What Has Changed?

Some appraiser-owned companies now send "data collectors" to take video, pictures, and measurements of properties instead of an appraiser. They may use cameras or applications from smart phones. The data is then sent to the appraisal company who determines whether an appraisal is necessary or whether the financier will grant a waiver to the appraisal requirement. If an appraisal is required, the appraisal company shares the data with an appraiser who generates the appraisal.

When Did This Separation of Duties Begin?

Traditionally, appraisers collect all of the information they use in an appraisal. Beginning in 2019, Freddie Mac, a quasi-government company that guarantees and helps fund mortgages for home purchases, started a program called property data report (PDR) and a pilot program to research the efficacy of separating the data collection from the appraisal. This pilot program is not nation-wide, yet, but they will likely expand. The intent is to make data collection more standardized, to reduce costs, and to further ensure impartial and objective appraisals.

Who Are Data Collectors?

Data collectors are persons hired by the appraisal company or appraisal management company (AMC), not the appraiser. To date, there are no federal or state regulations on data collectors, though Freddie Mac requires that they have a background check, but does not specify what that should be. Appraisers are required to have a background check, and REALTORS® have the NAR Code of Ethics, local board oversight, as well as a tight-knit community of professional colleagues to observe and censure bad behavior. This lack of oversight for data collectors means that the consumer cannot assume a minimum level of professionalism and should vet the data collector who will enter their home.

REALTORS® As Data Collectors?

Some companies have recruited REALTORS® to act as data collectors. This provides an opportunity for some extra income and leverages the agent's market expertise. However, legal grey areas remain and are not yet clear. Before entering work as a data collector, one should investigate these legal questions and discuss with their broker:

- Does applicable state law allow the agent to enter a home to perform data collection pursuant to the broker's license or otherwise?
- Could the agent or broker be legally liable if the data is not collected correctly, whether with a third-party application or not?
- Should an agent that is a party to the seller or buyer in the transaction be allowed to collect the data?
- Does the agent's insurance provide coverage for data collection work?

What Should Consumers Do If They Are Expecting an Appraisal?
- Ask their lender whether the appraisal company or AMC will use a data collector or not?
- State laws require background checks or particular background information for appraisers, but the same is not true of data collectors. Ask your lender whether they or the appraisal company or AMC have a policy requiring background checks of data collectors and whether one was conducted.
- Finally, accompany the data collector as they document your property and ask for a copy of any videos, pictures, or measurements
- And always remember your safety tips!

These are just a few, but not an exhaustive list of ways you should protect yourself and your privacy.

Disclaimer: This document is intended for informational and educational purposes and does not constitute any form of legal advice. This should not be relied on or treated as a substitute for specific advice relevant to specific circumstances and is not intended to create, modify or replace your company's policies or procedures. NAR urges all members who have questions about their legal compliance to have their attorneys review the Rule's technical language at: https://www.ecfr.gov/current/title-16/chapter-I/subchapter-C/part-314.