

Appraiser News, Technology Corner



A conversation with 'Miss MISMO' on appraisal, lender tech

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Exclusive

Liz Green, head of digital solutions for Candescant, who is affectionately known in the industry as "Miss MISMO," outlined her experiences working with appraisers and lenders, while addressing changes coming to the profession from a technological standpoint.

After 12 years in mortgage banking technology, Green was working for a firm that acquired an automated valuation (AVM) company in 2000 and she took the product management reins due to her data experience and position with the company.

"That really ignited my love for property valuation and since then, I have had a number of roles for both appraiser-facing software as well as AMCs and valuation analytics companies," Green told *Valuation Review*. "I became involved with MISMO in 2009 and took over as chair in January 2010 of the property and valuation services group. This has given me an opportunity to work very closely with the creation of data definitions for both the original UAD (uniform appraisal dataset) and the upcoming version."

As to the UAD, we wanted to know what changes Green sees coming for both appraisers and lenders.

The biggest changes, she said, are the additional amount of discrete information that will be included in the new Uniform Residential Appraisal Report (URAR) and the new organization of that information with the new reporting layout.

"This will mean a lot more specific responses from a prepared list presented in the appraisal software. But it is important to note that commentary is not only encouraged; with the new layout, the commentary will now be located with its respective topics/responses," Green said. "The new reporting requirements and the corresponding data file that accompanies the report are completely new and therefore the technology used to produce it and processes like automated review will have to be modified to work with the new deliverables."

Green also shared her thoughts as to how Fannie Mae and Freddie Mac responded to a directive made by their regulator, the Federal Housing Finance Agency, to update the Uniform Mortgage Data Program (UMDP) with the intent of standardization, additional data quality and alignment with current MISMO standards.

"Working with the MISMO organization to develop and adopt standards has been a GSE scorecard item on a fairly consistent basis for years," she told us. "UAD was implemented in 2011 on an older version of MISMO (Valuation Response Version 2.6 Errata 1) but all other UMDP specifications use the next generation of MISMO standards (Version 3.0 and above). The new UAD is defined from MISMO version 3.6." Green noted that the datasets underlying the report for both generations of UAD are machine-readable (XML) which is much more reliable than extracting data from PDF reports.

"The new UAD XML is more comprehensive as is the new URAR," she said. "It also contains details that would not appear on the new report. For example, if there are not environmental hazards on the subject property, there would be no section called 'environmental hazards;' however in the XML, there would be an indication of 'no' environmental hazards.

"The new report layout is designed for human consumption including consumers," Green added.

"Technology used for automated review for example, would need to be updated to be compatible with the new XML."

We also touched on what specific data elements from the new UAD software will be presented to appraisers. And how will appraisers use this information when they communicate their results in a report?

"The new URAR is conditional in its design," Green said. "There is a common, minimum set of information that will appear on all reports, regardless of property type, etc. Then there is some information that is required only when certain conditions exist, such as environmental hazards on the subject property."

Data availability for appraisers has always been an issue over the years. Regarding the arrival of the UAD to help standardize data, Green told us the new UAD does not provide any data to appraisers but could be leveraged in the future if the government-sponsored enterprises (GSEs) were able to make more detailed data available to the industry.

How important will narration in the appraisal report be in terms of clarifying the characteristics of the property and market and impact the final value opinion?

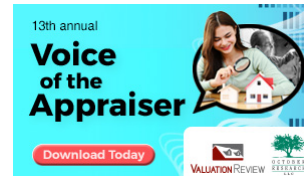
"The appraisal still must tell a story and the importance of commentary is always situational," Green said.

We also asked Green what she believes the goal of the GSEs are, and how will stakeholders in the residential valuation process reap rewards with UAD. What benefits will AMCs have?

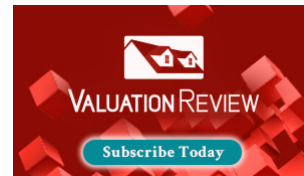
"A primary goal is to improve consistency and overall quality of appraisals," Green said, referencing the GSEs, "but, it should be noted that this also means more data can more accurately be aggregated and used in analytics.



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"I think that the new reporting requirements dramatically reduce ambiguity which will improve the cycle time and (hopefully) reduce the number of revisions needed," she added. "Faster, cleaner and better reports are a good thing for all stakeholders.

Finally, we asked Green how important will it be for appraisers to make sure their software vendors can accommodate non-lending work in their new platforms?

"If an appraiser is doing both lending and non-lending work, they will need to be sure their business is still well-supported by their choice in software," she said.



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