

Reissuing or assigning an appraisal report

Who is my client? What are my obligations to my client? When do those obligations end? Can my client have me reassign the report to others? Can I appraise the same property for a different client? What if the lender hires me but the homeowner pays my fee at the door? These are some of the many questions we receive regarding the appraiser-client relationship.

Question 1. I recently performed an appraisal on a subject property for a lender, and now a mortgage broker has contacted me to ask me if I can transfer the report to him. He wants to have a different lender's name placed in the client line. He says he has the permission of the first lender for me to do this. Is this okay under USPAP?

Answer—No. Once a report has been prepared for a named client, the appraiser cannot readdress or transfer the report to another party. Simply changing the client name on the report cannot change or replace the original appraiser-client relationship that was established with the first client. See Advisory Opinion 26 for more information.

Question 2. I know that I cannot transfer a report from one client to another, but I get calls all the time asking me to do this. Is there any way I can accept the assignment and comply with USPAP?

Answer—Yes. The appraiser can consider the request a new assignment and establish a new appraiser-client relationship with the second client. See Advisory Opinion 27 for more information.

Question 3. I recently performed an appraisal on a subject property and a new lender contacted me to request a separate but complete appraisal on the same property. Can I do this new assignment?

Answer—Yes. As long as the appraiser does not use any confidential information given to him or her by the first client, the appraiser can accept an assignment to appraise the same property for a different client. See Advisory Opinion 27 for more information.

Question 4. The lender hired me to do an appraisal, and told me to collect at the door. The homeowners paid my fee, and now they want a copy of the report. What can I do?

Answer—USPAP defines the client as “the party or parties who **engage** an appraiser (by employment or by contract) in a specific assignment.” The determining factor is not who pays for the appraisal or how it is paid, but who contacted the appraiser in the first place and placed the appraisal order. For a federally-related transaction, federal law requires the lender to be the one to engage the appraiser's services. In many, if not most cases, the homeowner pays for the appraisal either directly to the appraiser or indirectly through the lender, thus payment for services is not the determining factor. In the above scenario, it is the lender who is the client, not the homeowner, and the appraiser cannot give a copy of the report to the homeowner without the lender's consent. You should inform the homeowner of this when you collect the fee so there is no confusion.

Lenders are required by federal law (the Equal Credit Opportunity Act) to furnish a copy of the appraisal to the borrower if the borrower requests a copy in writing. This applies to both consumer and business loans for which real estate will be collateral. If the homeowner wants a copy of the appraisal, they can be told to contact the lender directly or the appraiser can ask the client for permission to send a copy.

Question 5. A mortgage broker hires me to appraise a property. The broker

asks that his name not be used as the client, but that I instead identify the client as a local lender on the written appraisal report. The mortgage broker's name or relationship to the parties is not to be mentioned in the report. Can I do this?

Answer—Once an appraiser places a client name on the appraisal report, that person or company is the client, resulting in an appraiser-client relationship. If a mortgage broker wants an appraiser to perform an appraisal on a property that will then be offered to several lenders, the appraiser should not submit an appraisal report naming anyone other than the broker as the client. The appraiser could state that intended users include lending institutions, without naming any one lender. If the appraiser does state a client name in the appraisal report, the appraiser cannot simply change the name of the client and submit the appraisal to a new lender (See Question 1 this page).

Question 6. What if it is the homeowner who engages my services and wants me to put a lender's name on the report as the client?

Answer—First of all, before the appraiser accepts the assignment, the appraiser must disclose to the homeowner that a lender or its agent is required to directly engage the services of an appraiser in a federally-related transaction. The appraiser should make it clear to the homeowner that a lender may not accept the report even if he states on the report that the lender is the client. Also, the homeowner should be informed that once the appraiser states in the report the name of the client, the appraiser cannot change the name of the client on the report.

For more information on these and other questions, see Advisory Opinions 26 and 27. □