

October 2016

# VOICE OF THE APPRAISER

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*Valuation Review* is a production of October Research, LLC specializing in business news and information for the valuation industry and real estate appraisal professionals, and is published 24 times a year.

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# A LETTER FROM OUR SPONSOR

To Our Appraiser Colleagues & Valued Clients,

The Landy Insurance Agency is pleased to sponsor the 2016 *Voice of the Appraiser* survey by October Research, LLC, as we have since 2011. This information, provided by appraisers from all over the country, provides valuable insights into the ever changing dynamics of the appraisal profession. The Landy Agency has, and will continue to, support the appraisal profession through our affiliations with appraisal organizations throughout the country, contributions to professional journals and websites, participation in workshops and conferences, risk management services and most importantly, our exceptional Errors and Omissions insurance program. Our goal remains to help appraisers reduce the risk of being an appraiser and provide prompt, professional assistance when you need us the most.

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We are sure that you will find the information provided in the 2016 *Voice of the Appraiser* report valuable as you negotiate the continued changes taking place in your profession. When it comes time to evaluate your professional insurance needs, we look forward to the opportunity to serve you. It is our privilege to assist thousands of appraisers who trust us for their Errors and Omissions insurance. For additional information or to obtain coverage for individual appraisers, appraisal firms or other real estate professionals, please call us at 800-336-5422 or [johnh@landy.com](mailto:johnh@landy.com) or visit us on the web at [www.landy.com](http://www.landy.com).

Thank you for your interest in the Herbert H. Landy Insurance Agency and the 2016 *Voice of the Appraiser* report. We look forward to hearing from you!

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Vice President  
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# Appraisers make their voice heard in sixth annual survey

By Mike Holzheimer - Editor, *Valuation Review*

The face of the appraisal industry has continued to change in many facets over the past six years which was clearly demonstrated by way of the data and opinions reflected in *Valuation Review's* 2016 "Voice of the Appraiser" survey.

AMC regulations continue to be a hot topic for appraisers regarding the ability to turn in compliant reports, while discussions surrounding customary and reasonable fees, and fees in general, remain in the conversation. The idea of changing the educational requirements necessary for entrance into the appraisal profession is another item appraisers continue to address with various organizations.

As always, technology continues to be near the top of the list in terms of what is currently available to the appraiser in making their jobs easier. The question still remains of whether the appraiser will take advantage of such opportunities and adapt to technological changes.

We remained consistent in terms of the number of survey respondents compared with last year. Appraisers continue to be proactive in voicing their thoughts about the profession they have dedicated their lives to. Yes, the industry is aging and the perception continues to be that the number of appraisers is shrinking. Still, our audience weighs in on factors as to why the profession's numbers may be dwindling, while suggesting ways the profession

## Making a living

We continue to see that an appraiser's typical fee and the grade (rating) they would place upon that fee changed very little over the years and continues to be a challenge in 2016.

We again asked our audience what the typical fees are for the appraiser. In our first survey conducted in 2011, 45.7 percent of the fees fell into the category of \$300-\$400, with more than half (53.3 percent) of the respondents feeling the fees collected were low. In 2015, the typical fee per assignment increased to \$400-\$500 (57.1 percent) but still was considered to be in the low range. That same \$400-\$500 fee was the second response from respondents in this year's survey at 32.3 percent.

In our first survey, just a little over 17 percent of appraisers were being paid between \$400 and \$500 an appraisal. However, appraisers earning more than \$500 an assignment climbed to 20.5 percent in 2016 compared with

can grow and prosper.

The goal of this special report/survey is to provide the format for our audience to speak their mind about the overall condition of the appraisal profession. How does it shape up today through the eyes of the appraiser, and what will the future hold for the industry as the winds of change continue to swirl about the valuation profession? This report has examined these topics and others affecting appraisers since the survey began. We will explore some of the individual changes that have taken place over the past year, including the decisions appraisers are making with regards to adding commercial appraisal assignments to their resumes.

The report looks at the biggest risks and concerns surrounding the appraisal profession and also examines selected issues and concerns as seen through the eyes of the lender, to compare and contrast those views with that of the appraiser.

We appreciate everyone's participation in this year's survey recognizing that this report cannot be produced without your time, effort, interest and cooperation. We extend our thanks to everyone who participated in our survey and we're proud to reveal the lessons and insights from our sixth annual Voice of the Appraiser survey.

6.1 percent in 2011 and 14.9 percent in 2015.

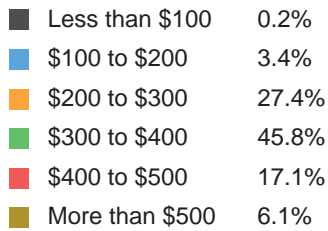
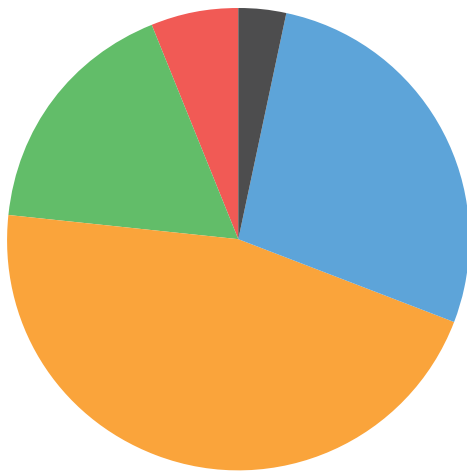
Overall, the number of full appraisal assignments completed each month this year shows 73 percent of appraisers completing 10 or more. In 2015, the numbers were similar with appraisers saying they were completing (71.5 percent) more than 10 full appraisal assignments per month.

The average turnaround time for a full appraisal report of a residential appraisal assignment was consistently faster through 2015. The numbers from this year's survey, though, indicates that such a trend may have halted.

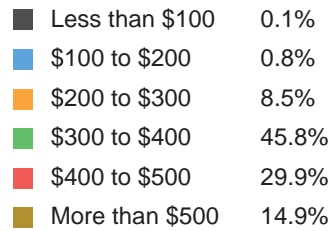
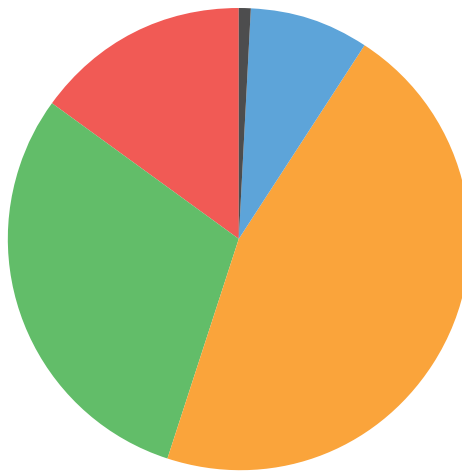
In our first survey in 2011, 51.3 percent of the appraisers polled said it took four or more days for turn time for a full residential appraisal report. The number was similar last year with 58.9 percent of appraisers saying it took four or more days, while this year, 64 percent of the appraisers

## What is your typical appraisal fee?

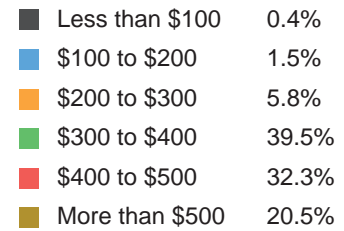
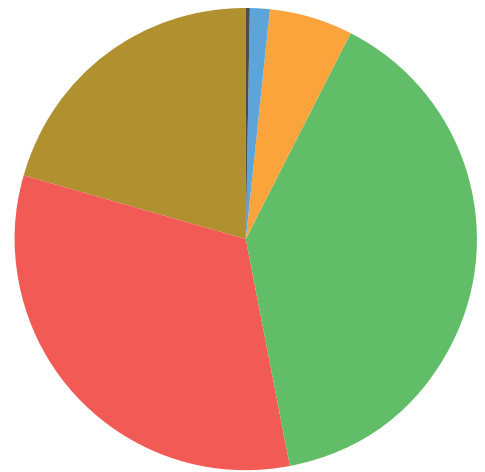
2011



2015

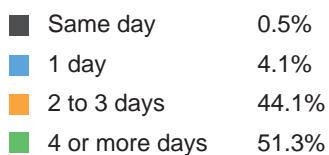
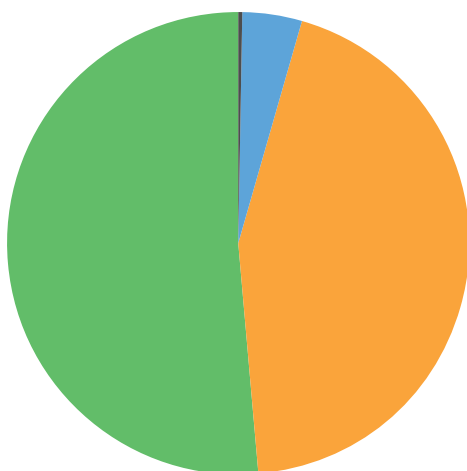


2016

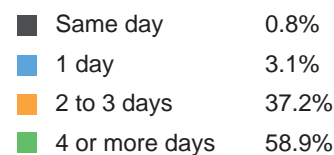
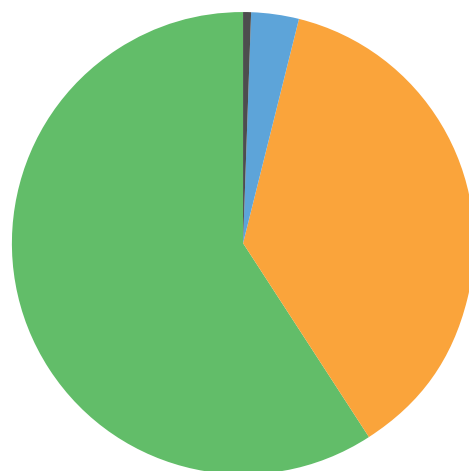


## What is the average turnaround time for a full appraisal report of a residential appraisal assignment?

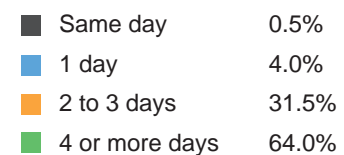
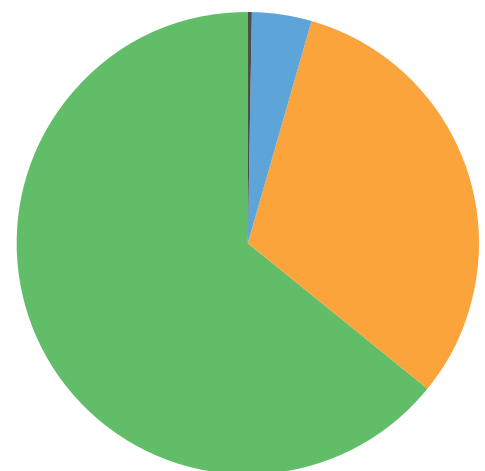
2011



2015



2016



said it took four or more days to complete.

Regarding appraisers saying it took two to three days for turn times on completed reports, this year found 31.5 percent answering that, with last year's number slightly higher at 37.2 percent.

"Today's market value appraisal environment requires much more extensive analysis, confirmation and reporting," one respondent said. "Many reports take days and weeks at times due to an appraiser's personal volume requirement just to pay the bills."

"It takes much longer as far as turn time as many appraisers are getting out of the business," one respondent said, while another stated, "I think a lot of it has to do with appraiser independence. Everyone is now scared to call an appraiser and say 'where's my appraisal?' They're even afraid to ask appraisers how soon will the assignment be completed."

So the number of appraisals conducted each month has remained high the past six years, while the turnaround time of four days or more continues to be a standard.

Appraisers continually are being asked to produce a high volume of assignments but simply cannot complete them at the rate required by state and federal regulators. The idea of quantity over quality does not sit well with most of the appraisers surveyed in 2016.

Fees for appraisers may be rising the past six years, but many still feel as though progress isn't being made. The implementation of customary and reasonable fees has played a major role in these feelings by appraisers.

With regards to the fees changing since the customary and reasonable debate's arrival, 39.7 percent of the respondents said there was an increase for 2016. That's a change from what respondents told us last year, when 28.3 percent said fees increased.

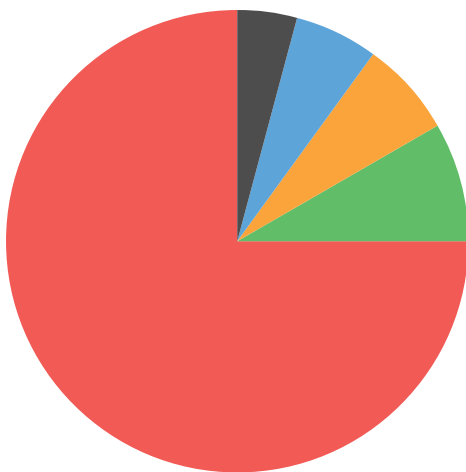
"Appraisal fees have gone up through AMCs because they are having to increase what they pay to the actual appraiser to get more appraisers on board," one respondent said, while another said "fees have increased by over 50 percent" regarding "customary and reasonable."

This year also reflected the lowest percentage (18.9 percent) for appraiser fees being rated as above average compared with the 37.1 percent in 2015 and 41.6 percent in 2014.

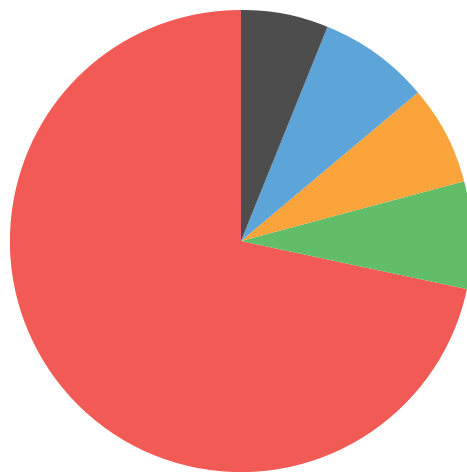
Those numbers still show a consistency regarding a low rating for appraiser fees and may be the reason why there is also a consistency towards appraisers demonstrating the unwillingness to take on the added responsibility of acting as a trainer or mentor for hopeful appraisers.

## What is the typical number of full appraisal assignments you complete each month?

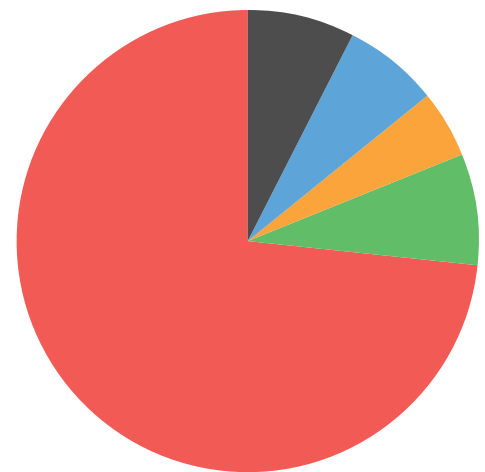
2012



2015



2016



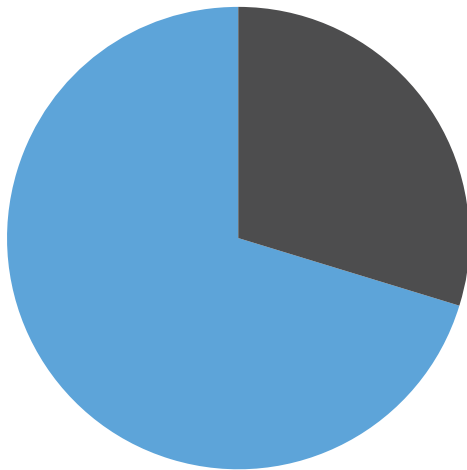
■ 1-3	4.3%
■ 4-5	5.8%
■ 5-7	6.8%
■ 8-9	8.1%
■ 10+	75%

■ 1-3	6.3%
■ 4-5	7.6%
■ 5-7	7.2%
■ 8-9	7.4%
■ 10+	71.5%

■ 1-3	7.6%
■ 4-5	6.7%
■ 5-7	4.8%
■ 8-9	7.8%
■ 10+	73.1%

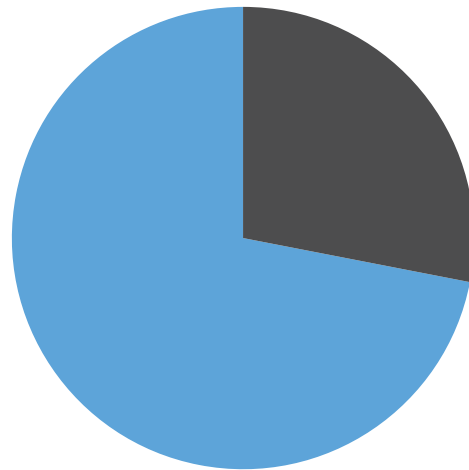
## Have you seen an increase in your appraisal fees since “customary and reasonable”?

2012



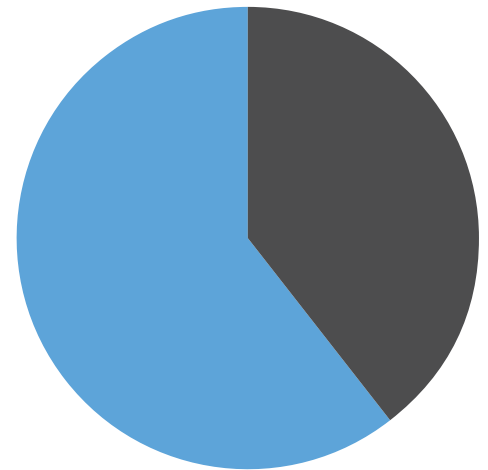
■ Yes 29.9%  
■ No 70.1%

2015



■ Yes 28.3%  
■ No 71.7%

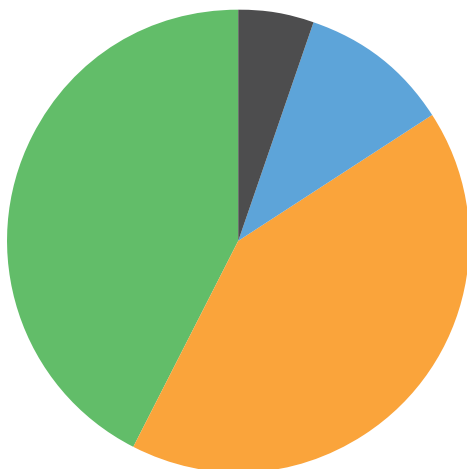
2016



■ Yes 39.7%  
■ No 60.3%

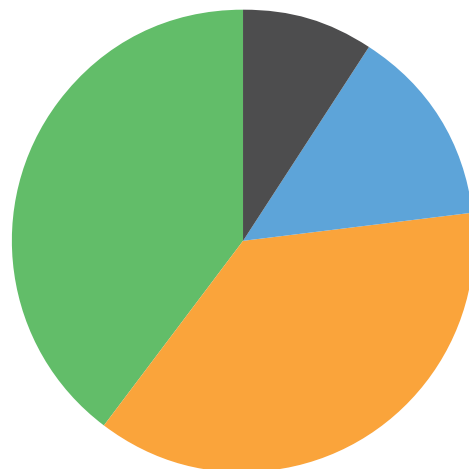
## As an appraiser, how would you rate the typical appraisal fee you are paid?

2014



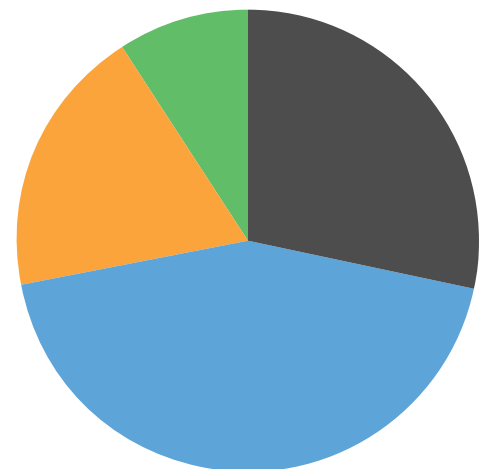
■ Low 5.5%  
■ Average 10.6%  
■ Above average 41.5%  
■ Customary and Reasonable 42.4%

2015



■ Low 9.4%  
■ Average 13.9%  
■ Above average 37.1%  
■ Customary and Reasonable 39.6%

2016



■ Low 28.6%  
■ Average 43.6%  
■ Above average 18.9%  
■ Customary and Reasonable 8.9%

# Business Practices

Appraisers, always looking to improve the financial situation surrounding their chosen profession, continue to seek ways to expand their businesses, broaden their horizons and add more valuation skills to their appraisal tool box. The normal regulations that seem to continue tying the hands of residential appraisers continues to be a reason for such desired expansions but more appraisers are seemingly trying to get out of that professional rut by traveling down some different roads.

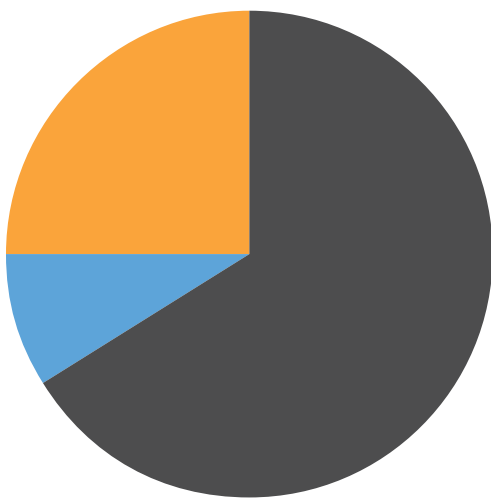
With many appraisers making a move toward commercial evaluations, this year's survey again asked the question of what type of assignments are you most occupied with – residential, commercial or both. This year 66.2 percent of the respondents said they are doing residential work, while just 8.9 percent said they solely commercial work. Nearly a quarter said they are working in both arenas of appraising.

In 2015, residential appraising was dominant as well with 65.2 percent of respondents leaning that way, just 11.2 percent of the respondents saying they were doing commercial, and just 23.5 percent doing both.

That marks the fourth consecutive year our survey has shown growth on the commercial side. In 2013, 18.5 percent of respondents said they were doing entirely

## Residential or commercial? Or both?

2016



■ Residential	66.2%
■ Commercial	8.9%
■ Both	24.9%

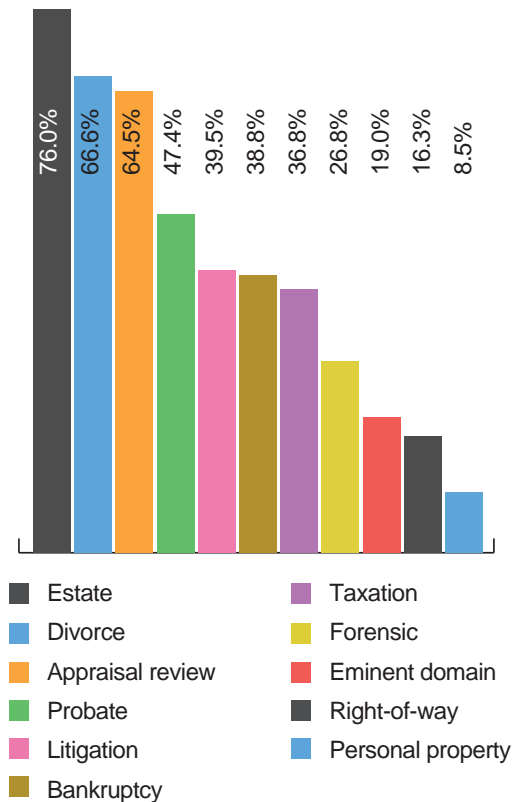
commercial work, or commercial and residential. That grew to 22.7 percent in 2014, to 35.7 percent in 2015. Although it dipped slightly to 33.7 percent this year, it remains nearly twice what it was when we first asked the question.

“I completed commercial appraisals for the first 20 years of my career but got tired of fighting for a reasonable fee,” one respondent said, while another stated “the quantity between residential and commercial appraising is roughly a 50-50 split but the revenue is 65-70 percent commercial versus 35 percent for residential.”

Several respondents indicated that they were involved commercially regarding agriculture, non-federal related transactions, apartments, eminent domain, litigation and divorce. One respondent indicated, “over 90 percent of the work is commercial but periodically appraises portfolios of homes or custom estate/historical type homes if the client will pay the fee.”

Another appraiser, leaning towards the legal angle that commercial appraising can offer, said the practice is restricted to expert witness testimony. One respondent, semi-retired, said, “my work is mostly with non-bank residential and compliance review.”

## What other types of work assignments do you routinely accept?





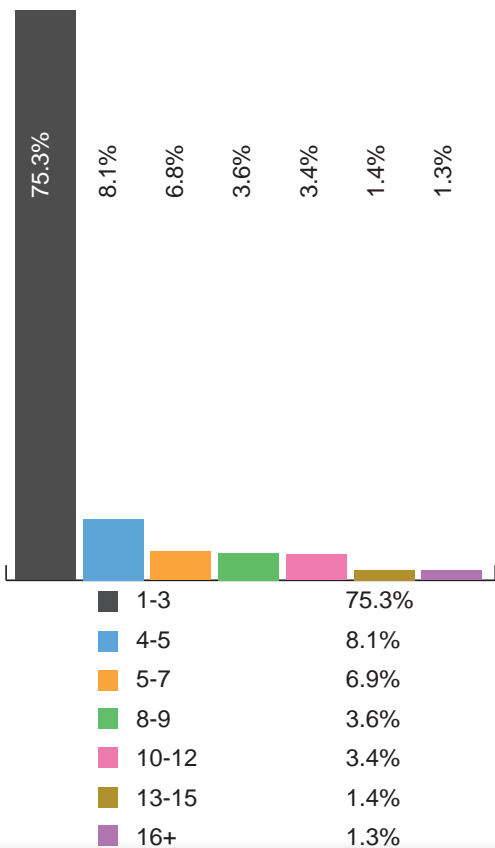
Another comment reflected the idea that one appraiser, working in residential appraising 85 percent or more of the time, continues to look for commercial hours but has found very few opportunities.

The numbers do reflect that appraisers are attempting to branch out and challenge their valuation skills but the numbers also seem to indicate that such steps taken would fall into the “small” or “baby” step category. This year, 75.3 percent of respondents said they will do and complete 1 to 3 additional valuation assignments such as BPOs, CRVs, STATS, or RER in a month. In 2015, similar numbers were revealed as far as 1 to 3 additional completed assignments per month with a showing of 76.5 percent.

In addition to full appraisal assignments, appraisers are tackling other areas within the profession. As in 2015, estate work remained the most popular choice with 76 percent saying they do that type of work. Last year, estate work came in a bit higher at 80.4 percent. Divorce was second-highest amongst our respondents with a 66.6 percent showing this year compared with 2015's divorce work percentage at 70.7. Appraisal reviews came in at 64.5 percent, similar to last year's number.

Other types of work appraisers said they were doing in 2016 included probate, forensic, litigation, right-of-way, eminent domain and taxation.

### How many other assignments do you typically complete each month?



“I do mostly mortgage, insurance and REO work,” one appraiser said, while another responded “I do not perform property valuations, though, I occasionally show individuals how to proceed to appeal the full cash values of their homes and businesses.”

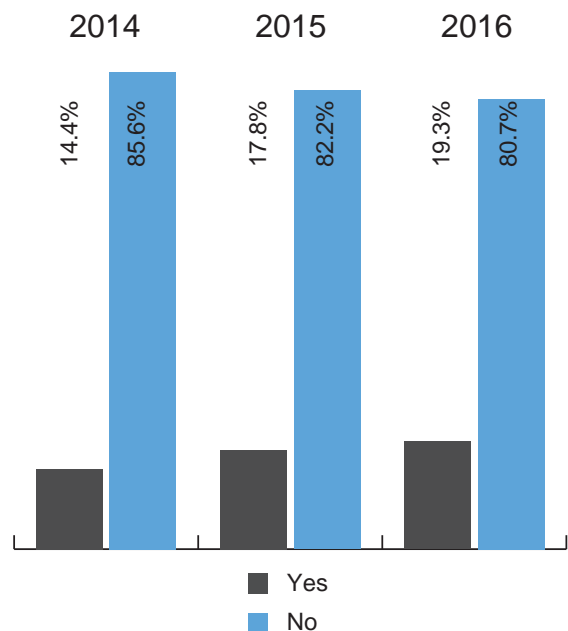
Many others said they engage in standard appraisals for lending, equity funds, pension fund review, fair value and fair market value with others dealing with conservation easements and AVMs.

This year, 80.7 percent of those appraisers polled said they are not working with or training appraisers.

“The next generation of appraisers is a direct conflict to true market value and evaluation,” one respondent said. “Those entering the industry are typically being trained by family members that have been requiring them to produce data and products that are identical to what the trainer has been producing for decades. Trainers are not promoting or training independent evaluations and thought processes. With this mindset, there is no independent opinion of value.”

Another said “it takes too much time to train which would reduce my income below a living wage. In a few years when I can partially retire, I might take on trainees. They would likely be relatives or RE agents.”

### Are you working with or training a future appraiser?



Some suggest they cannot train the next generation of appraisers because they are state licensed, and the requirement to train is having a certified license.

"I don't have a bachelor's degree to be able to get certified even though I've been appraising for 17 years and own my own appraisal practice," one respondent said.

There were quite a few of the appraisers surveyed who indicated that they would prefer to shy away from training new individuals because the liability is too high, while one stated "no way will I train future appraisers for the AMCs to hire away."

In last year's survey, appraisers said they get the word out regarding obtaining assignments beyond working with lenders or reaching new lenders and AMCs by way of "word of mouth." In 2015, 80 percent of appraisers prefer this method, and that was up slightly this year, while utilizing the Internet to market themselves was the preferred second choice this year at 44.3 percent.

A few of the appraisers surveyed took to more personal, hands-on methods to market their services by attending weekly broker meetings, passing out business cards at every assignment to bolster return business and using the print media as a market tool including advertising in the phone book. Others involve repeat clients, saying that is the best way to market. Repeat clients can spread the word about an

## State of the Industry

One respondent emphasized his positive outlook on the profession by saying, "I am well-established."

The appraisal business is seemingly no different than most other professional organizations. Patience is not a characteristic high atop the list when it comes to the completion of assignments. The question of "when can I expect the job to be done" has been replaced by "how fast can you do it?" The idea of quantity over quality is apparently a more important and necessary requirement for the appraiser. We again asked appraisers to comment on turnaround time and whether it has gotten faster.

The answer, by way of the numbers reflected in our 2016 survey, despite all the technology that is readily available to those in the valuation profession, did not change. A total of 65 percent of the appraisers polled said turnaround time has not gotten quicker, a 4 percent increase from last year's survey.

One appraiser said turn times are not any faster because "there is a current high demand, a limited supply of appraisers and the number of qualified appraisers available." Others are saying that additional valuation

appraiser's work to establish new clients and contacts.

"I respond to emails received from AMCs looking for appraisers in markets that I cover," one appraiser said. "I correspond with them and provide required documents such as licenses, insurance and samples of my work. Once I complete an assignment for them, I often receive additional work. For the past two years, I have had to turn some work down in that I am very busy."

Still, a few appraisers express the opinion that they do not need to engage in marketing exercises.

"I'm getting more work than I can handle," one respondent said. "I have found that I've needed to cut back on marketing." Another said, "I don't market myself in that I've been appraising long enough where clients come to me."

The responses that came when asked about how one markets his or her services indicates that things are going well for many in the appraisal profession.

"We haven't had to do any marketing for over 15 years," one respondent said. "All of our work is based on the loyal client relationships we've developed." Another said "for the past two years, I'm doing more assignments than I thought possible. I am very busy."

requirements and regulations holds up the works as far as faster turn times.

"The overall demands from the market and the use of technology has lengthened the turnaround time significantly within a year's time," another said. "Single appraisals are taking over two weeks to complete with an appraisal company."

However, although turnaround time has not improved, appraisers offered some potential remedies as to how overall turnaround times can become more faster by way of utilizing AMCs. Still, the majority of appraisers continue to feel that the desired goal is to be accurate in all of your findings. "Getting it done right still beats getting it done fast" is the sentiment most appraisers continue to express.

"Today, the volume of assignments are so high that to get any traction in reducing total turnaround time, you have to add service providers," one respondent said. "We push the AMCs to expand panels and we've added AMCs in the process."

In 2015, we asked our survey participants to predict

whether the TILA-RESPA Integrated Disclosure (TRID) rules would affect the appraisers' business. This year, we asked if TRID did indeed affect business. Last year 71.1 percent of those polled said it would not change the industry. This year, even more said TRID had not changed business for the industry.

"The guidelines and regulations (TRID) for the new appraisal model has added considerable time in closing," one respondent said. "It costs the clients more money and many appraisers are leaving the industry."

As expected, appraisers were not shy in revealing what was their top concern surrounding the profession.

"My greatest concern is not that the fees are low, but that lenders and AMCs continue to demand more and more detailed explanation without compensation for the added time and effort," one respondent said, while another appraiser stated "a lack of client loyalty is a big concern. Even if you give the client the best appraisal ever at an incredible speed, they will pass you by on the next assignment because they found a fee somewhere for \$10 less. Why try to do your best if nobody cares and you are not rewarded?"

"What other service can you purchase today for the same price you purchased it at 30 years ago? If things do not improve, nobody will be able to do this kind of

### How do you feel about your business right now?

Extremely pessimistic	7.6%
	14.8%
It's OK	47.1%
	23.5%
Extremely optimistic	7.0%

work," one appraiser said.

Too much control by the AMCs was another major concern and risk for the appraisers, according to several comments expressed in this year's survey.

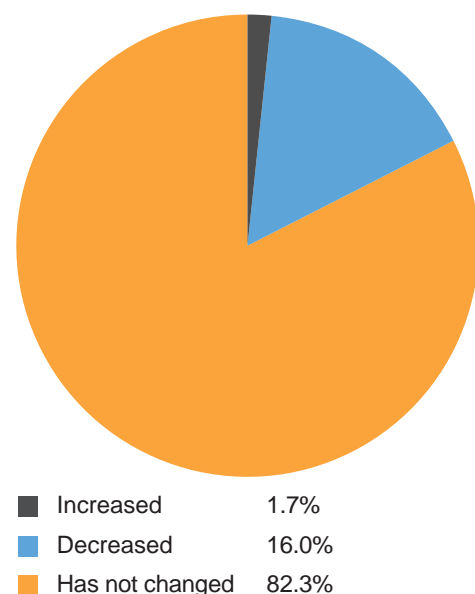
One appraiser said "the real issue with AMCs is that many have taken on the role of advocate for the lender. An appraiser is supposed to be independent, impartial and objective by law. AMCs should manage the process and not become an 'enforcer' for the lender."

"We see clients continue to move from AMCs to in-house compliance departments," another respondent said. "The latter employs competent reviewers who have communication skills. Reviewer and communication skills are areas that AMCs lack."

"AMCs only care about the cheapest and the fastest way to do things," one appraiser said. "They could care less if the appraiser is adequately compensated. They just want to make the profit."

Another write-in concern for many appraisers is the lack of a "personal touch," in that the industry has become a computerized profession with nobody available to talk to you one-on-one should a problem surface. One said "the business of appraiser/client relationship has turned into a

### How has the TILA-RESPA Integrated Disclosure rule affected the appraisal industry in the next year?



computerized process with call-in centers,” while another respondent stated “AMCs don’t even talk to appraisers directly — it’s all by way of email.”

Another said: “The AMC model is destroying the industry with fees. It also hurts the public trust as they see a high fee on their HUD statement and assume it all goes to the appraiser. The fees should be separate line items on their HUD.”

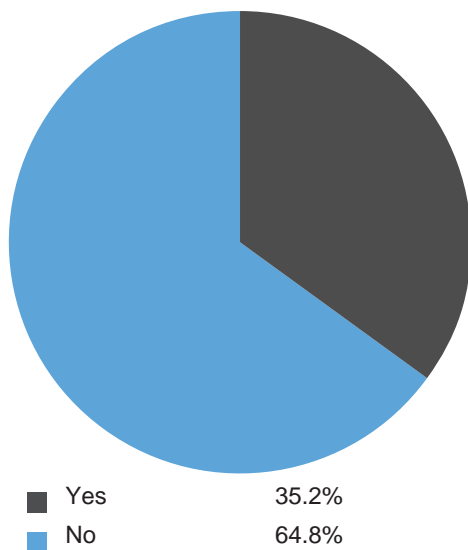
Other appraisers had concerns regarding blacklisting. One respondent said: “I have been dropped from several lenders, both those with AMCs and those who do not use AMCs. I’ve received no explanation for such actions and I fear there will be little opportunity to contact anyone directly to receive an answer.”

“I was blacklisted for a desk review,” one respondent said. “The original appraiser who completed the inflated report was never questioned. It took me three years to get off that black list but to date I have not received an appraisal order from that bank. Am I off the list? Apparently, not.”

“AMCs are always looking for the cheapest and fastest turnaround time,” another appraiser said. “They use green appraisers and then I get the reviews. I used to love my profession but now I can’t wait to retire and not have to deal with these issues created by Dodd-Frank.”

Additionally, on the subject of AMCs, we asked appraisers,

### Has the turnaround time quickened in the last few years?



based on experience, whether AMCs and/or lenders were moving to a cost-plus pricing model. Nearly 78 percent said they were not, down from 82 percent in 2015.

Appraisers continue to maintain that service fees are higher than the appraisal fee with lenders paying out the full fee to appraisers, while AMCs continue to demonstrate an unwillingness to not pay those fees directly to the appraiser.

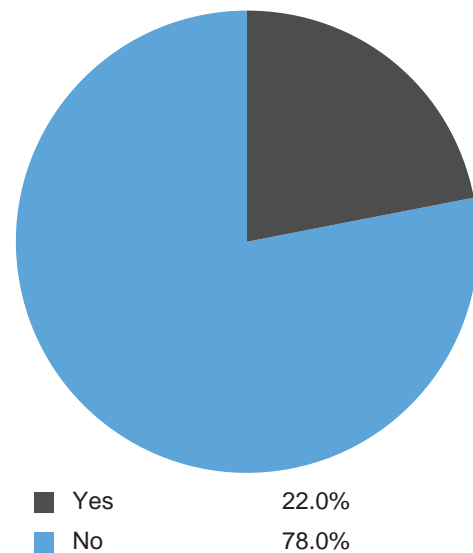
Many appraisers are concerned about whether they should work with AMCs, as the 2016 survey numbers indicate.

“I try not to work for many AMCs due to the current volume of work,” one respondent said. “I’m focused on my direct lender and bank clients who manage their own panel of appraisers.” Another respondent said the reluctance to work with AMCs stems from lower fees, the response time they demand and the lack of understanding by AMCs when it comes to the appraisal report.

“AMCs are constantly asking (demanding) comments and further explanations,” one respondent said.

Liability issues remain a big concern for appraisers with excessive or unattainable demands from AMCs surging to the top with confusing regulations from USPAP, UAD, etc. ranking second. Pressures from lenders and real estate agents was third overall. Appraisers placed excessive (unattainable) demands and pressure from lenders/real

### In your experience, are lenders and/or AMCs moving to a cost-plus pricing model where they pay the full appraiser the fee, plus the cost of the AMC service?



As an appraiser, rank the following from major concern to no concern:

	Major Concern	—	—	Not a Concern
Low fees	44.4%	15.0%	5.8%	6.2%
Lack of loyalty/work to us	25.9%	18.2%	8.7%	9.8%
Scheduling conflicts (short notice, turn around times, etc.)	17.6%	18.9%	8.3%	6.9%
Blacklisting	22.8%	12.6%	13.6%	22.3%
Appraisal reviews conflicts	11.4%	12.0%	13.3%	15.6%
Don't know who to talk to with a problem	11.8%	12.2%	13.0%	23.5%
Send orders then cancels frequently	5.8%	5.2%	22.3%	30.0%

What do you feel are the biggest liability issues facing appraisers today?

	Most Important	—	—	—	Least Important
Excessive or unattainable demands from AMCs	35.6%	27.8%	18.5%	8.6%	9.5%
Confusing regulations (USPAP, UAD, etc.)	18.7%	28.1%	27.5%	13.6%	12.1%
Pressure from lenders and real estate agents	19.4%	24.9%	22.6%	17.2%	15.9%
Agressive states and local disciplinary boards	13.2%	15.4%	25.0%	24.7%	21.7%
Actions brought against appraisers by the FDIC or other federal regulatory body	19.5%	24.7%	22.7%	17.2%	15.9%

estate agents also ranked first and second respectively in 2015.

As one respondent said “I’m always worried and feeling pressure about someone reporting me to the state because I didn’t get them enough money. The state is there to hang out the appraiser by saying ‘do it my way or I take your license.’ That’s pressure.”

We asked appraisers to rate their feelings about the profession. The numbers were not great as far as optimism is concerned, with the majority labeling the profession as just “OK.”

Many surveyed would like to see better relationships and cooperation between lenders and appraisers further enhancing the process of appraisals being done so as to meet the needs of the client with appropriate compensation going to the appraiser for a job well done. “The AMC should have no say in our fee,” one appraiser said. “The AMC service fee should be completely

## From the lenders’ point of view

There is no denying the fact that lenders are an important piece of the appraisal profession puzzle. They must work in unison with both the AMC and the appraiser while maintaining a firm grasp on the compliancy rules as they apply to reports. The vital information and data appraisers and lenders need as opposed to what necessary details AMCs are willing to share or believe they have to share with those they contract with has been a real sore spot in terms of intense dialogue. Everybody wants to be paid accordingly, but is that reality? Lenders were polled again in our survey responding to questions relating to what is important as to the roles they serve within the industry.

Similar to last year’s survey, nearly 60 percent of the lenders indicated they will order 50 or more full appraisal assignments each month with one respondent proclaiming 15,000 orders within a month, while one appraiser indicated just eight full assignments were ordered one month at a time.

Other valuation assignments ordered showed 12 percent ordering between one and 10, with 18 percent ordering 10-20. Four percent fell into the 30-40 full appraisals a month category with eight percent of the appraisers polled saying they order between 40 to 50 full appraisals.

As for a fast turnaround time for full reports of residential appraisal assignments, lenders felt the same way as appraisers did in 2016 regarding a slower turn time with a response of four or more days for completion of reports. A total of 90 percent said they expected four or more days for reports, which is 5 percent higher than what last year’s respondents told us.

separate and of no concern to the AMC. Appraisers are being daily ‘shopped’ by AMCs calling for quotes and turn times that go to the lowest bidder. This is a horrible practice and doesn’t ensure a quality product.” Many respondents, though, voiced reasons for optimism indicating that the appraisal profession can be most rewarding with the understanding that a positive outlook can produce high rewards, and is the case in almost any line of work.

“This can be a good career and a great second job,” one respondent said. “The high priority simply needs to be that professionals should care about a high quality product and one’s integrity” while another indicates that he is “hoping and planning to stay in this business,” which should indicate that there is some level of success coming his way in the appraisal profession.

Another says “regulation and change happens in every profession. An appraiser should anticipate this and grow within the industry.”

AMCs still indicate, as they did last year, that two to three weeks is normal for full report completion. One respondent this year said “it should be five to seven business days. But it usually winds up being two weeks or more before we see a completed report.”

Lenders continue to offer many reasons why turnaround time has not gotten faster indicating the constant delays by the AMCs cost the clients more money per appraisal adding to the fact the industry hasn’t seen quicker turn times in the last six years, and probably won’t see that improve in the future.

One lender said: “with the fact that we can’t re-disclose a higher appraisal fee, we are not able to do cost plus. We just have to eat the differences on a regular basis.” Furthermore, lenders offer the claim that appraisers do their part in the tardiness of assignments in that they simply work at a pace that they set and feel comfortable with. No matter how much the volume of orders increase, the schedule regarding time for each of those orders seems to not match or keep up with the higher number of requests and demands.

And with these increasing demands, lenders have again increased scrutiny or vetting on their appraisal vendors, with 80 percent agreeing that such scrutiny has been increased. In 2015, lenders saying yes to more scrutiny came in slightly lower at 76 percent. Lenders say they are changing policies somewhat, asking for more descriptive details and detailed calculations.

“We review the instances where the AMC’s QC process

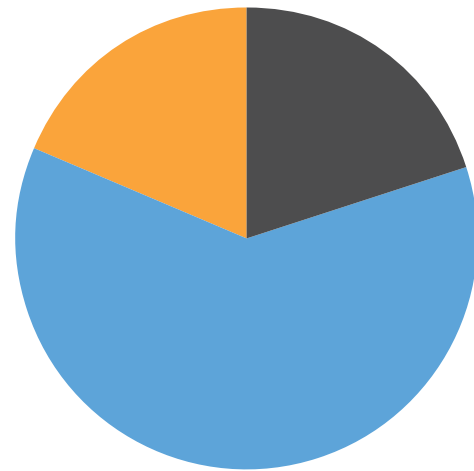
failed,” one respondent said. “When we identify a required revision that should have been caught by the AMC, we hold the AMC accountable.”

Other examples of increased scrutiny by lenders is the fact that many are asking for more appraisal samples of various price points, proposed versus existing; suburban versus rural providing more minimum requirements of items (tax map, property card, flood map, location maps, etc.) that must be included in the appraisal.

The percentage of lenders polled on the subject of increasing or pairing down the number of appraisers they worked with in the past year was extremely even in 2015, with 35 percent saying they’ve increased the number of appraisers worked with during the year with 33 percent saying the number stayed the same and 31 percent saying they paired the number down.

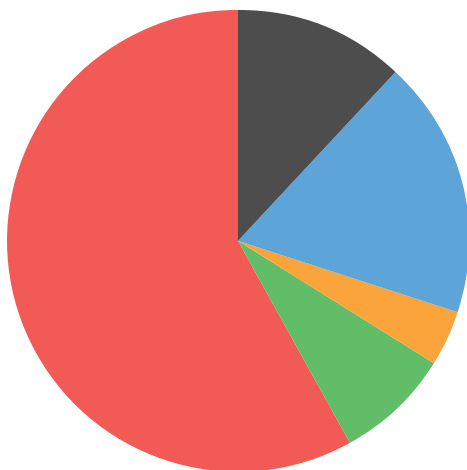
This year, the poll shows a much different result with just over 60 percent of appraisers polled saying they have increased the number of appraisers worked with, while 20 percent indicated they’ve paired that number down, while just under 20 percent said the number stayed the same.

### Have you paired down or increased the number of appraisers you work with in the past year?



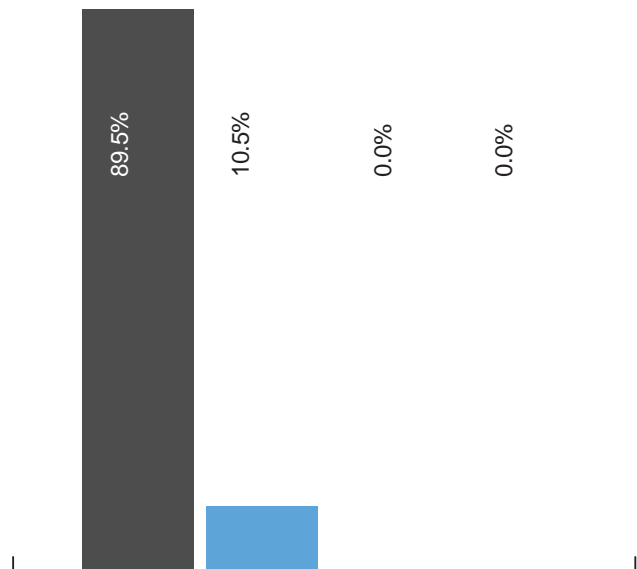
Paired down	20.4%
Increased	61.1%
Stayed the same	18.5%

### What is the typical number of appraisal assignments you order each month?



1-10	12.0%
10-20	18.0%
30-40	4.0%
40-50	8.0%
50+	58.0%

### What is the expected turnaround time for a full appraisal report of a residential appraisal assignment?



4 or more days	89.5%
2 to 3 days	10.5%
1 day	0.0%
Same day	0.0%

Respondents saying they increased the number of appraisers claimed it was because of the demand for appraisers with experience in new construction, in particular single lot appraisals, while another respondent said “we have been adding appraisers in response to increasing turn times from our existing appraisers.”

As for those who said they pared down appraisers, lenders said the decisions reflected attitudes of competency. One respondent said “we have had to pair-down in certain areas to try and keep quality appraisals intact.” Another said “I’ve paired down because appraisers simply cannot keep up with the volume.”

As for the intense battle regarding the war on customary and reasonable fees, both the lender and the appraiser may have to wait a while regarding a proclaimed “cease fire.” Appraisers have stated they have not noticed an increase in fees since this heated exchange began, lenders, based on the 2016 survey, said that fees have gone up, causing fees to increase from \$375 to \$475, while appraisers are recognizing that they no longer receive the full amount of their appraisal fee with a third-party splits 20 percent from that appraiser fee. This further adds fuel to the fire regarding appraisers not being fairly and fully compensated for their work.

“Our contracts with our AMCs have stipulated a higher fee to the appraiser and a ‘flat service fee’ to the AMC,” one lender said. “We are on board with customary and reasonable fees.”

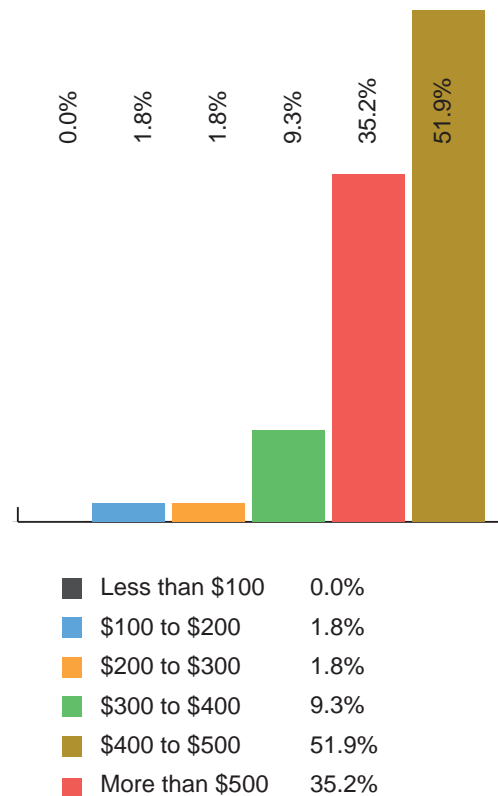
## Working with lenders/AMCs

Since we launched our Voice of the Appraiser survey six years ago, there doesn’t seem to be any significant improvement as to better working relationships between appraisers, lenders and AMCs. The regulations currently in place and potential/proposed changes to those guidelines continue to frustrate those working in the valuation profession. A universal model for everyone to work off of doesn’t seem to be something the industry can look forward to anytime soon. Or, as one appraiser put it in terms of everyone working together listening and respecting each other’s ideas, “don’t hold your breath.”

As with last year’s survey, three-quarters of appraisers said that regulations and third-party inclusions from the Home Value Code of Conduct (HVCC) and the Dodd-Frank Act have hurt the industry. The percentage of those saying it has hurt the industry is slightly down this year (68.8 percent) from last year’s 73.9 percent.

One respondent’s biggest concern surrounding HVCC was that it has become more cost-prohibitive to become a

## What is your typical appraisal fee?



“There is a giant, huge increase regarding fees,” one respondent said. What was \$350 a couple of years ago, we’re now seeing the fee at \$500 to \$1,500 for regular SFR appraisals.”

residential appraiser. “I believe the decline in the number of appraisers will provide big banks with a better excuse that automation is the most efficient way to produce an appraisal,” he said. “This could negatively affect the rural and specialized market areas.”

“There is greater overall scrutiny,” one respondent said. “Historically, appraisers were considered to be experts in their field and their opinions were given deference. Today, appraisers are considered to be little more than form-fillers and data aggregators.”

Lenders continued to be singled out in this year’s survey in terms of sending an endless number of comparable sales for the appraiser to review without vetting them. Appraisers also said lenders do not want to accept the fact that a home is in C5 condition. The notion was also expressed that everything that is questioned within the report has no effect on the value.

One respondent commented on what was a “first” for his



office. "One client ran a UCDP program that resulted in warnings," he said. "The appraiser asked the lender to explain what risks were indicated, and the lender was unable to provide an answer. The appraiser moved an age adjustment to the condition line which was a combined adjustment. It appears that such a move may have resulted in the warning, but still not sure."

Appraisers, feeling that increased scrutiny from lender clients in the past year, has also provided some positive results as evident by one appraiser's comments on scrutiny.

"I have received more work in the past two months than in the previous five years for the same months," he said. "Apparently, somebody is getting much needed scrutiny from lender clients."

Respondents offered much commentary as to the qualifications of those assigned to determine property value. The implementation of sufficient policies relating to competent people performing the valuations was evident in the responses as well as questioning whether or not the right people are being trained and hired for assignments.

As in our 2015 survey, appraisers said scrutiny has seen individuals and groups claiming appraiser reports are lacking certain (specific) items. Upon a closer look and an

examination of the report by somebody qualified to do it, such information is included in the report. This results in the appraiser having to send a separate report stating that his original report was indeed complete, which again speaks to the wasted time that validates the slower turnaround time appraisers believe still exists in 2016.

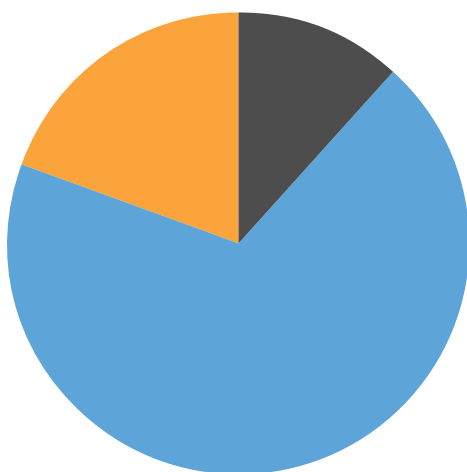
"The increased scrutiny has nothing to do with obtaining 'missing' items or determining value it has to do with enabling a computer to read the report," one respondent said.

Another commented, "several companies have implemented auto-evaluation systems that must be 'passed' before an assignment can be turned in. For a rural appraisal, this essentially means that I have to duplicate much of my supplemental addendum comments in their system which amounts to about 45 minutes of extra writing."

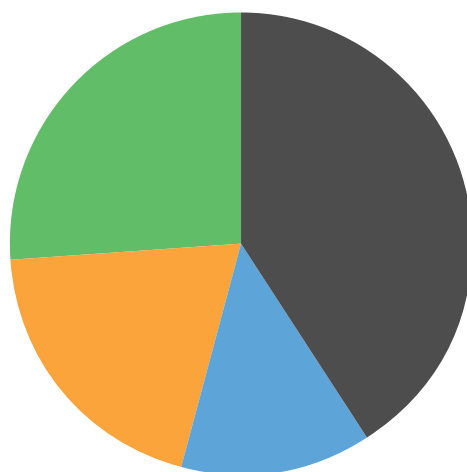
In 2017, the requirement by lenders and AMCs to have appraisers do a complete background check will become mandatory. Just as last year, 60 percent of the appraisers polled said they had been required to do a background check, while 40 percent of appraisers soon will be getting those.

"I had two background checks in June this year," one

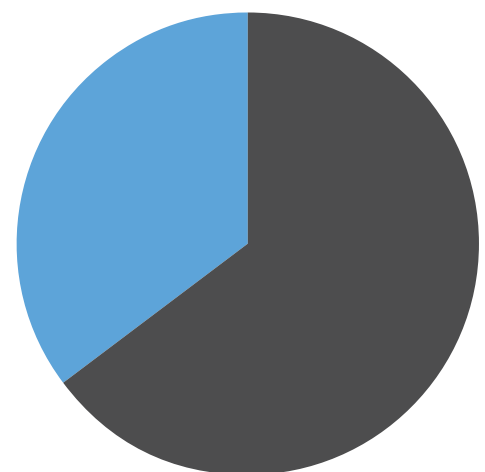
### How has the regulation and third-party inclusion stemming from the Home Value Code of Conduct (HVCC) and the Dodd-Frank Act affected the industry?



### What percentage of work do you receive from AMCs?



### Have you felt any increased scrutiny from lender clients in the past year?



appraiser said. “The AMCs are recruiting in Oregon and want me to pay for another background check and apply for a job with a complete history while they don’t even have last names and absolutely no credentials.”

Many felt, as they did in 2015, that bypassing the background check was better time served in that the odds of individuals getting into and staying with the appraisal profession weren’t exactly in their favor. The number of appraisers seeing no increase in work directly from lenders was slightly down in 2016 at 55.7 percent, compared with last year’s 65 percent. The percentage of work appraisers receive from AMCs revealed 45 percent getting at least half their work from AMCs.

Knowledge, competency and a lack of confidence were again reasons why appraisers continue to receive their work from AMCs as respondents clearly indicated accurate reports didn’t seem to be a top priority in the eyes of appraisal management companies.

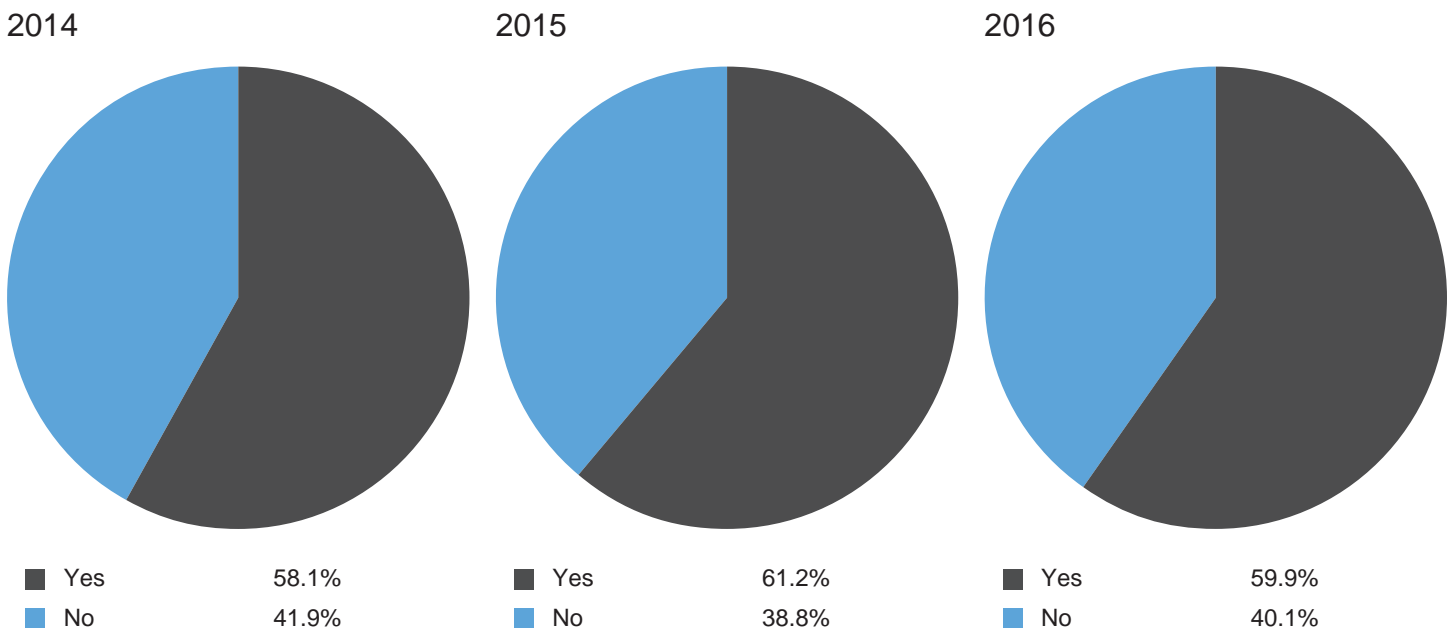
The appraiser maintains that AMCs are making decisions

on data and appraisal reports that they have no educational or training background on. One respondent said, “Appraisers today have no desire to achieve higher competency and knowledge. Based on what the AMCs settle for, the appraiser feels as though he or she can just crank out ‘filled-in’ forms with ‘just enough’ information to satisfy the AMC.”

Lenders, as most appraisers feel, should take a more pro-active approach with the appraiser. One suggested that they need to stay with the appraiser on an assignment and watch every step taken towards the completion of a valuation report. Then and only then will the lender understand the needs of the appraiser.

“We need lenders to be encouraged to accept appraiser trainees for solo inspection so we can grow the business,” one appraiser said, while another stated “lender-owned AMCs are a problem. They control the work and are now getting sound customary and reasonable fees by underpaying staff appraisers. There is complete collusion amongst the lenders and realtors.”

## Has your lender/AMC required you to complete a background check?



# Technology

Slowly, but surely, appraisers are warming up to the fact that technology is here to stay. The devices available to those in the valuation profession can provide accurate and speedy results as to the completion of assignments with the ultimate goal of achieving compliant reports. Industry experts and those heading appraisal organizations have all said for appraisers to not accept, implement and embrace technology into their profession would be a huge, and in some cases, costly mistake.

The implementation of mobile devices is one way to enhance the overall appraisal assignment but many in the industry, as this year's respondents indicated in our survey, do not use such technological tools. In fact, 68.9 percent of appraisers said they do not use a mobile device to enhance on-site appraisal assignments with just over 31 percent saying they do utilize such a device. The number of those not using mobile devices in 2015 was even higher at 79.4 percent.

"I only use a sketching program," one respondent said. "All of the other stuff does not work for me." Another said that such a notion of mobile devices in the field "assumes all appraisers have functional mobile data

services in all of the neighborhoods they service. In Michigan, this is not the case."

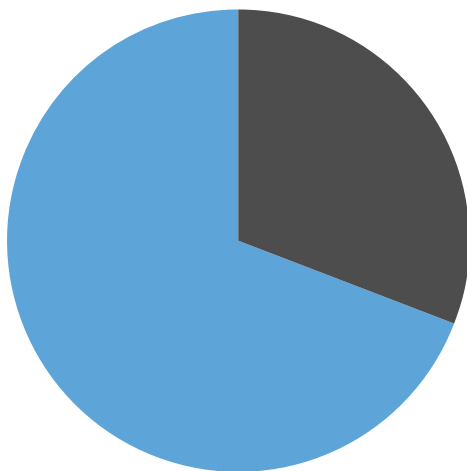
Still, other appraisers spoke to other difficulties with these devices such as signal problems, especially in rural and recreational areas where a mobile device just isn't a good fit, while another respondent basically identified financial reasons as to why mobile devices are not used in the field, claiming "technology is too expensive."

As for alternatives to the usage of mobile devices, many appraisers polled indicated that they are just as comfortable and confident in determining the mathematical numbers needed for their reports by using an iPad, iPhone or other tablet, including some who used those devices in conjunction with mobile software such as Total, Surface Pro or alamode to help do their work away from their desks.

One said his cellphone acted as a camera and that would suit him just fine, while another stated, "I use my iPad with Total software only on non-complex houses."

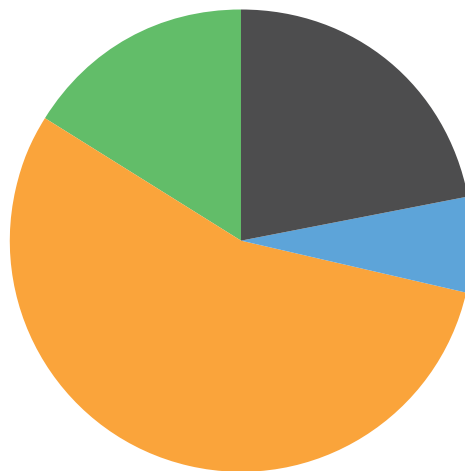
As for the breakdown as to what functions appraisers perform on their mobile devices, photos was No. 1 at

## Do you use your mobile device to enhance on-site appraisal assignments?



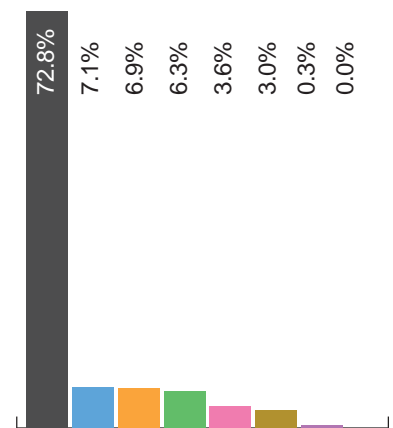
■ Yes 31.1%  
■ No 68.9%

## How has Collateral Underwriter affected your workload?



■ More work 22.2%  
■ Less work 6.5%  
■ Same work 55.3%  
■ Stopped taking assignments 16.0%

## Which of the following best describes your business?



■ Independent appraisal company  
■ Real estate valuation provider  
■ Appraisal firm  
■ Lendor  
■ Multiple services provider  
■ Appraisal management company  
■ Vendor management company  
■ Automated Valuation Model provider

73.4 percent followed by maps, sketches, workflow management and forms. Photos were the top use for mobile devices in 2015 at 78 percent.

Some, though, remain of the opinion that technology tools in the field are a bit cumbersome, and they just don't want extra equipment on their hands. Still, a few respondents shared their optimism regarding technological mobile devices and said they would try it out in the future.

Others are using other forms of technology such as Microsoft books and Disto devices. "I have the Microsoft book and a full computer in tablet form. It's huge," one respondent said.

"I still use a folder for the on-site inspections," one appraiser said. "But I use my cellphone often for emails, updates, calendar, etc. I have a Samsung Tablet and a Microsoft Surface ready to go when I do decide to go mobile."

"I tried a few things such as an iPad, laser measure, Alamode app and I just didn't like it," one said.

As for appraisal apps, more than one-third of appraisers said they do use them, while last year, that was at 30 percent.

Finally, we asked appraisers whether the implementation

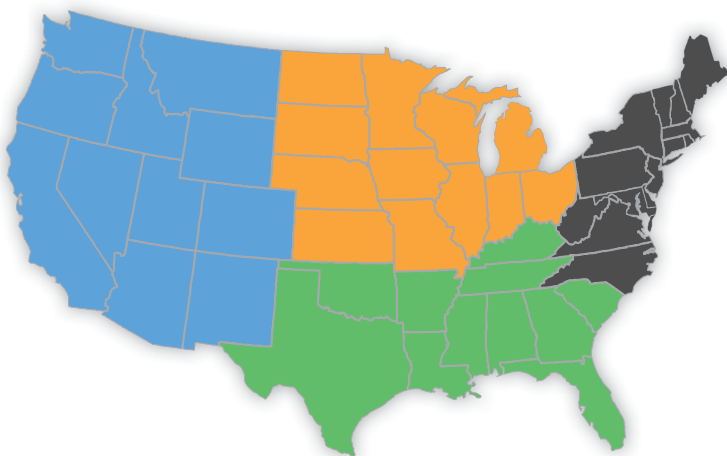
of Collateral Underwriter (CU) has affected their overall workload and how they conduct their business. In February of 2015, when CU was introduced, many appraisers were both resistant and concerned about the way CU could impact their assignments, mainly fearing the notion of being asked to respond to and justify "red flags the software outlined in their reports.

In our survey this year, the majority of respondents (55 percent) said that their workload for CU reports was the same, while in 2015, a slightly higher percentage (57.9 percent) said CU had not changed their workload in the first six months it had been in use. Some appraisers, suggesting they wouldn't take any Fannie Mae assignments as a result of CU, acted positively on such a claim as there was a slight increase (16 percent) of respondents saying they have stopped taking such assignments involving CU compared to last year's number of 15.3 percent.

One respondent indicated that the usage of CU might be the first step in producing better reports. "Appraisers are still using bogus adjustments," the appraiser said. "Hopefully, they will use Collateral Underwriter which makes the appraiser adhere to standards. The bad apples will continue to use these bogus reports until CU makes them stop."

Some continue to believe that CU data needs to be shared, otherwise it can put the appraiser in a bad situation.

## Where are you located?



■ East Coast	31.0%
■ West Coast	23.0%
■ Midwest	27.3%
■ South	18.7%

## What real estate valuation services do you provide?

