



## Beware the Helpful Appraisal Software

The job of appraisal software is to make it easier and faster for the residential appraiser to complete and deliver appraisal reports. They're all good at this, and they're constantly finding new ways to *improve* or *speed up* your process. Unfortunately, sometimes faster isn't better.

My software will tell me if a "peer" has previously used a sale I'm comparing to my subject property and enable me to insert (clone) their information into the sales grid of my report. That's very easy and super attractive, except for the USPAP violations it carries with it.

Here's what I think it would look like if I was still an investigator and an appraiser had used this service:

*So, you're saying that, for Sale #2, you relied on the opinion of an anonymous person for the Q and C ratings, and you didn't verify the site size, room count, or GLA against your own data. Additionally, you didn't state that you were relying on the assistance of someone you didn't know, or that you assumed it was accurate, or that the use of these assumptions may have affected the report's result. Is that correct?*

Now let's break this down a little bit:

Let's start with the word *peer*. The Appraisal Standards Board (ASB) includes definitions in USPAP to ensure the reader knows the specific use of a word in the document. The USPAP definition of *APPRAISER'S PEER* is, "other appraisers who have expertise and competency in a similar type of assignment."<sup>1</sup> It's not possible to know whether the anonymous person whose comparable data I'm cloning is both expert and competent with an assignment. *I don't know if it's an appraiser!*

Then there is the matter of reporting that "significant real property appraisal assistance"<sup>2</sup> was provided.

Wait, you might say, that's all factual data in the grid portion of the URAR form. Not so. At the very least, the *QUALITY OF CONSTRUCTION* and *CONDITION* ratings are professional opinions which you accepted from an anonymous "peer."

Now comes the trickier part – the *factual* data such as site size, room count, and gross living area. Most of us rely on at least two sources for this information, an MLS sales sheet and separate tax data. If those two conflict on, say, site size, the appraiser should state that the sources differ, and state which source will be used. If it's believed this assumption could affect the end product if found inaccurate, the appraiser must also "state that [its] use might have affected the assignment results."<sup>3</sup>

To summarize, haste makes waste in this case.

<sup>1</sup>USPAP 2018-2019 Edition, Definitions page 3

<sup>2</sup>USPAP 2018-2019 Edition, Standard Rules 2-2(a)(vii), line 649; Standards Rule 2-3, line 754

<sup>3</sup>USPAP 2018-2019 Edition, Definitions page 4; Scope of Work Rule, page 13, lines 374 & 394; Standards Rule 1-2(f), page 16, line 493; Standards Rule 2-1, page 20, line 586; and Standards Rule 2-2(a)(xi), page 22, line 670.