



The Appraisal Report is Your Baby. Be Careful What You Feed It!

More and more residential appraisers are relying on data entry services to enter large amounts of required information into their appraisal report forms. These services integrate with appraisal software, the appraiser's multiple listing service(s), and public data to complete reports more quickly and, in many instances, provide more information and analyses than the appraiser previously reported. That's the good news – work smarter, not harder.

In the course of aggregating the information from multiple sources, the data service will sometimes obtain conflicting information from two or more sources. Examples might be a difference in GLA or Bath Count for a comparable sale between the tax record and the MLS. The data service make available to the appraiser a report which describe the inconsistencies and which information was used.

Here's the rub: choosing from different pieces of information, the appraiser *assumes* that one piece is more accurate than the other; and if this piece of information is one that affects the assignment result, it's an *extraordinary assumption*. NOTE: This occurs any time the appraiser is confronted with conflicting data, not just when it's provided by a data entry service.

For example:

Two of the regularly relied-upon sources for site size report conflicting information for Sale One. The difference is an amount that isn't going to require an adjustment in the sales comparison approach, so the use of either figure is not going to affect the assignment result. Consequently, the use of either figure is an *assumption* by the appraiser which must be disclosed.¹

Sale Three is reported by one source to have a GLA of 2,600 square feet while the other source says it's 2,950 square feet. Assuming the appraiser adjusts for GLA, the use of either of these figures would have an effect on the appraisal result, making it an *extraordinary assumption*. In this case, the appraiser must disclose it and state that its use might have affected assignment results.²

This isn't all the appraiser must be wary of when relying on an outside source to fill in any part of an appraiser report. Concerns about *confidentiality* and *significant professional appraisal assistance* are ably addressed in FAQ 249 in the *Frequently Asked Questions* found with the USPAP 2016-2017 Edition.

In short, the appraiser is solely responsible for what goes into a report.

I recommend that you not only examine the reported exceptions from your data service, but that you put that list in your workfile as proof that you saw it. Not looking at such information might be construed as negligence.³

¹See SR 2-1(c) in *USPAP 2016-2017 Edition*

²See SR 2-1(c) and for the *URAR* form, SR 2-2(a)(xi) in *USPAP 2016-2017 Edition*

³See SR 1-1(c) in *USPAP 2016-2017 Edition*