

# WSRAR Appraisal Task Force

**Do you have a question or issue for the newly formed WSRAR Appraisal Task Force?**

If so, please email Susan Jester, [sjester@wsrar.com](mailto:sjester@wsrar.com). The primary objectives of this task force are to improve communication between the two professions and to educate brokers about the appraisal process and issues that affect the appraisal industry.

## Communications Between Agents and Appraisers

By Michael R. Leamon

Communications between agents and appraisers has been a hot topic in the last few months. There has been significant information and misinformation distributed concerning what is and is not appropriate. This topic has been brought to the forefront primarily due to the passage of the North Carolina Mortgage Lending Act (NCMLA) and the Home Valuation Code of Conduct (HVCC). It will come as a big surprise to most of you that nothing has changed recently concerning what agents and appraisers can talk with each other about.

Neither the NCMLA, nor the HVCC prohibits or even limits conversation between agents and appraisers. There are topics which must be avoided, such as any attempt to improperly influence the development, reporting or result of an appraisal. Both the NCMLA and the HVCC allow agents and lenders to ask the appraiser to 1. Consider additional appropriate property information, 2. Provide further detail, substantiation or explanation for the appraiser's value conclusion or 3. Correct errors in the appraisal report. The following is the exact text of Question Sixty One from the Fannie Mae Frequently Asked Questions on the HVCC document released in July 2009.

**“Does the Code prohibit the appraiser from talking with the Realtor involved in the subject transaction? Can the Realtor provide comparable data and/or explain their pricing strategy to the appraiser?”**

The Code does not prohibit the appraiser from talking with the Realtor; Realtors can often be a source of data in the market in which the subject property is located. Any data provided by a third party must still be researched and verified independently by the appraiser. In addition, the appraiser is required to be provided a copy of the sales contract for a purchase money transaction.”

It is clear that it was never the intent of the HVCC to prohibit the exchange of information that is necessary for the appraiser to provide a good quality appraisal. The HVCC does not apply to FHA, USDA or VA appraisals at all. There are some very strict requirements concerning the information an appraiser can provide about an appraisal which has been completed and submitted to a client. The Uniform Standards of Professional Appraisal Practice (USPAP) prohibit an appraiser from disclosing any confidential information or assignment results prepared for a client, to anyone other than the client and persons specifically authorized by the client. Once an appraisal report is sent to the lender/client, the appraiser cannot discuss the results with anyone other than the lender/client without written permission from that lender/client. An appraiser can provide clarification concerning FHA/USDA required repairs, but no information on the value or information used to arrive at the value can be given to either agent in the transaction without written permission from the lender/client.

Open communication between agents and appraisers is necessary for both parties to provide a quality service to our consumers. As long as those discussions are not an attempt to influence value and do not relate to confidential information contained in an appraisal report, it is not a problem.

