

OPINION OF VALUE

NAA's Mission **PROVIDE:** Offer services designed to benefit our membership.

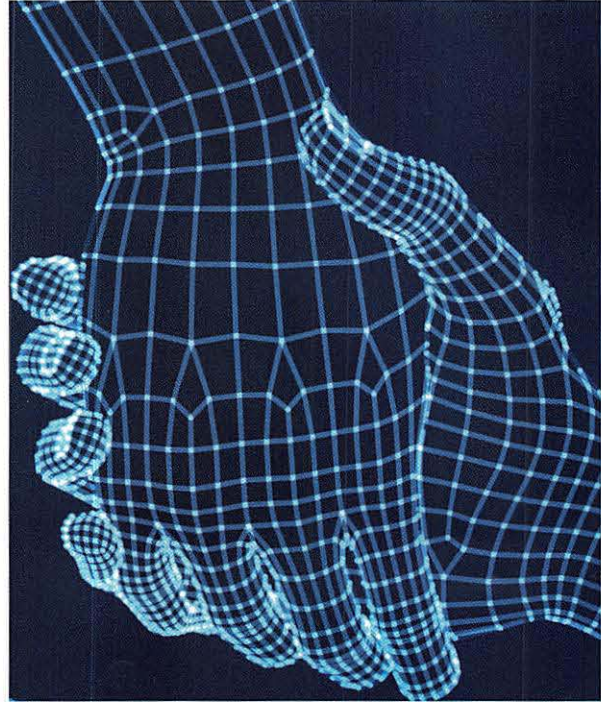
Martin Wagar, MNAA, ASA, RAA



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The Intersection of AI and Human Discretion

The advent of new technology calls for a compromise between old methods and new



WE ARE HEARING A LOT LATELY THAT IN THE WORLD OF BIG DATA, the appraiser and the appraisal process should not involve exercising human thought processes such as discretion, analysis, judgments, etc. The focus, some say, should lie solely on the data.

If this were true – and a workable solution – there would be kiosks for buyers and sellers to tell them what they should and shouldn't like and, to the penny, what they should pay for the homes they are buying (and mortgaging).

Those who work in the real estate profession know that's not how it works. Buyers and sellers are driven by emotions tempered by reality. Thoughts involving discretion always enter the buying and selling process. As with any other profession – airline pilots, plumbers, profes-

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sors, electricians, judges – **discretion and subjective analysis are a necessary part of the job. They are judgments made based on facts and rooted in reality. Professionals are relied upon to make these judgments based on their training.** If not exercised, the public is harmed.

Therefore, I believe it is a necessary part of the appraiser's job to employ such processes of thought, using their discretion and considering the facts and the research. This helps create an informed, professional, judgments, which is needed for the completion of a credible appraisal report.

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It appears we have the appraisal profession's largest client suggesting another way to do our job and – like in any business – appraisers should listen and adapt while remaining compliant with USPAP. Appraisers should continue to utilize the human factors necessary to do the job of estimating market value, while making use of all the AI tools at our disposal.

As an appraiser, I remain hopeful that the future holds a thoughtful compromise. ■