

At the 2019 Annual meeting, NAR's Board of Directors passed a new policy related to bifurcated/hybrid appraisals. As stated in NAR's "Responsible Valuation Policy," REALTORS® support independent valuations of real property performed by state-credentialed appraisers. Using a professional appraiser for the entire valuation process remains the best practice, however, technological advances and market demands have led to the use of hybrid valuations in certain circumstances. A bifurcated/hybrid valuation process is performed by a state credentialed appraiser who may or may not have physically viewed the property. With this process, the appraiser is required to rely on property data which is obtained by a third-party individual who has performed the exterior and interior observations. Credible valuations of real property are critical to the health of the overall real estate industry; therefore, the practice of bifurcated/hybrid appraisals must be regulated. The full policy is below, with definitions following.

**That NAR support regulations for bifurcated/hybrid valuations under these guidelines (including the definitions in Exhibit A):**

- Selection of a third-party property data collector should be based on criteria and due diligence that will assure proper training, liability coverage, and access to necessary data. The individual must be able to provide unbiased information, and there should be enforcement to ensure proper performance.
- There must be transparent disclosure to consumers regarding the bifurcated/hybrid valuation process.
- Accurate data obtained through uniform collection methods must be provided to the appraiser to perform a credible appraisal. The appraiser should be able to communicate with the property data collector as necessary. The appraiser(s) must have geographic competency to complete the assignment.
- Uniform Standards of Professional Appraisal Practice (USPAP) requires the appraiser to determine the scope of work necessary for each appraisal. The appraiser must be allowed to provide supplemental information in the report to address aspects of the assignment necessary to comply with USPAP. All data provided to the appraiser, including the report, must be available for retention in the appraiser's workfile.

**Bifurcated/Hybrid Valuation Policy Definitions**

*The term bifurcation means being broken into two parts. For purposes of the policy statement it means that the site visit and data collection are completed by one person, whereas the appraisal is developed and the assignment results are completed by a different party (Appraiser). There are instances where the bifurcated term may be used synonymous for hybrid and bifurcated assignments, however they are two different valuation products - NOTE: the differences are the method of the data collection.*

- Bifurcated appraisal - A bifurcated appraisal traditionally utilizes a state credentialed appraiser to view the property and provide the data to another state-credentialed appraiser to complete the assignment.
- Hybrid appraisal - A hybrid appraisal utilizes a third party to collect data for the subject property. The third party is not a state-credentialed appraiser. This data is provided to a state-credentialed appraiser to complete the development, analysis and reporting of the assignment.

- Property Data Collector – third-party individual who is hired to collect data on the subject property, including exterior and interior information. This data is transferred to the appraiser to perform a hybrid valuation. NOTE: In a hybrid valuation, this “data collector” is not an appraiser and typically has no appraisal training.
- State Credentialed Appraiser – a trainee, licensed or certified (including Certified Residential and Certified General Appraisers) appraiser.
- Geographic competency – to have local market expertise and regularly completes assignments in that area.