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Training  
Information

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## Agency Appraisal Market Area Analysis Related Revisions

Truist Bank (Truist) revises Agency non-AUS, Desktop Underwriter® (DU®), and Loan Product Advisor® (LPA<sup>SM</sup>) requirements related to the market area analysis of the appraisal report to align with recently announced Fannie Mae and Freddie Mac updates.

We also refresh various LPA appraisal requirements to more closely align with Freddie Mac's wording and/or presentation of guidance (*intent of requirements remain the same*).

### Effective Dates

All updates are effective for loans that require an appraisal with applications dated on or after February 04, 2025.

### Background Information

Fannie Mae SEL-2024-07 and Freddie Mac Bulletin 2024-15 announced updates related to the market area analysis of the appraisal report that were implemented to promote consistency and transparency in appraisal reports. In response to these publications, we reviewed impacted standard documents and identified the need to implement revisions to align with Fannie Mae and Freddie Mac requirements. Additionally, in response to Freddie Mac's recent reformatting of various chapters in their *Selling Guide*, we identified opportunities to improve the presentation of our published LPA appraisal requirements.

### Bulletin Details

#### Appraisal Market Area Analysis

For non-AUS, DU, and LPA loans, we revised requirements related to the market area analysis of the appraisal report as follows:

- incorporated the following standardized definitions for the terms "Neighborhood" and "Market Area":
  - A neighborhood is defined as a congruous group of complementary land uses.
  - Market area is defined as the geographic region, for a subject property, from which most demand comes and in which most of the competition is located.
- provided additional guidance and requirements related to the following:
  - the selection of comparable sales
  - establishing a minimum timeframe of 12 months from which the overall market trend must be derived
  - identifying that the overall market trend may be different from the adjustments applied to individual comparable sales
  - a new requirement that the appraiser must report the market analysis that supports both the indicated overall market trend and market derived time adjustments for changes in market conditions

## Bulletin Details, continued

### Appraisal Market Area Analysis, continued

- included a link to an illustration of the methodology used to determine specific comparable sale time adjustments for changes in market conditions (i.e., market condition adjustment illustration)

### Standards Improvements Updates

All other updates made to the sections/subtopics outlined below were in support of our standards improvement initiative. With these additional updates, we refreshed LPA appraisal requirements to more closely align with Freddie Mac’s wording and/or presentation of guidance (*intent of requirements remained the same*):

- Improvements Section of the Appraisal Report
- Mixed-Use Properties
- Site Section of the Appraisal Report
- Property Condition and Quality of Construction of the Improvements
- Cost and Income Approach to Value
- Comparable Sales / Additional Appraisal Requirements for Detached Condominium Units

### Before and After Matrices

- [Click here](#) to see the before and after matrix that provides a detailed overview of all non-AUS and DU appraisal requirements revisions.
- [Click here](#) to see the before and after matrix that provides a detailed overview of all LPA appraisal requirements revisions.

### Revised Materials

Click [Appraisal Standard](#) and [Agency Loan Standard](#) to review the revised product materials.

### Former Standards

See the before and after matrices provided in the Bulletin Details section of this bulletin to access the former standards.

### Other Resources

Support Group	Description and Contact Information:
Correspondent Relationship Coordinator	Specific questions on applying this procedure to specific loan files. Contact your Correspondent Relationship Coordinator at 800.382.2111, option 1.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 3.

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