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Appraisal Subcommittee

Federal Financial Institutions Examination Council

ASC Roundtable Summary

November 5, 2018

The Appraisal Subcommittee (ASC) hosted its second annual Roundtable, *The Evolving Real Estate Valuation Landscape II*. The Roundtable took place on Monday, November 5, 2018, at the Office of the Comptroller of the Currency (OCC) in Washington, DC. Sixty-six participants and 43 organizations representing Federal and State agencies, as well as the private and non-profit sectors took part in the day-long event.

The discussion focused on the integration of financial technology within today's appraisal landscape. The purpose of the Roundtable was to provide a forum for dialogue between stakeholders with varying perspectives and priorities with the goal of developing a common approach to the integration of technology into the valuation process.

The Roundtable started with presentations by panel members representing the U.S. Department of the Treasury, American Bankers Association, Housing Policy Council and Montana Board of Real Estate Appraisers. Following the presentations, participants divided into 8 separate discussion tables to address the topic of technology integration in residential and commercial real property valuation. Particular focus was given to residential and commercial lending where technology is already having an impact. The afternoon session brought all attendees together to address the issues in a plenary setting.

In general, it was acknowledged that technology (*e.g.*, artificial intelligence and data) will continue to evolve the valuation landscape at an ever-increasing pace. Many participants suggested further discussions among Federal and State regulators, valuation providers, standards setters, the securitization market and other real estate valuation industry stakeholders on issues

around: (1) parity among the various constituencies; and (2) understanding the applicability, benefits and risks of technology tools, as well as the appropriate restrictions on their use.

The afternoon session, which brought all attendees together, provided a forum for representatives from each of the discussion tables to present a summary of topics addressed in the morning session by the break-out groups. Topics of discussion where there was general interest in further conversation included:

- Importance of integrating human element and technology
- Consideration of uniform standards for data and technology used in all types of valuations (*e.g.*, appraisals, evaluation, automated valuation models [AVMs])
- Advantage of access to more data by the appraisal profession
- Need for definitions/product descriptions for new products such as hybrid and bifurcated appraisals
- Support for review of existing statutes/regulations
- Value of regulators, lenders, the valuation profession, and vendors embracing innovation while understanding and containing underlying risk
- Concern over the speed at which non-regulated institutions may bring technology to the market versus regulated institutions, and the potential impact to the marketplace

Other topics of discussion included:

- Regulation of innovative technology products
- Use of automation in commercial property valuation
- Performing collateral valuation at the beginning of the loan manufacturing process rather than later in the process

- Degree to which AVMs and other automated tools should be used in lieu of traditional appraisals
- Whether it would be appropriate or necessary for and, if so, how and to what degree should appraisal professionals, lenders, regulators and others to have or be allowed access to the growing pools of data

ASC Roundtables provide a valuable forum to share information and facilitate discussion with industry thought leaders involved in real property valuation. In conformance with the ASC's 2019-23 Strategic Plan, the ASC intends to continue hosting events such as this to facilitate effective and efficient valuation services and regulation.

Comments are welcome and can be sent to jim@asc.gov.



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ASC Roundtable Participants

Washington, DC

November 5, 2018

American Bankers Association
American Society of Appraisers
American Society of Farm Managers & Rural Appraisers
Appraisal Foundation
Appraisal Institute
Appraiser Coalitions
Association of Appraiser Regulatory Officials
AV Metrics
Bank Fund Staff Federal Credit Union
Bank of America
Bureau of Consumer Financial Protection
Chase Bank
Clearbox
Conference of State Bank Supervisors
CoreLogic
Cushman Wakefield
Farm Credit Mid America
Federal Deposit Insurance Corporation
Federal Housing Finance Agency
Federal Reserve Board
Federal Trade Commission
First American Mortgage Solutions
Freddie Mac
Housing Policy Council
Independent Community Bankers Association
Internal Revenue Service
Montana Board of Real Estate Appraisers
Moody's
Mortgage Bankers Association
National Association of Realtors
Natixis Corporate and Investment Bank
Northwest Federal Credit Union
Office of the Comptroller of the Currency
Prosperity Home Mortgage, LLC
Real Estate Valuation Advocacy Association
ServiceLink
U.S. Department of Agriculture
U.S. Department of Housing and Urban Development
U.S. Department of Justice
U.S. Department of the Interior
U.S. Department of the Treasury
U.S. Department of Veterans Affairs
Wells Fargo Bank