



...because time is money
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APPRAISAL TRANSFER POLICY

For those homeowners who need an appraisal "retype," "readdressing" or "transfer" to a new lender, please be advised that the original lender is still our confidential appraisal client - no matter who paid for the appraisal. Out of loyalty to our original lender client, we would prefer NOT to get involved in a transfer to a new lender. However, out of courtesy to you and your new lender, we will help - but only under certain conditions. Due to the many changes in appraisal regulations this year concerning original client privacy, "intended use," "intended user" and the numerous security features included in the original report, we must treat your request as if it were a completely new "update" appraisal assignment.

As part of our service to you, we will have to re-inspect the exterior of the subject property to confirm its previous condition as of today's date. We will also perform new appraisal research to see if any better, more recently closed comparables have become available. We will have to take new photos of the subject property and photos of any new comparable sales. We must also modify several components of the appraisal report including many security features, client & borrower information, effective date, signing date, FIRREA and USPAP addenda. We may also have to modify flood maps, location maps and photo pages. We must perform all these "update" functions for you - even if the old report was completed last week!

The only thing we don't have to handle a second time is the floorplan. Therefore, we will reduce our regular appraisal fee by fifty dollars since we don't have to re-measure the home. As such, our "transfer" fee is a minimum of \$300.00 depending on the type of appraisal report we performed for our original client. Even though you may only want us to "readdress" the report, please remember that we must perform a brand new appraisal report as of today's date for a new lender client. The new lender's underwriter may ask for several "follow-up" modifications to our appraisal and we will not accept this new liability lightly. However, we will be able to handle most transfer requests in 24 hours after receiving your authorization. This way, you will not have to wait two weeks for a new appraisal.

We handle all "transfer," "readdressing" and "update" requests in the order in which payment has been received! After we receive advance payment, we start the process. If your need is very urgent, please express mail or courier your payment to us. "While you wait" or "same day" service is not available due to our workload. Also, we no longer prepare reports in advance so that you can "pick up the paperwork" and pay at the door. Finally, we no longer have the means to deliver reports and pick up your payment at delivery. We use email or express mail only. The following page contains a good explanation of federal regulations regarding "readdressing" with permission from www.appraisaltoday.com - phone Ann O'Rourke at (800) 839-0014.

Readdressing an appraisal is a new assignment

New Advisory Opinions AO 26- Readdressing (Transferring) a Report to Another Party and AO 27- Appraising the Same property for a new Client offer advice on readdressing.

Every Appraisal request is a new assignment, whether it is an update or readdressing.

Readdressing example

A good example from AO 26: Question #1 - An appraiser was engaged by Client A to appraise a property. The appraiser delivered the appraisal report to Client A. The client has decided not to pursue the transaction that generated the need for the appraisal report. The appraiser is contacted by Client B. Client B requests that the original report be readdressed (transferred) by replacing Client A's name with Client B's name in the report. Is this acceptable?

Answer: No. Simply changing the client name on the report cannot change or replace the original appraiser-client relationship that was established with Client A. Therefore this action is misleading.

Question #2

How can this circumstance be handled according to Standards.

Answer: The appraiser can consider Client B's request as a new assignment. In so doing, the appraiser may establish a new appraiser-client relationship with Client B and appraise the property for this new client.

Confidentiality

As a matter of business practice, some appraiser request a release from a prior client before accepting an assignment to appraise the same property for a new client or to disclose the assignment for the second client to the first client.

However, USPAP does not require this. Also, appraiser should be aware that, in some cases, informing a client about the existence of another client and the fact that the property was appraised for that other client may not be compliant with the portion of the Confidentiality section which states:

An appraiser must protect the confidential nature of the appraiser-client relationship.

Confidential Information:

Confidential information is defined in USPAP as information that is either:

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation

Example from AO - 27 - Competing Banks

If an appraiser has appraised a property for Bank A then is approached by Bank B to appraise the same property, does USPAP prohibit acceptance of the second assignment?

No, assuming confidential information is handled correctly. This constitutes a second assignment, a new client and a new agreement between a client and an appraiser.

Federally related transactions

Federally related institutions can use an appraisal prepared for another federally related institutions. No "readdressing" is required.

Otherwise, "if an appraisal is prepared by a fee appraiser, the appraiser shall be directly engaged by the regulated institution or its agent..."

However, appraisals are prepared for borrowers for another purpose, such as divorce, establishing a sales price, estate, etc. It would be prudent to recite disclosure in the engagement letter and in the report.

Example:

Homeowner Susan Daly contacts appraiser John Hunt to perform an appraisal of her residence. She is considering refinancing and wants to determine the amount of equity in the residence before completing a loan application. Assuming the refinance would be a federally related transaction at a federally insured depository institution, what is John's responsibility to this potential client?

Answer: Before John accepts this assignment, it is his responsibility to disclose to Susan that a lender or its agent is required to directly engage the services of an appraiser in a federally related transaction and should not accept his appraisal report if Susan still wants to engage John, his disclosure allows him to accept the assignment.

Where to get more information

This brief article only covers part of the advice in the AOs. Reading the full AOs is strongly advised. They are easy to understand and offer excellent advice.

USPAP 2004 is at www.appraisalfoundation.org now or will be soon. Of course, it is better to have your own copy of USPAP.