



February 2, 2026

Nicholas D. Pilz
Chair, Appraisal Standards Board
The Appraisal Foundation
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 Appraisers' Coalition of Washington, thank you for your invitation to provide feedback regarding the proposed rulemaking regarding use of technology in an appraisal or appraisal review assignment. The Appraiser's Coalition of Washington (The Coalition) has reviewed the proposed rule and respectfully submits the following comments for your consideration.

Summary Statement

The Coalition understands that the adoption of automated technology and artificial intelligence resources is an integral part of modern appraisal practice. Due to the implementation of UAD 3.6 and the associated requirements to use digital technology in all aspects of the real estate appraisal valuation process, the Coalition overwhelmingly supports clarification of the responsibilities of the appraiser when using technology in completing an appraisal assignment.

1. Appraiser Responsibilities

Does the proposed guidance clearly articulate the appraiser's responsibilities when using advanced technology in appraisal assignments?

Response:

The Coalition agrees that AO-41 appropriately clarifies that the use of any form of technology is a tool within the process of valuation and that a tool cannot comply with USPAP. It is very clearly stated that appraisers remain responsible for credible assignment results and adherence to USPAP.

The concern is the lack of full explanation of the requirements for an appraiser to explain the internal mechanics of proprietary or highly complex tools as a condition of ethical reliance.

For example, if taken out of context, Lines 98-101 which read "Appraisers must also be competent to recognize when the design or training of advanced tools, such as generative AI, may reflect...biases "introduced by the developers"". This statement appears to indicate that under the COMPETENCY RULE appraisers are responsible for obtaining knowledge of the developer(s) intent to skew data based on political, racial, social or other preferences. Though there are further explanations in the next section, a simplification of this statement to clearly reflect the intent is for the appraiser to independently verify the data input and output is credible for the intended use, including thorough validation evidence, reasonableness checks,

sensitivity testing, comparison to independent sources, and appropriate ongoing monitoring. This distinction is critical for modern AI systems, including generative AI, where full transparency may be difficult or impossible even for developers.

The Coalition supports the intent to ensure appraisers consider assumptions, limitations, and bias risk in advanced tools. However, the current wording could be interpreted to require appraisers to understand internal design and training attributes that may be inaccessible or unknowable, particularly with proprietary systems and modern generative AI. We recommend revising the language to focus on competency to evaluate tool outputs through credible validation, documentation, and verification steps, rather than requiring internal explainability.

2. Risk

Are there specific risks that you believe require additional clarification within the proposed guidance?

Response:

The draft clearly covers the record keeping responsibilities including transparency and confidentiality. However, there is a potential risk of creating a misleading report if the raw output from the technology used is added to the appraisal addendum. Though the appraisal clearly states the output was not a part of the assignment results, having data that contradicts the conclusions in the report can be misleading. Further, blanket inclusion of third-party information within a report could result in the inclusion of biased or subjective words and phrases that do not meet with the ETHICS RULE.

AO-41 identifies key risk areas correctly; The Coalition would like to propose more specific guidance in two risk categories.

- Definitions

Definitions and taxonomy, especially professional shorthand such as “AVM”

A recurring problem in valuation discussions is inconsistent use of the term “AVM,” which creates public confusion and a reduction in public trust. The Coalition would ask the ASB to consider AO-41 to include a short definitions section that provides specific meaning to many of these common terms:

“Automated valuation model (AVM)” as used in this context

“Mass Appraisal Model/CAMA system” and how it differs from AVMs

“Generative AI” and how it differs from analytical modeling tools

The draft proposes the removal of AO-18 and AO-37. The removal of the definitions included in these sections requires additional definitional clarity within AO-41.

- Confidentiality and data security in third-party systems

The draft mentions safeguards for confidential information but could better distinguish between: Local tools under the appraiser’s control, and third-party, cloud-based systems where inputs may be stored, reused, or exposed beyond the assignment.

AO-41 should explicitly warn that entering confidential or sensitive assignment information into third-party systems can create confidentiality and recordkeeping issues unless the appraiser has a reasonable basis to conclude that the system’s data handling is consistent with USPAP obligations and any assignment conditions. This is especially relevant for emerging generative AI platforms that may retain prompts, inputs, or outputs.

3. Public trust

Does the proposed guidance appropriately maintain USPAP requirements and public trust while addressing the use of this technology?

Response: The Coalition supports the draft's approach to disclosure as a method of maintaining public trust. AO-41 appropriately focuses on transparency when the use of a tool could affect an intended user's understanding of the assignment results, while avoiding the implication that every routine workflow aid requires separate disclosure.

4. Additional issues

Are there additional issues the ASB should consider when using emerging technologies?

Though the AO-41 draft is comprehensive, the Coalition has a few recommendations of additional items for the ASB to consider.

Response: AO-41 should avoid overly prescriptive work file requirements tied to the mechanics of technologies. Instead, we recommend a scalable principle such as, the work file must contain sufficient information for the appraiser to provide full documentation of the results, a pathway to recreate the results, and provide an explanation of the extent of reliance on tool output. This would include the steps taken by the appraiser to evaluate credibility for the intended use. The level of disclosure, documentation and explanation would increase as reliance on the output of the tool within the appraisal increases and as transparency decreases.

Question 7 discusses the use of AI for formatting and grammar. This is a viable and customary use that has been and accepted as part of the appraisal practice. The newer technologies, however, rely on AI systems to summarize large amounts of data and text into concise language. The risk of overreliance on automation in this form without a full review of the data and results by the appraiser can result in a misleading report.

An issue specific to mortgage valuation is the responsibility of the review appraiser to respond to the output of an automated model review of the appraisal. IE: Fannie Mae and Freddie Mac require lenders to address "risk flags" as determined by their valuation models. The appraisal reviewer and originating appraiser have no way to gain the required competency on the data aggregation, calculation and mechanics of these automated real estate appraisal grading tools. How can an appraiser/review appraiser verify the output of these models or verify the accuracy of the score applied by these technologies when the data used is not available as a public resource?

The Coalition supports the draft's treatment of client restrictions and required tools.

AO-41 correctly recognizes that appraisal assignment conditions cannot limit the scope of work to the extent that assignment results are no longer credible. The Coalition recommends the ASB clarify that the practical compliance question is whether the appraiser's use of a data source or tool affects confidentiality, independence, or credibility of the conclusion. In modern valuation, an appraiser is rarely able to complete an assignment without some type of technological tool. Therefore, if a client restricts the use of Artificial Intelligence tools, it could negatively impact on the assignment results, the appraiser must decline the assignment or negotiate the scope of work with the client.

Our final thoughts:

The new UAD 3.6 created by Fannie/Freddie for mortgage transactions requires increased reliance on digital technologies, automated data aggregation and reporting. Appraisers are at a crossroads of developing proficiency in the use of digital technology throughout the valuation process including gathering data in the field, AI tools within public data sources to summarize data, as well as the mandatory report writing requirements for mortgage lending valuation assignments.

In addition to clarity on the disclosure of the use of technology tools such as Artificial Intelligence, there is also a need for additional education on how an appraiser can gain the competency in the required analysis necessary to vet the output of automated tools. Specifically, with the speed at which technology changes, how can an appraiser ever truly claim competency?

The coalition appreciates the opportunity to provide thesis written comments and looks forward to working with the AQB to ensure that future generations of appraisers are equipped to uphold the public trust. If you have any questions, please contact me at president@acow-wa.org.

Regards,



Kathy Walsh
2026 President
Appraiser's Coalition of Washington