

February 2, 2026

The Appraisal Foundation
Attn: Nicholas D. Pilz
Chair, Appraisal Standards Board
1155 15th Street NW, Suite 1111
Washington, DC 20005

RE: First Exposure Draft – Proposed New Advisory Opinion 41, Use of Technology in an Appraisal or Appraisal Review Assignment

Dear Mr. Pilz:

On behalf of the National Association of REALTORS® (NAR), we thank the Appraisal Foundation for the opportunity to comment on the Appraisal Standards Board's (ASB) exposure draft, "Proposed New Advisory Opinion 41, Use of Technology in an Appraisal or Appraisal Review Assignment." Appraisals are the bedrock of the housing finance system, and credible independent valuations of real property are critical to the health of the overall real estate industry. Ensuring credible assignment results with the use of emerging technology is key to the long-term success of the market.

The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,200 local associations or boards, and 54 state and territory associations of REALTORS®. NAR represents a wide variety of housing industry professionals, including over 20,000 licensed and certified appraisers, committed to the profession's development of credible independent valuations of real property, which are critical to the health of the overall real estate industry.

NAR is encouraged by the ASB's proposals to add guidance on adhering to USPAP while using advanced technological tools. However, clarity is key in order to accurately understand appraiser responsibilities in this rapidly evolving environment.

The Need for Credible Appraisals

The National Association of REALTORS® believes that appraisals should be conducted in accordance with standards established in the Uniform Standards of Professional Appraisal Practice (USPAP) to produce credible assignment results.

REALTORS® support and encourage credible, independent valuations of Real Property because:

- Credible independent valuations of real property are critical to the health of the overall real estate industry. A trustworthy valuation of real property 1) ensures the real property value is sufficient to collateralize the mortgage, 2) protects the mortgagor, 3) allows secondary markets to have confidence in the mortgage products and mortgage-backed securities, and 4) builds public trust in the real estate profession.

- Professionally developed valuations provide an independent, objective analysis of real property.
- Valuations that are not credible or not independent harm communities and result in unintended consequences.

The purchase of real property is the largest investment most people make. Valuations of real property that are too high give a false sense of security to buyers seeking to purchase a home, mortgagors seeking access to the equity in their real property, and to lenders making a determination as to the security of their loan. Valuations that are too low limit access to mortgage credit and may create a downward cycle of economic deterioration for neighborhoods and communities and cause increased capital requirements on lenders.

Competency is Key for Credible Results.

“Credible” is defined, per the Uniform Standards of Professional Appraisal Practice (USPAP), as worthy of belief. Additionally, credible “results require support, by relevant evidence and logic, to the degree necessary for intended use.” (USPAP 2024 Edition). A predicate for an accurate and credible appraisal is the competency of the appraiser in both the knowledge and experience of real property valuation and the process of developing and communicating an appraisal.

The Competency Rule within USPAP states, in part, that competency “requires the knowledge and experience to complete the assignment competently, and that this may apply to factors such as” “an analytical method.”

Proposed AO 41 addresses these issues when dealing with advanced technological tools, by stating “the appraiser must determine if reliance on the output produces credible assignment results. If an appraiser relies on a tool’s output without applying their own analysis of the information consistent with the scope of work, the work does not comply with USPAP. In that case, the appraiser has relied on a tool’s output in place of their own analysis, resulting in work that is not credible.”

Clarity in Understanding USPAP

The essence and guidance of AO 41 in general appears to be helpful in interpreting USPAP while using advanced technological tools. However, lines 98 – 101 may cause unnecessary confusion with the instruction that, “Appraisers must also be competent to recognize when the design or training of advanced tools” may result in characteristics that “reflect assumptions, limitations or embedded biases”. Most appraisers may use a calculator or spreadsheet macros to more speedily determine answers to mathematical formulas used in analyzing market data, but USPAP does not seem to indicate that the appraiser is responsible for understanding the design or underlying technology of those tools. An appraiser cannot realistically be expected to audit model architecture or inspect training datasets, and vendors of these tools often won’t even disclose that information. Therefore, the appraiser’s responsibility is to be competent to recognize when the tool produces output that is unreliable, not the design, training, or underlying technology that produces this output, using methods such as the suggestions in lines 126-133 including that the appraiser may “replicate or develop the analysis using a method the appraiser already understands and controls.”



As tools using AI may change outputs over time with additional and ongoing training, however, it is important that appraisers continue to test outputs from those tools for reliability on an ongoing basis.

Conclusion

NAR is committed to maintaining the success of the appraisal profession and preserving access to homeownership and is encouraged by the ASB's proposal to add guidance on USPAP adherence while using rapidly evolving technological tools. Clarity in this guidance is key, however, to ensure that appraiser responsibilities are understood.

If you have any questions or comments, please feel free to reach out to Keisha Wilkinson, NAR's Senior Policy Representative for Valuation Policy, at KWilkinson@NAR.Realtor.

Sincerely,



Kevin Brown
2026 President, National Association of REALTORS®



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