Office of the Director   January 19, 2021
Federal Housing Finance Agency Office
400 7th Street, S.W.,
9th Floor
Washington, D.C. 20219

RE: Appraisals (RFI)

Dear Director:

Truepic appreciates the opportunity to provide input on the Federal Housing Finance Agency's (FHFA) approach and modernization of the appraisal process. The industry quickly adapted to the necessity of social distancing due to COVID-19, but now is the time to assess what operational efficiencies were identified and can be made permanent and to scale. We applaud this effort and would like to highlight the great utility of authenticated digital imagery - also known as Provenance or Controlled Capture media - in this letter.

We believe that innovating and streamlining the appraisal process through authenticated digital inspections is one of the most effective and exciting breakthroughs in the industry. Leveraging this groundbreaking technology will accelerate operational efficiency while simultaneously rooting out fraud and driving down costs. This claim is not conjecture, but has been proven over the past year in tens of thousands of authenticated digital inspections of homes, properties in all fifty states.

The Technology

Authenticated digital imagery is a blossoming industry. Though Truepic is one of the leaders in this space, it is quickly being adopted and pursued by many other technology companies. The technology authenticates smartphone images (and videos) at the point of capture - literally when a user captures the media - ensuring that the date, time, location, and pixels are original and not altered or falsified.   This technology is currently deployed as a software but will also soon be hard-wired into Smartphones, giving access to any mobile phone owner. This technology has been recognized as one of TIME's Best Inventions for 2020.

Revolutionizing Appraisals and Inspections

Truepic leverages this technology to digitize a human audit with the same level of trust and transparency as an in-person appraisal or inspection. The platform built around the authentication technology is a seamless system allowing any lender, inspection company, appraiser (or any organization) to trigger remote virtual inspections directly to the homeowner's smartphone. The homeowner can follow a guided walkthrough, capture authenticated images, and communicate with the lender or GSE. All images, location/time information and results of 20+ fraud prevention tests are served back to the lender in real time. This process has multiple order benefits compounding the utility and translating into a seachange

in the appraisal or any inspection process. To date authenticated provenance image technology has been used in tens of thousands of inspections across all fifty states and over thirty countries. Lenders, appraisers, and mortgage brokers specifically use this technology to:

- **Accelerate loan execution:** The speed of an authenticated inspection or appraisal is far greater than traditional methods. Images captured throughout an authenticated appraisal or inspection are available in real-time for lenders. Meanwhile traditional in-person inspections can take weeks to schedule and execute.

- **Reduce Costs, Risk, and Friction:** The inspections platform empowers the other party in the transaction to self-report and functionally replace the need to send a third party inspector or appraiser. This saves costs for the GSE and especially during COVID-19 is exceptionally safer by limiting human interaction. Furthermore, it reduces friction for the borrower or other party in transaction as they can self-document on their timetable rather than wait for a stranger to arrive and enter their home.

- **Fraud Reduction:** Self-reporting can become a source of fraud, but the built-in image authentication technology features 20+ cryptographic, AI, and fraud prevention tests to ensure that the media captured is not and can not be altered in any way. As a result, GSEs and lenders are served verified and authenticated media akin or better than using a third-party human inspector or appraiser. Any image fraud or deception would be identified to the GSE in real-time.

FHFA Innovation

We strongly encourage the FHFA to examine and seriously consider how to embed provenance-based inspections/appraisals to innovate its GSE processes. This technology has the potential to save GSEs millions in operating expenses, reduce fraud, and also accelerate the velocity at which loans can be deployed. This technology has become the most promising alternative to in-person verification and to restoring trust in images and videos online. We believe that provenance technology will be the necessary future of trust for digital commerce and online transactions. It behooves FHFA to begin investing in this immediately to work with vendors and industry bodies to build specific appraisal and inspection tools to reduce cost, risk, root out fraud and accelerate lending.

Sincerely,

Craig Stack
Founder and President
Truepic Inc