”

From FAQ 51²:

“Question: Does USPAP allow appraisers to perform comp check assignments?

Response: Yes. However, the appraiser would have to ensure that receiving a full appraisal assignment is not contingent upon the result of the comp check assignment.”

From FAQ 213³:

“Question: I’m a residential appraiser and have been asked to perform a comp check (or pre-comp) assignment, where a client wants to get an idea of the value of the home prior to proceeding with a mortgage financing transaction. Does USPAP allow me to perform this type of assignment?

Response: Yes. These types of assignments are allowed under USPAP. To understand the USPAP requirements, it is important to identify exactly what the appraiser is being asked to do. If the appraiser is asked to provide comps, that would typically mean the appraiser would be exercising his or her own judgment to determine which sales are most comparable to the subject property. The appraiser may choose to include only those sales that he or she deems are most similar to the subject in size, location, quality, or other characteristics, which could mean that certain sales may be omitted. In this case, the resulting data would have been filtered by the appraiser’s judgment, which would have the net effect of providing a range of value to the client. This range of value is defined as an appraisal under USPAP; therefore, the appraiser would be obligated to comply with STANDARDS 1 and 2. But, comp check assignments should be contrasted to requests for an appraiser to simply provide data. For example, an appraiser asked by a client to provide sales data of all homes located within a one-mile radius of a specific address could comply with the client’s request without needing to comply with STANDARDS 1 and 2, because the appraiser would just be providing sales data pursuant to the client’s defined parameters. In this example, the appraiser must be careful not to communicate any opinions or conclusions regarding the data provided.”

From Topics Applicable to General Practice⁴:

“A ‘comp check’ cannot serve as a predetermined value

An engagement in a second assignment which occurs after a comp check assignment cannot occur if the engagement is contingent upon developing predetermined results.”

Who should be contacted for additional information or questions?

Please contact the Freddie Mac [Multifamily Appraisal team](#) with any questions or concerns pertaining to Appraiser Independence Requirements.

² The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice (USPAP) 2024 Edition*, 164.

³ The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice (USPAP) 2024 Edition*, 229.

⁴ The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice (USPAP) 2024 Edition*, 308.