

Data Stripping

Stripping appraisal data, the hidden problem brought about by...

Last evening I had a nice discussion with a person from a software company. He described how two versions of an appraisal could exist; my tech. friends call it "normalization."

Data from an appraisal **form** can be stripped out, via a half-dozen methods. I know that thought is scary, but welcome to the digital age. Once data is obtained, it's aggregated into, what I call, a "neutral" format. From this "neutral" format, data can be downloaded into another format including Excel, XML, HTML, or a dozen of other odd sounding Geek terms. According to the software people, data from a real estate appraisal is delivered to the software company or AMC. Their software normalizes the data and then sends it to their clients in the format, the client desires. Since not all clients have the same appraisal form software, the "normalized" data is sent and populates whatever appraisal form software they have on their local computers. Poof... appraisal data created on a form by one company appears in the form created by a different software company.

As appraisers know, simply changing fonts in a text field can change the length and cause the data to "spill" over into an addendum. Since constraining appraiser comments into a small comment field causes problems, data is automatically "spilled over" to a separate addendum page. If and client receiving the data has auto rounding turned on, then adjustments and values are rounded (altered).

So, the software person explained to me that it's not unusual for a review appraiser to have appraisal data on a different form and data to be in a different place. So the graphic that displays two different versions of the same appraisal appears to be accurate... and normal and not necessarily an indicator of fraud.

Based on my tech. knowledge, the explanation appears reasonable and not a conspiracy or evidence of fraud. I'll go along with that.

My worries are:

- Once data is taken from its original format/appraisal and sent downstream... that data also includes my signature. The same signature that authenticates the accuracy of the data. But I can no longer vouch for the accuracy of the data.

My suggestion: remove my signature once data is stripped or “normalized.” My name is OK but not my signature. This way the end user, the bank, will know the data has been touched, by someone/thing else and may not be perfect.

- While I've know the technology exists, apparently not everybody else does... your appraisals, even in PDF secure format, are being opened and stripped. It's not a grand conspiracy but software companies providing the services that their clients (the lenders) desire. The data is not secure so why are lenders asking appraisers to sign master documents affirming the data is correct and cannot be altered?

- What appraisal data is reaching the end user? Have my statements, warnings, explanations, safety issues and value been altered? Can the end user really trust the data and make billions of dollars in decisions on that data? (No!)

- Legal issue. Appraisal data can, is, and will continue to be, altered by someone downstream of the appraiser. Data can be accurate or misleading. However misleading data isn't a problem... unless: a) someone relies on it and; b) the misleading data alters a lending decision. In itself, misleading data isn't a major problem. Misleading data that alters a lending decision is a major problem and it's called **fraud**.

Hey appraisers, pay attention! Data is being altered!

The real issue:

Is the data altered sufficiently to mislead a lender? Yes, and I've seen several instance where it has. I just don't know how deep this problem reaches. That's beyond my pay grade. Lenders comparing their data to what the appraiser created is the only way to solve this problem.

My suggestions to the software people:

- Create a written explanation of this process and send it out to **everybody**... clients AND appraisers.
- Let **everybody** know that the data can, and is being altered. Stop hiding behind foolish statements that “our data isn't being altered” when we all know it is.
- Let **everybody** know what is really happening and maybe a certain level of trust could be established.

This is called transparency. Let appraisers and clients decide if they accept or reject the idea that data is being touched, stripped and, altered. Make everything open and help us understand the process and issues.

In other words, let a jury of your peers decide what is acceptable and what is not. Courts adjourned!

