



USPAP Compliance with Homeowner Collected Photos and Data

Question #1: Can I use a virtual inspection tool and still comply with USPAP?

Yes, you can! USPAP Standards Rule 1-2 (e), says that an appraiser must “identify, from sources the appraiser reasonably believes to be reliable, the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal... including its physical characteristics”

Many virtual inspection apps allow the homeowner to use photos from their camera roll or other location. TruView™ geocodes each photo as it's taken and provides a date/time stamp for each photo. The TruView™ report includes a map with pins showing exactly where each photo was taken, and provides the latitude/longitude of each photo. This gives appraisers confidence that the photos are from a source that the appraiser can reasonably believe to be reliable, keeping them in compliance with USPAP.

Question #2: Am I required to name the homeowner in the Certification for providing significant appraisal assistance?

No, the homeowner is not providing any appraisal assistance, they are simply gathering data and taking photos. USPAP does not define “significant real property appraisal assistance”. However, Advisory Opinion 31 states that “assistance is related to the appraisal process and requires appraisal competency.” There is no expectation of appraisal competency on the part of the homeowner. Advisory Opinion 31 illustrates tasks that do NOT constitute significant appraisal assistance and specifically mentions taking photographs of the subject property as an example of duties that are not considered significant appraisal assistance.

Question #3: What if I think the homeowner has found a way to use photos that have been altered?

The Appraisal Standards Board issued a USPAP Q&A on March 23, 2020 which states, in part, “that it is up to the appraiser to determine that adequate information is available to produce credible results.” An appraiser can choose not to rely on information supplied by anyone – a homeowner or other third-party – who supplies information that causes the appraiser to doubt its veracity. Further, TruView™ “times out” if the borrower opens the app and doesn't complete the process within one hour, leaving them very little time to attempt alteration.

Question #4: Can I use an extraordinary assumption when relying on homeowner photos and information?

It seems counter-intuitive, but the answer is no. Fannie Mae's updated FAQs (April 22, 2020) says that “The revised scope of work and certification removes the requirement for the appraisal to be submitted “subject to” an extraordinary assumption. If adequate information about the subject property is not available from a credible source, then the desktop or exterior-only inspection appraisal is not acceptable. Appraisers must have data sources they consider reliable. The assumption that data sources are correct is not considered an extraordinary assumption.”

Geocoded photos with date/time data coming from the homeowner's email address, coupled with the owner's attestation that they have not misrepresented the condition of their property matched up to the other relevant facts available to the appraiser, such as public records, previous listings and the appraiser's geographic competency should give appraisers the confidence they need to satisfy the GSE requirements.

Question #5: When I use a third-party tool to gather homeowner photos and data, am I at risk of violating the Confidentiality Rule of USPAP?

No, not with TruView™. TruView™ facilitates a direct relationship between you, the appraiser and the homeowner. The photos and information provided to the appraiser by the homeowner do not pass through or get stored by Bradford Technologies or any other party. The information belongs to the appraiser for their use in producing an appraisal report of the homeowner's property. You can be confident that no third party is storing, using or selling the homeowner's information.

Question #6: What if I complete an appraisal with homeowner supplied photos and data, and it turns out that problems were missed, such as mold?

Several key USPAP items tie together here. First, you should be protected by your Scope of Work Disclosure. Second, you and your client agreed to a Scope of Work based on the intended use of the assignment results, so your client and intended users understood the risks associated with the agreed Scope of Work which is documented in your engagement agreement. Third, hopefully you routinely use language in your report limiting reliance to intended users.

Question #7: What other resources should I review to ensure compliance during this pandemic?

Some key resources in addition to the Valuation Legal webinar include USPAP Advisory Opinion 2, USPAP FAQs 190, 191, 227 and 229. Fannie Mae Lender Letter 2020-04 updated April 14, 2020 and any other GSE publications on these topics are invaluable since they are the primary intended user of most residential appraisal reports.

Still have questions? Contact Bill King, Chief Valuation Officer - bill@bradfordsoftware.com

