

November 2020

10th annual

Voice of the Appraiser

special report



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Produced by:



VALUATION REVIEW

ABOUT US

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

Dear Valued Appraisal Professionals,

What a year! It seems that everything has been turned upside down. Appraising during the time of the pandemic has certainly had its' challenges. From rapidly changing regulatory guidance to learning how to safely appraise in a COVID environment, it has been a time of learning and adapting. All of you met the challenges and helped keep the nation's housing market vibrant.

Not everything changed. Appraisers still provided professional and trusted services. In most parts of the country, the market remains strong and the appraisal profession remains the foundation upon which it all rests. At Landy Insurance, our goal was to stand right beside you. We provided information and insight into insurance and coverage issues as you met the newest challenges. We worked with our association partners to support their efforts to continue providing education, legislative and membership support on your behalf. Landy has never been just about selling insurance, but has provided education, risk management and financial support to help make the industry stronger. We will continue to do so in the years to come.

This is our 10th year sponsoring the Voice of the Appraiser! We commend all those who took time to lend their voices to the survey results, and those who participate with local and national associations, work on legislative efforts and provide the confidence and expertise that the real estate industry relies on. We will be right beside you with excellent insurance solutions, and our continuing support for all you do.

Stay safe, be prosperous, and we look forward to hearing from you.

Respectfully,



John L. Torvi
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Celebrating 10 years of Voice of the Appraiser

It is always a welcome sight to reach a milestone in any walk of life. For 10 years, *Valuation Review* has truly learned what appraisers and lenders are thinking, in addition to getting a valid pulse on the industry. Appraisers have expressed their opinions and lenders have offered their insight as to what is both right and wrong with the valuation profession.

Many have offered positive suggestions and possible remedies to make jobs in appraising worthwhile careers. There also have been quite a few statements made suggesting that if appraisers had to do things all over again, choosing to be an appraiser probably would not be at the top of a list of their most-desired jobs.

Change, however, has been a word most appraisers have tried to avoid over the years. It's been said that one's biggest fear is the unknown. And while a publication's anniversary special report is something to highlight and take note of, the word "celebrate" may not be the first word from one's vocabulary given all that has transpired this year.

COVID-19 has brought not just change, but an anxiety in the professional world the likes business owners, presidents, CEOs, and employees have never seen or experienced before. The way appraisers go about and perform their residential or commercial assignments were altered in the blink of an eye.

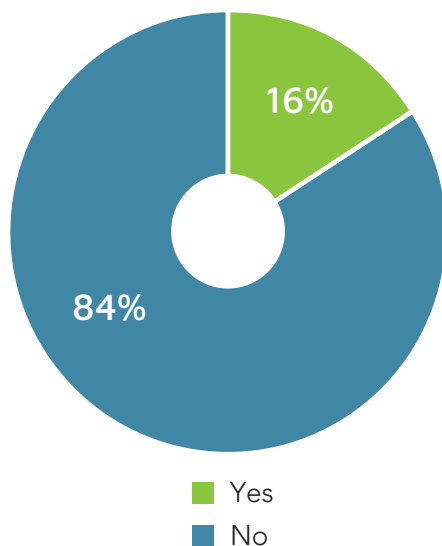
But resiliency, albeit forced upon many appraisers, has taken center stage with everyone involved in the overall appraisal process proving the old adage true in that where there's a will, there's a way. Working together has become the business world's new motto. One commercial appraisal business owner before the pandemic said businesses would have never thought to sit down together and discuss ideas and share what the other was doing. The old way of thinking was don't share your successful ideas with the competition. But now, with businesses and people's incomes and livelihoods on the line, people working together is the answer to surviving difficult times.

Such guideline changes, as reflected in our 2020 survey, showed slightly more than half of our respondents said restrictions stemming from COVID-19 have not changed their business, while less than one quarter said the new guidelines haven't helped business.

"Out of the last 100 appraisals, I've only performed three that did not require interior inspections," one respondent said.

Another appraiser said "the flexibilities of using MLS photos of comps is great and should be allowed since the photos are from the selling/listing agent. These comps should represent the dwelling the best as for when it was sold provided there is something to keep and made into the new scope. There is no need to use appraisers to keep going out and driving around to

Have you started accepting hybrid/bifurcated assignments?



How have the additional flexibilities granted since the pandemic began affected your business?



take photos of something another professional has done. Stop retaking photos of the same dwelling.”

Another appraiser said there is more business but not because of the pandemic. It is because of favorable lending rates and aggressive bank lending.

“Initially, the desktops and externals were good at the beginning of the pandemic,” one respondent said. “I still do some, but only if I need them to fill out my schedule. I do very few COVID-19 protocol cases. Those that I have done take longer and are less reliable than if I inspected the property. Unless the owner cannot leave the home, I see no point in it. With the removal of extraordinary assumptions, it created more liability.”

Those in the appraisal profession are more than familiar with the term “cheaper and faster,” as it relates to getting more assignments done at cost. In today’s world, that term now may be replaced with the words “safer and compliant.”

Valuation Review’s 2020 Voice of the Appraiser survey expresses the concerns and ideas of appraisers as the industry continues to deal with the coronavirus. This year’s respondents also spoke of more concerns regarding bifurcated/hybrid appraisals, whether data can be trusted coming from a source other than the appraiser, and many more issues.

A very decisive “no” response was given this year regarding the willingness of appraisers to accept hybrid assignments, similar

to last year’s negative reaction to hybrids.

Technology also was a very hot topic of discussion in this year’s survey as appraisers now must utilize all the technological tools and devices available to them to determine property value differently, and safely.

As to what more our pool of respondents had to say for 2020, we invite you to turn the pages for detailed accounts and graphics that will provide you both answers to your questions, and guidance as you move through the pandemic world as an appraiser.

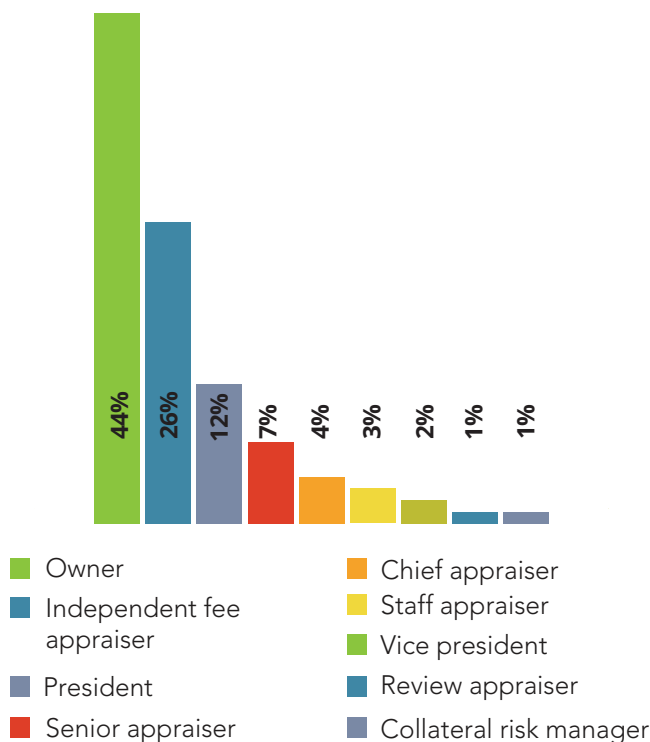
Our survey attempts to provide a light for appraisers to navigate through what some feel is another dark tunnel.

This report (survey) does not attempt to provide all of the answers or supply a perfect elixir to cure all ails or heal all wounds; rather, it is a mechanism to invite everyone to the appraisal table of discussion where positive suggestions are encouraged, and everyone’s opinion is welcome.

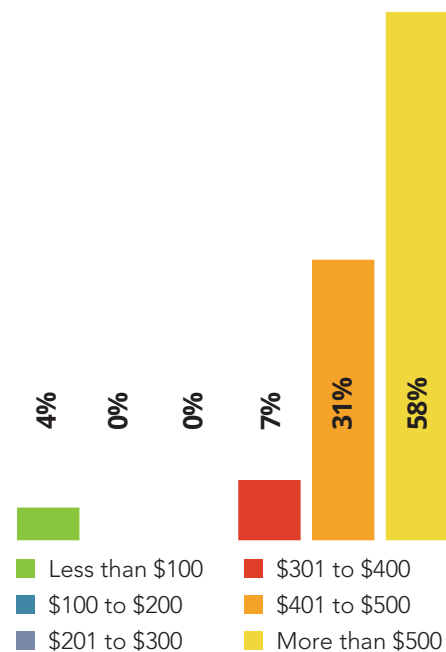
As always, the intent behind this special report/survey, in addition to reporting the data and thoughts by our respondents, is to promote and seek better working relationships between everyone involved in the appraisal process.

We appreciate everyone’s participation in our 10th annual survey recognizing that this report cannot be produced without your time, effort, interest, and cooperation.

What is your title?



What is your typical appraisal fee?



Making a living

It may be more than safe to say that 2020 has challenged appraisers with regards to being able to make a good living in a profession so affected by COVID-19. Veteran appraisers may be seriously thinking about how much longer they can stick around understanding that not a lot may change with regards to contracting the coronavirus in 2021.

As to how appraisers currently feel about their business, a similar response from 2019 was given with 45 percent saying “it’s okay.”

Typical appraisal fees also were given its weight with nearly 60 percent of the respondents claiming they are paid more than \$500 an assignment, compared to last year’s 35 percent for a similar fee. Similarly, in 2019, respondents told us that a little over 42 percent of them were owners as far as an official title with nearly 30 percent being independent fee appraisers in 2020.

Appraiser fees collected between \$400-to-\$500 an assignment stayed relatively the same from a year ago.

A very slight decline was revealed as far as appraisers rating their fees in the “average” category compared with last year.

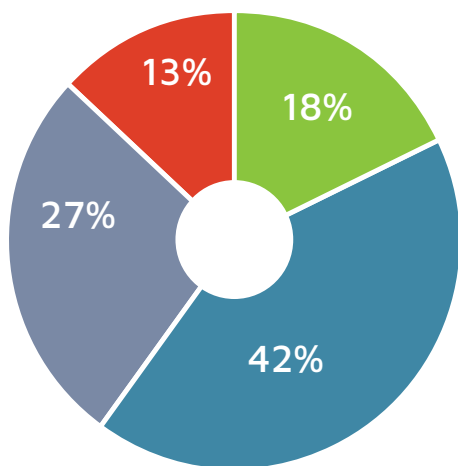
There were slight increases in the response pertaining to whether or not appraisers saw an increase in fees since customary and reasonable (C&R).

“Fees have not changed in over 20 years,” one respondent said. “The scope of work has increased with very few people talking to one another with automation in place. Many of the review and policy makers have not done an appraisal in many years and are completely out of touch with reality.”

Another respondent said, “Low fees are still an issue. I turned away a lot of work because I will not work for low fees. Knowing there are vendors that do pay higher and have higher quality reviewers has a great deal of impact on why I turn down low fees. It’s just not worth it and I wish there was a way to isolate the better vendors with a list, of sorts, to appraisers. I think it would create an atmosphere where the lower-fee shoppers will have to rise to quality.”

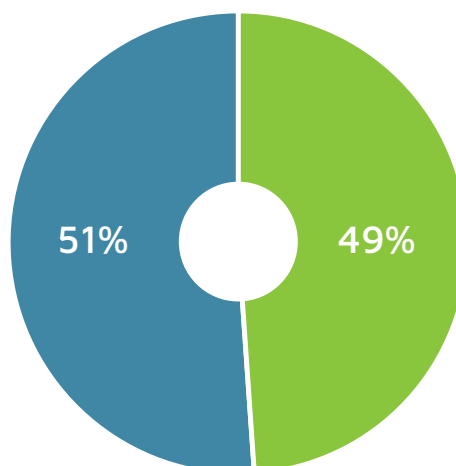
Lenders and/or appraisal management companies (AMCs) moving to cost-plus pricing models, looking back at the 2018 survey, is something appraisers continue to examine, and possibly implement into their businesses for the easier collection of fees. Three years ago, appraisers emphatically said no to cost-price models with almost all refusing such

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



- Low
- Average
- Above Average
- Customary and Reasonable

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



- Yes
- No

an option last year. This year, the sentiments remain the same in not choosing to use cost-price models, but at a somewhat lower percentage.

“The lenders, banks and financial institutions have increased their appraisal fees, but the appraisers have not seen that boom,” one respondent said.

“AMCs have been banking on those increases with the blessings of financial institutions. Appraisers have irresolute guardians.”

Another respondent stated, “We noticed this (cost-plus model notion) on most AMCs. The issue with lenders is that they must honor in good faith the estimates. Thus, I think some are quoting high to avoid a problem, and some keep that overage when it occurs.”

As to the number of full appraisal assignments completed each month, 70.5 percent of this year’s respondents said they complete 10 or more assignments, just slightly over last year’s percentage.

Our audience was asked again to give us a feel as to the average turnaround time to complete a full appraisal report of a residential appraisal assignment. With 513 responding to this question, 34.7 percent said it took them 4 to 6 days, down from last year’s 40.3 percent mark.

“The extremely heavy volume of refinances, purchase volume, as well as non-lending assignments can result in a wide variety of turn times,” one respondent said.

Another respondent had to put things in a different perspective in terms of time taken/needed to complete a full residential assignment report.

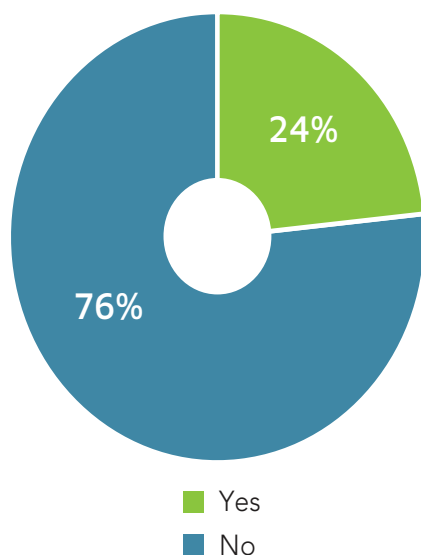
“Most of my appraisals are comprehensive and the turn time is in weeks, not days,” the respondent said. “A 3-week turnaround time is typical.”

Another chimed in regarding completion/turn times as it relates to other appraisal work, “For the past few months, residential turn times have been between 30 to 45 days. Agriculture/commercial report turn times are about 35 to 40 days regarding completion.”

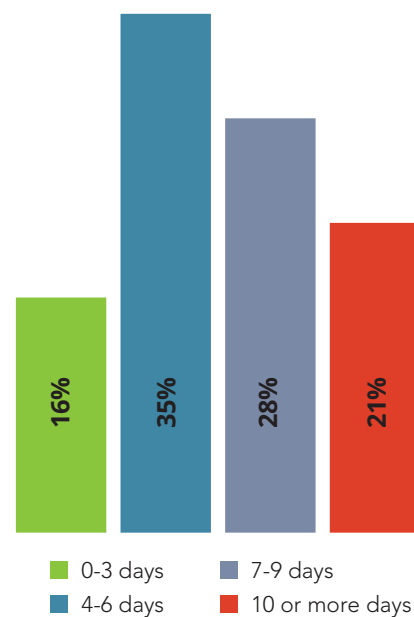
The completion of forms, and the constant need for clarification to remain compliant, was another matter addressed.

“The FNMA forms need to be revamped, especially the Manufactured Home version,” one respondent said. “The issue is reviewers don’t read explanations in extra comment pages when there’s no other good place on the form for them. The 1004MC form is worthless.”

In your experience, are lenders and/or AMCs moving to a cost-plus pricing model?



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



Business practices

This year, the appraisal profession had its share of implementing new and innovative ideas relating to business matters. The untimely, and certainly unwanted arrival of COVID-19 forced an immediate change as to how one must conduct their daily employment chores to continue thriving. The biggest adjustment for workers was having to conduct various tasks remotely from a home office, basement or den as physically being in the office was not possible at the outset of the virus with state mandated stay-at-home orders in place for health and safety reasons.

In time, appraisers and other business professionals adapted to this change in working environments with both a creativity and resiliency enabling appraisal assignments to be successfully carried out.

Over 70 percent of this year's respondents said independent appraisal company work describes their situation, similar to last year's percentage in this category.

Lender work was again second with a very low mark with

AVM (automated valuation model) provider barely finding its way onto the radar. The ability to remain independent may now be an even stronger choice as virus restrictions and flexibilities will more than likely make such a decision easier to make, and one out of necessity.

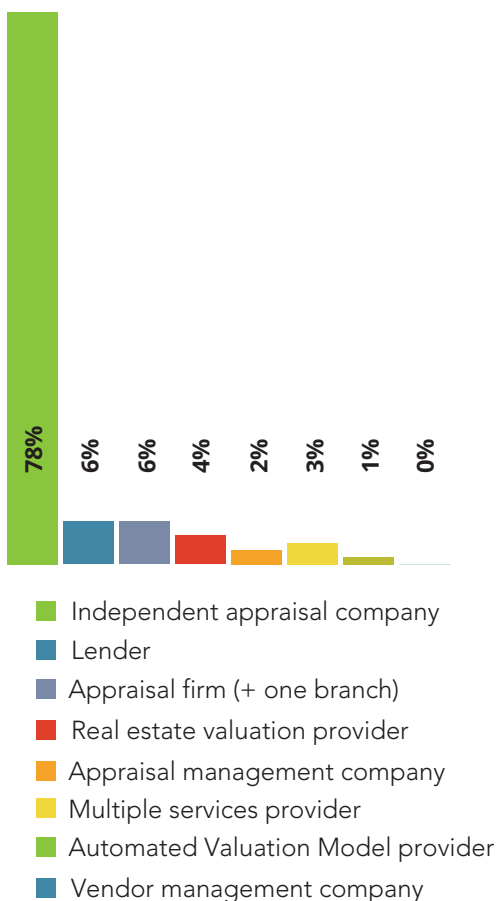
The concept, though, of an appraiser being his or her own boss is still an attractive proposition for consideration.

As one veteran appraiser put it, "When I hear appraisers tell me they don't want to do that assignment because of the low fee offered, I respond by saying well, then you should absolutely not accept both that fee and the assignment. That is what independence affords you."

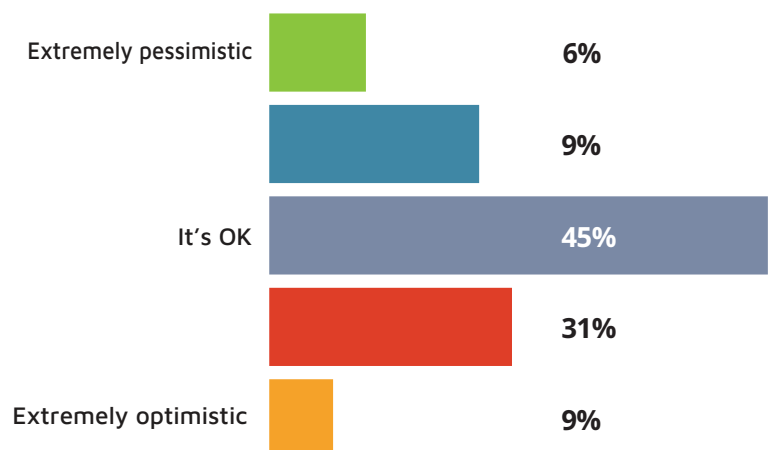
As to the specifics surrounding appraisers determining value to properties, the 2020 survey again revealed the majority of appraisers are doing residential assignments, similar to the 2019 results for residential work.

This year, we also saw respondents mentioning that

Please indicate which of the following best describes your business



How do you feel about your business right now?



agriculture work was a part of their valuation resumes.

“We do eminent domain, so mostly farms and rural properties,” one respondent said.

One respondent said he has done some right-of-way work and used to provide in-kind use for head-start programs, while another mentioned appraising classic cars, mostly for insurance purposes.

The subject of trainees remains a constant issue, or some in the profession might say obstacle, with the debates raging on as far as competence and affordability to take on such individuals within one’s business.

The stumbling block, if you will, remains the same as to whether a veteran appraiser wants to train someone else?

Many respondents attributed such reservations to not enough time or work for themselves.

“There is barely enough work for one appraiser. And I cannot afford the extra help or the increase in liability and E&O cost,” one respondent said. One respondent, however,

saw a more optimistic viewpoint in relationship to trainees.

“We need to help train new appraisers and a competent trainee can help grow your business through delegation. I just had one get certified, currently have one, and interviewing a new trainee later this week,” the respondent said.

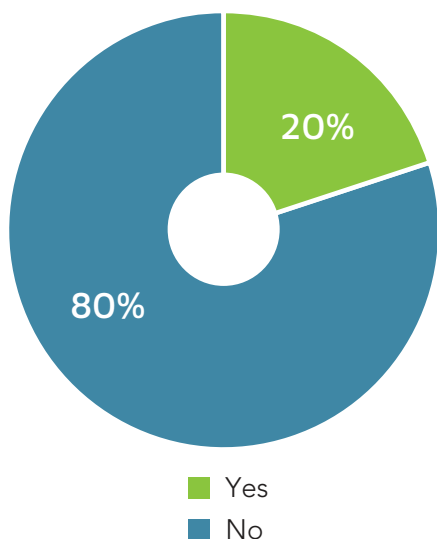
Others said that after time and energy is spent breaking someone else into the business, they just don’t see the ends justifying the means.

“I’ve taken four trainees to certification, only to have them leave,” one respondent said. “I’ve worked on training six others that did not work out. It’s too much time and extra work to make it worthwhile with no added compensation.”

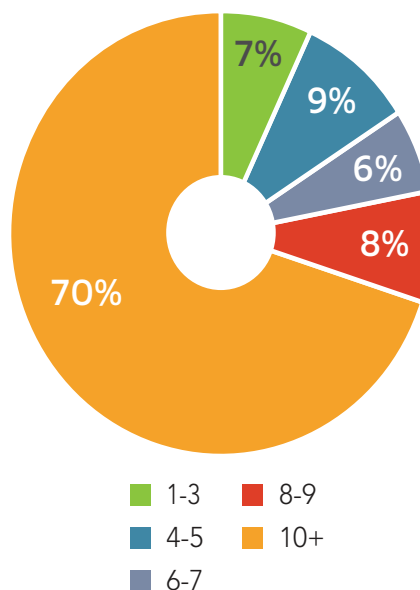
Another said, “The workload has been too erratic over the past few years. Although AMCs are starting to relax inspection requirements for their staff trainees and appraisers, it is not carried forward to the independent appraisal world.”

Another commented, “I have trained over 20 appraisers

Are you working with or training a future appraiser?



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



through my career. However, no, it is not feasible due to no loyalty. They just want the hours to go out on their own. A trainee must be around at least five years to recoup the cost of training and time to train the trainee.”

We’ve referenced the need for appraisers to change business tactics as a result of the “new” world we now live in.

But at the end of the day, if others don’t know what an appraiser can do, how can business come knocking at the door? Taking those crucial initiative steps in highlighting one’s talents can’t be stressed enough. After all, if one doesn’t look out for himself or herself, who will?

Valuation Review has touched on the many positives of marketing, and how various forms can keep one very busy throughout the workday. It basically asks those looking for success one simple question: Are you one who makes things happen, or one who lets things happen? If one chooses the first part of the question, it is almost a guarantee when one answers that knock on the door, someone will be standing on the other side with an offer.

Appraisers “talking the talk” or word of mouth was again the preferred choice of marketing tactics in 2020. And such a choice has been reflected in the last few surveys with little change or thought as to utilizing other selling tools.

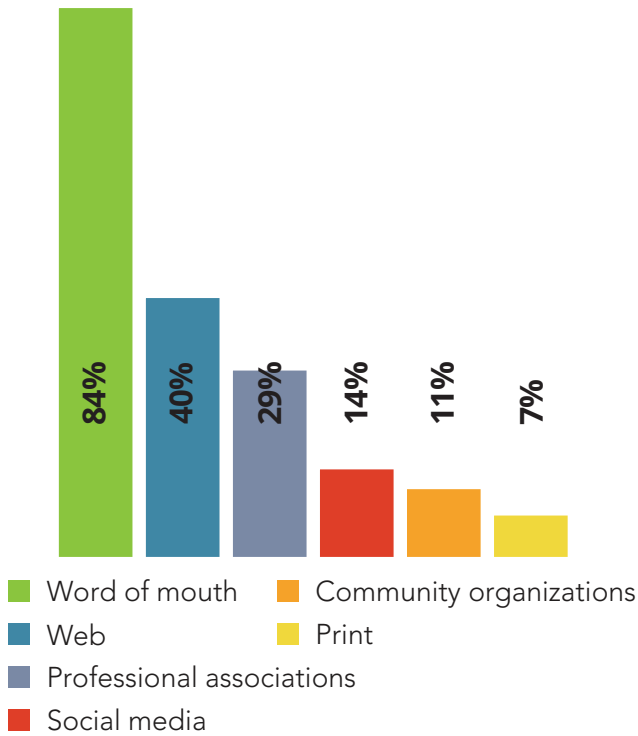
One respondent, very confident, indicated such marketing tools were and are not necessary in that he gets all the work he needs because of reputation.

Another said, “I have a website, but I really don’t need to market my business. I’m currently turning business away.”

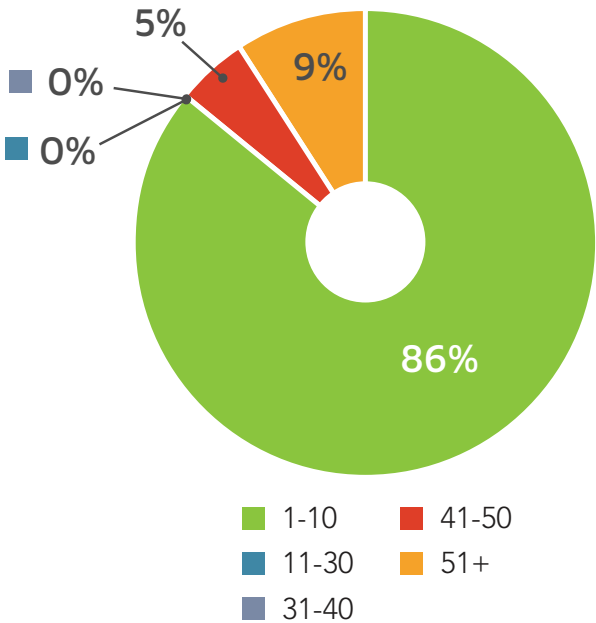
Others indicated the establishment of long-standing working relationships is the best marketing tool as well as trying to network with people who use their services as much as possible.

Opinions also were rendered in 2020 as to other valuation assignments typically completed each month regarding BPOs, CRVs, STATS and RER work. The one to three assignments completed each month was the decisive choice.

How do you typically market your services?



How many other valuation assignments (BPOs, CRVs, STATS, RER, etc.) do you typically order each month?



State of the industry

An appraiser's "voice" is perhaps more heard on the subject matter of concerns, and the overall condition of the profession. A variety of opinions, and a few articles have suggested on many occasions that the appraisal industry is indeed a dying profession, or at least one that may be on its last leg. Of course, a lot of those feelings stem from overreactions to various trends that affect appraisers such as the market, location and how is one fairly compensated for rendering an opinion of value.

Are appraisers given enough time to properly determine worth and at the same time being given enough hours in the day to meet all of the client's needs?

Do our 2020 survey respondents feel the turnaround time has quickened in the last few years?

Several respondents this year stated that there is constant pressure from lenders to have reports completed before they

even call, but there's more pressure to stay out of trouble with the state, which results in doing more detailed work on the report adding more time.

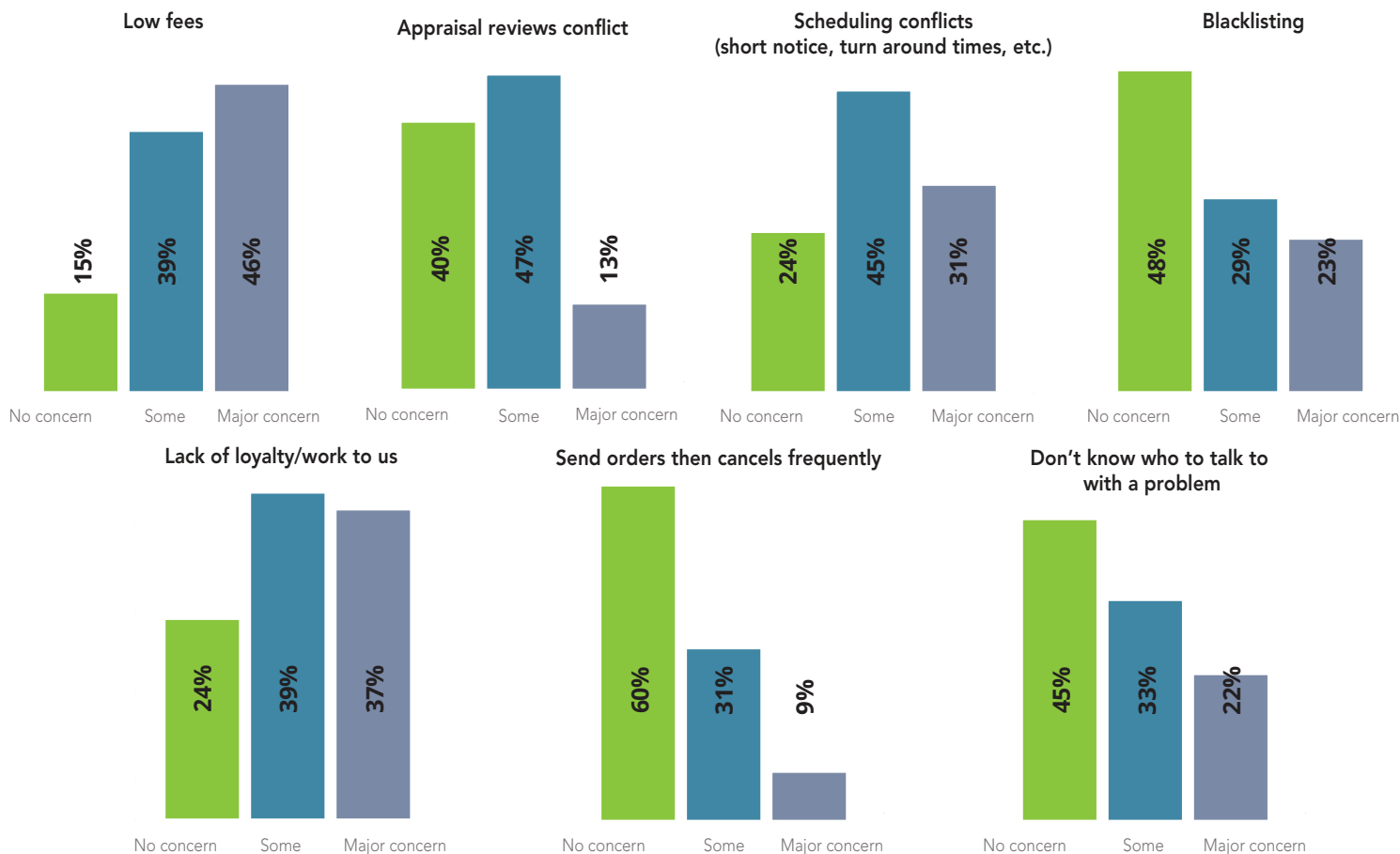
"There is a considerable number of assignments that are sent out to a number of appraisers to bid on and the quickest and cheapest are typically assigned," one respondent said. "While our company uses most of the latest appraisal tech apps to speed up workflow, we still want to put out the quality work that should be expected. It is not always the quickest."

This year, the percentage of respondents saying turn times have not been any faster in the last few years was slightly higher than last year.

One appraiser indicated a lack of understanding of the process helps create the issue of faster turn times.

"AMC's and those ordering appraisals do not appear to

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



understand that measuring and inspecting the subject property is the first step in the appraisal process,” the respondent said. “The insistence on original photos of comparable sales, which often are located after the inspection, reduces actual time available for property analysis of data and comparables.”

Some respondents indicated that there has been pressure for quicker turn times, but recently the volume has been high enough that turn times have begun to go back up.

Low fees again topped the list of concerns by appraisers in 2020, as it has for the last three VOA surveys. Nearly 50 percent claimed low fees were a major concern with a lack of loyalty rising a few points higher from 2019. The percentage of respondents feeling scheduling conflicts were a concern also was higher this year.

One respondent had sentiments that most appraisers probably would not share when it comes to fees and orders.

“My fees are acceptable to me at this time and my AMC’s and clients are paying what I ask and have been for approximately two years now,” the respondent said. “It took a good year to get my fees up to where they are now, but I stuck to my

guns. There were times when I did not have work, but it came around. It is my opinion that as busy as it is right now and appraisers asking for higher fees, then when it slows down, they should still require the same fee. Eventually it becomes ‘customary and reasonable’ as the phrase goes. Scheduling should not be a concern because that’s personal time management.”

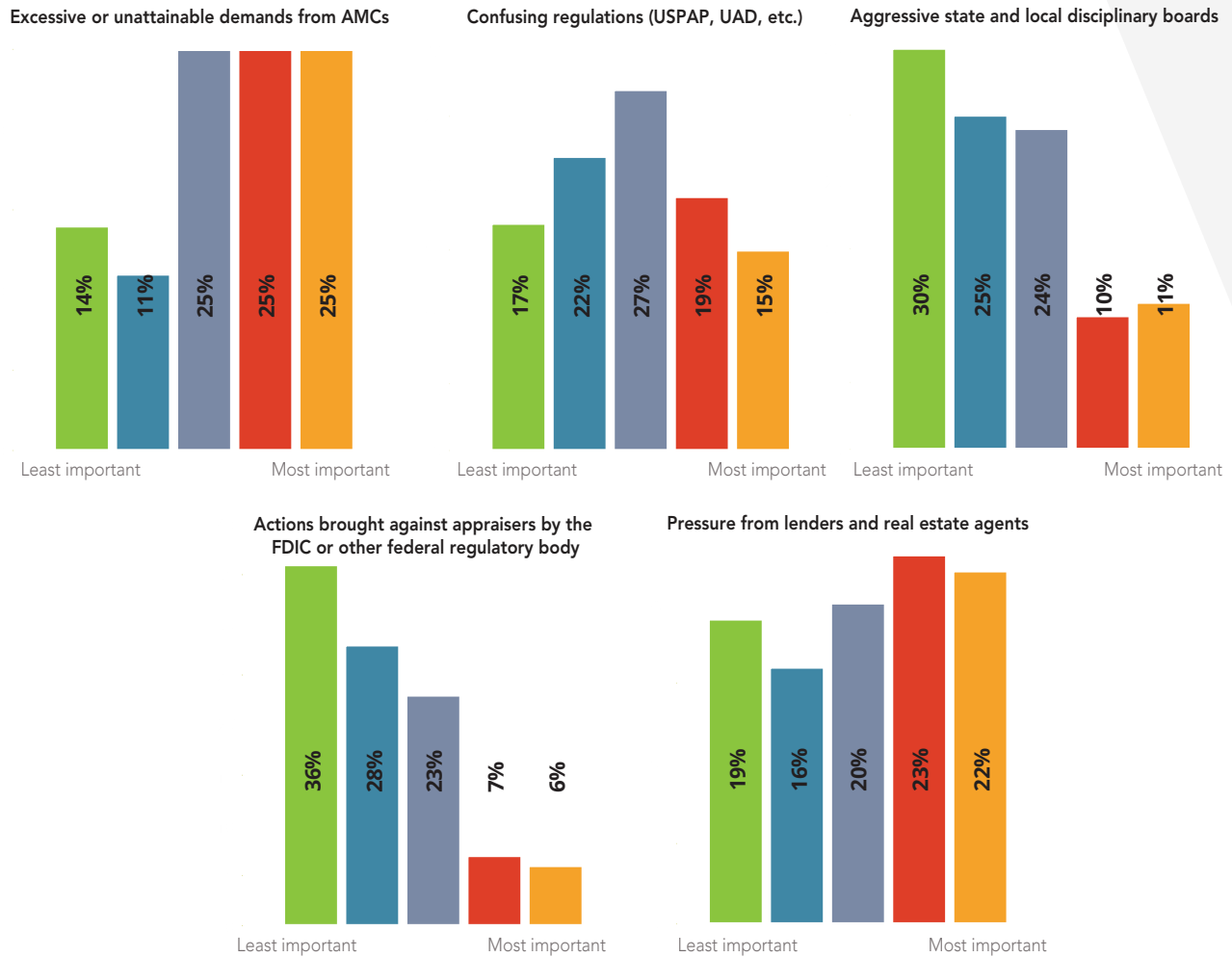
Additionally, the respondent said, “I have found that many management companies receive the same order from a lender, and it is ‘shopped.’ They assign you the order, then they cancel because they found someone cheaper or faster. Sometimes, it’s a day or two later. I keep telling them they are prohibiting me from taking another legitimate order. I know who they are now and again they are not a preferred client. Everyone is using an online service of some sort. Just make sure you note the order on a daily basis. Keep them posted and it keeps you out of hot water. Eventually someone calls you.”

One respondent, as to blacklisting, suggested better guidelines/requirements for reviewers, while another suggested it might just be better to accept things as they are and “deal with it.”

What is the greatest risk facing your business today?



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



"Something needs to be done about reviewers and reconsideration of values, but there isn't any oversight on reviewers and if you say anything you're blacklisted," the appraiser said.

Concerns abound for appraisers as it relates to the overall involvement and influence of the AMC throughout the transaction. The appraisers in our survey again reflected an attitude that suggests the AMC does not understand who an appraiser is, and what they need to do.

"AMCs tend to shuffle your calls around, and if they answer at all, get frustrated," one appraiser said. "Ask for the chief appraiser and, most times, they call back days later. But some of those people who do call you back are not even appraisers. They pretend to be, and that becomes obvious by way of the questions they ask. You have no [way of knowing] if they are appraisers, if they are from some other state or whether or not they even worked in the field."

Another concern dealt with AMCs and lenders seeing a lot of appraisals but the staffs of those lenders and AMCs being

clueless as to what needs to be done.

"Residential fees are skimmed by AMCs resulting in an inability to support a family while being an appraiser," one respondent said "After taxes and expenses, many AMC fees net to just above minimum wage. I am attempting to leave the profession."

Another appraiser said, "I think all commercial banks will eventually transition to the model of ordering appraisals through an AMC or something similar, just like residential appraisals have done. This will generally mean the commercial fees will come down and the reports will become more stripped down and standardized. Commercial appraisers will need to evolve with the system and become more efficient."

Another respondent said in relationship to commercial work and AMCs, "An AMC tried to stop me from talking with a commercial client to help solve their problem after delivery of an assignment. A short conversation solved the whole problem."

This year, appraisers did list a few AMCs they felt comfortable with, and ones who they have relied upon, but most would prefer limited involvement.

Class Valuation, Nationwide Appraisal Network and Solidifi topped one respondent's list for AMC choices but most others will not work for AMCs and believe that the AMC is "just an added layer to the business that costs the client."

"I will not work with the national AMCs," one respondent said. "Most of them are about cheapest and fastest — I'm into quality appraisals. I work with one AMC, which the local bank I've worked with for years decided to use for rules and regs only. They are not about cheapest and fastest and honor the local bank's desire for high quality appraisal reports."

One respondent indicated that the appraiser-AMC working relationship may not be as severed as one would think.

"AMC communication is great," one appraiser stated. "There is just no standard set with appraisers on what the value of an appraisal is. There are not enough appraisers to support our market because of the regulations/requirements to become one. There is nothing in it for appraisal companies to expand or train new appraisers, so fees just continue to climb and turn times suffer. Appraisal waivers are increasing through conventional investors as their data bases expand, because it is hindering affordable housing in an already inflated market."

The percentage of appraisers stating that their business stance is "okay" was slightly down from last year.

As for liability concerns, the most important for our 2020 respondents was again excessive or unattainable demands from AMCs with the least important being actions brought against appraisers by the FDIC or another federal regulatory body.

"My concern is that the banks don't care if they make bad loans or not, and therefore don't care if the appraiser is involved or not," one respondent said. "They just sell or write off the losses. There's no integrity in the industry and we (appraisers) are the scapegoat...still."

"I typically see young/inexperienced appraisers doing exactly what the lenders/AMCs demand regardless of UPSPAP, state or federal laws," another appraiser said. "This works until a loan goes south, then they are thrown under the bus and usually have no regrets in quitting the profession. A sad time in this business."

More than half of this year's respondents also said no

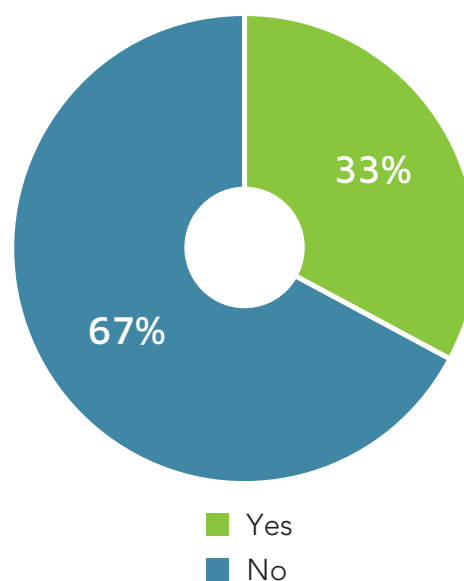
regarding whether they have felt any increased scrutiny from lender clients in the past year.

"If a sale price is not met, the lender and/or AMC frequently challenges the value and sends several sales that they want reviewed and commented on without any regard to relevance to the appraisal or subject," one respondent said. "Scrutiny changes with volume. 2018 was very nit-picky. It seems less now, and most AMCs have reduced their scope creep."

"As to increased scrutiny, not the past year," one respondent said, "but definitely in recent past. It seems they only know how to check the boxes, as opposed to reading the report, and whether or not it has a picture of the laundry room seems more important than the content of the report itself. Some underwriters seem to 'invent' new requirements that are not written anywhere until a revision is requested. I would like to see revision requests come with a reference to a published requirement."

Another respondent noted that the profession needs to promote appraisers as the best source and resource to provide all valuation services. "We should not run from but embrace and advocate for appraisers being the best source to provide valuation services, both traditional and new. If we promote ourselves to provide new services and products, we should also be in a position to promote our professional fees," the respondent said.

Has the turnaround time quickened in the last year?



Another appraiser added, “Regulations expect more and more reporting with documentation, making reports longer and more cumbersome without additional compensation for time.

It was not long ago the ethical practice of appraising was accepted, and documents would simply be kept in the work file for verification if questions came about.”

From the lenders’ point of view

The Voice of the Appraiser survey also listens to the words and opinions of the lender. All parties involved in the appraisal transaction must work in harmony for the benefit of the client.

Our annual survey reflects specific matters of importance to the lender as it relates to assignments ordered each month and the time expected for such work to be completed. Competency remains a focus with lenders looking to secure the right appraiser for the right job. At times, such a combination is very hard to find.

With COVID-19 in play, several respondents indicated that ordering may have tapered off a bit with so much uncertainty swirling about the profession.

One lender said the average turnaround time is 45 days,

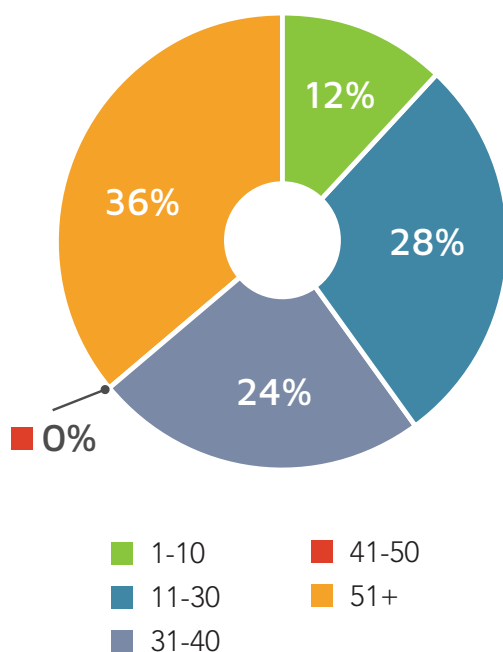
while some say generally, they get the report back within 10 days.

“It’s more than 10 business days for a purchase in our area,” one respondent said. “Our AMC just raised our fee to try and be more complete with our orders, since an affordable appraisal report for our clients are not made a priority.”

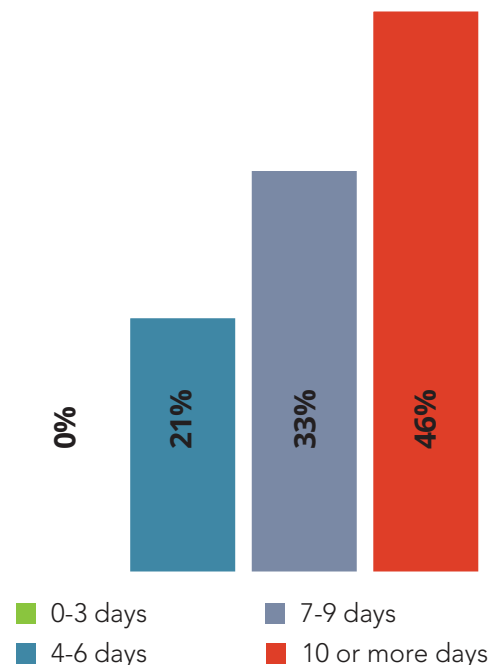
We again polled the lender audience as to whether or not they’ve decreased or increased the number of appraisers they worked with during the past year. With quite a few opting to pass on this question, the final tally for this year showed 46.1 percent of the respondents said the situation stayed the same.

One lender indicated there is an effort to try and get better turn times.

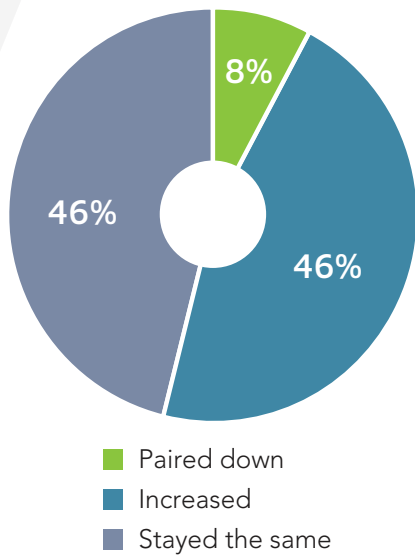
What is the typical number of full appraisal assignments you order each month?



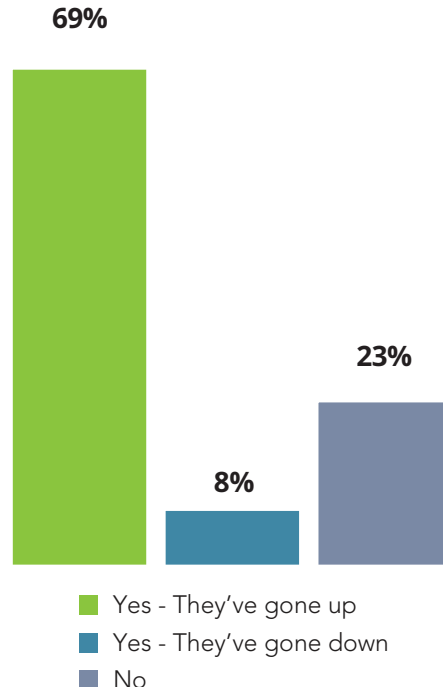
What is the expected turnaround time for a full appraisal report of a residential appraisal assignment?



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



Have appraisal fees changed since the "customary and reasonable" fee debate?



"We added an AMC to give us more availability of appraisers to hopefully reduce turn times," one respondent said. "It has not worked because everyone is busy. Volume has increased in rural areas, and we are constantly adding to the list of approved appraisers with our AMC as soon as we find them. I think they are increasing to help with the turn around."

As for customary and reasonable fees changing, this year a slightly smaller percentage of lenders said appraisal fees have gone up.

"Due to COVID-19, fees have gone up," one lender said.

Supply and demand was also noted with the feeling that there are not enough appraisers for the work that is out there

resulting in "rush" appraisals or raising prices as the only way to get an appraisal picked up.

"Fees are way up," another lender said. "The cost to obtain an appraisal has increased because other lenders are just charging a rush fee to maintain turn times. Our base fee has to increase to 'entice' the order to be picked up by an appraiser just to meet a 30-day closing. Some fees are added in grey areas like complexity or over \$1 million when we have standard spec homes in our areas that are selling for over that \$1 million that are not complicated at all."

Another stated, "I think fees have gone up, but I don't approve the fees. We pay the appraiser listed fees that they put in the system."

Working with lenders/AMCs

Promoting public trust.

That is the mantra of appraisal organizations throughout the profession. The question is, are appraisers in their daily professional encounters with the lender and the AMC developing that trust, and more important, is such a reliability bond getting tighter since last year?

"Again, and it is the same thing each year, it's about the fees," one respondent said. "Pay us a reasonable fee for the scope of work that is being asked along with the request time frame to do the work. Since Dodd-Frank came out, it states government fee schedules are accepted, so all appraisers should be using that as a base fee and turn time. Anything over that and anything extra should be extra. It's like they

order a simple cheese pizza but when it gets to them, they say they wanted all of these extra toppings.”

When we polled our respondents about third-party inclusions two years ago, over 60 percent of respondents said these are hurting the profession, with 23 percent saying there’s been no change, and just over 15 percent of the respondents claiming these inclusions have helped the industry.

“PAREA (Practical Application of Real Estate Appraisal) will be the nail in the coffin for independent residential appraisers,” one respondent said. “When AMCs are able to train staff appraisers at will with classroom to certification, they will have no need for external panels. It’s a travesty that AMCs are allowed to act as a supposed firewall between lenders and appraisers while employing staff appraisers who are reviewed by staff reviewers. In the near future with PAREA, AMCs will be able to produce new staff at will, and they will over and over again until they have exactly the staff they want.”

One respondent claimed not to be the “typical” appraiser stating it took eight years to develop a system before finding a niche.

“I take on the jobs other appraisers don’t want,” the respondent said. “The time-consuming complex properties and the court work through divorce and probate are examples. I refuse lender work. The jobs I take allow me to set higher fees and require more time to complete. It was this or quit. Lender work may be plentiful, but it is not profitable for me to work more to make less. It’s also an abomination in my humble opinion, to believe a good appraisal can come from the cheapest fee done in the fastest time.”

“Appraisers need to learn that appraisal and valuation are not synonymous,” another respondent said regarding working with lenders and AMCs.

“Appraisal is a broader term that includes valuation but is not limited to valuation. Appraisers are professionals. They are engaged to provide services. An assignment is something taken on by a student or a subordinate. It implies an outcome. Appraisal standards and qualifications must be maintained to protect the public and not manipulated to suit lender and broker needs and/or desires.”

Appraisers who responded to the 2020 survey suggested they literally have to “school” a Q&A reviewer as to how to read a report, and then walk them through some process within the report.

“Lenders are relying on real estate salespeople rather than the appraiser when it comes to being the property value decision maker,” one respondent said. “I think some of them make up their own rules, which is why I no longer do lender work.”

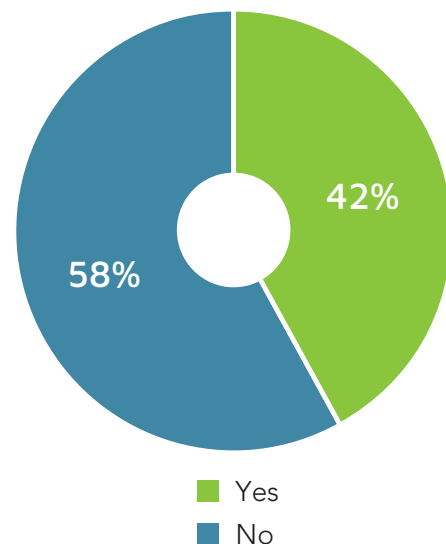
Another respondent said, “Lenders are asking appraisers to ignore FHA requirements. They are too focused on having a quantity of both plus and minus gross adjustments, which at times is crazy as the data is what it is. In essence, appraisers have to fill up the report with some ‘garbage’ just to hit the balance.”

Still, our survey this year indicated that respondents feel there is a slight increase in appraisal work directly from lenders with just over 50 percent saying such is the case, while just under 50 percent say there has been no increase in work from lenders in the past year.

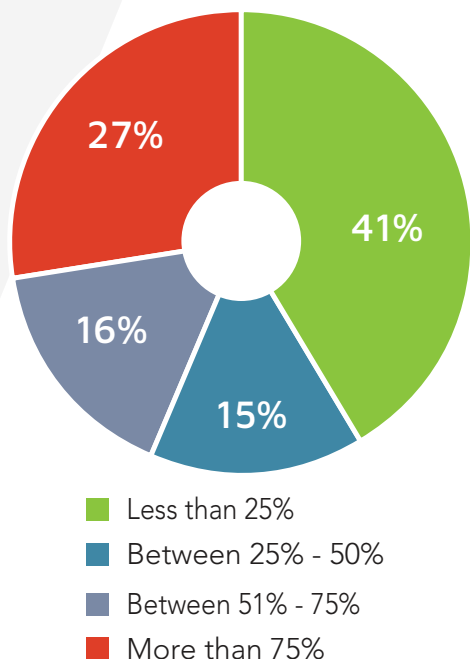
The market is hot, one respondent said, with people getting top dollar and overbidding on properties. And when an appraisal doesn’t make contract price, most lenders are scrutinizing the appraiser and sending multiple addendums and some even auto review it.

“Interrogatories into unused sales which are typically not market sales, but were used by another appraiser, must be comps,” another appraiser suggested.

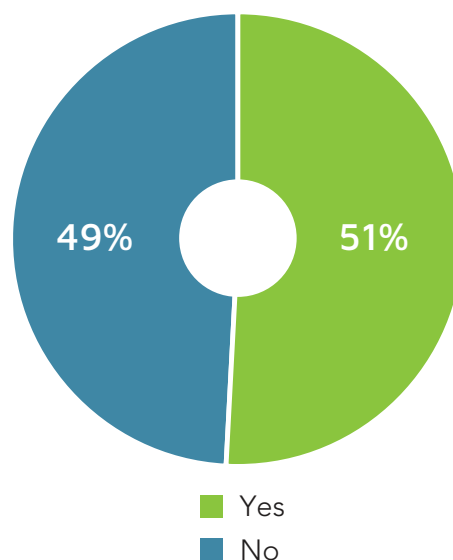
Have you felt any increased scrutiny from lender clients in the past year?



What percentage of work do you receive from AMCs?



Have you seen an increase in appraisal work directly from lenders?



"I have lenders that want extra comparables even when none are available. They just will not access commentary in the report. Lenders are always asking for greater explanations and proof of your appraiser conclusions; along with support for thought and analysis processing. Sometimes, tiny details or consistency is questioned."

Slightly more than 40 percent of respondents told us they get less than 25 percent of their work from AMCs, while just 27 percent reflected over 75 percent of work they get comes from that direction. The roadblocks for appraisers again are seemingly the never-ending regulations, or to be more precise, restrictions that truly bind the hands of appraisers everywhere.

"Any appraiser with over 20 years of experience should be able to have trainees and have them sign for those reports," one respondent said. "Boards should definitely grandfather appraisers that have over 20 years' experience. Appraisers need to increase their knowledge. Those who are content to doing form work for lenders and haven't increased their knowledge or experience and are just doing the minimum, are and will be replaced by AVMs. Clients want analysis, and if an appraiser is not providing this analysis, then they aren't doing their jobs."

One respondent said it is near impossible to serve the expectations of the industry due to the volume. Most

appraisers are dedicating their lives to production, in part because they know the refinancing cases will drop off at some point.

"I operate a professional office with staff and six appraisers," one respondent said. "We are burning through refinances and sales that would naturally occur into the future. When the slow down comes, I believe it will be dramatic and likely will be the end of this company as we know it. No more staff, no more office space, each appraiser operating with the lowest fixed cost possible. This will not be good for the future of professional offices."

Regarding forms, another said, "The Fannie Mae form is going to be a data input sheet. I can see lender/AMC scope creep with this thing. I have seen an increase in lenders leaving the AMC business model and moving toward a direct engagement business model. This is fair for all parties involved. All lenders need to be done with AMCs."

And yet, not all who render an opinion or idea focus on the negativity that can be associated with appraisers working with lenders and AMCs.

"I've been at this a long while," one appraiser said. "And I have maybe only four or five years left until I throw in the towel. Even so, challenges are a good thing. They are what keep us looking forward."

Technology

When it came to technology in 2020, many professionals were quickly introduced to the word “adaptation.”

Business employees across the country were reminded that a willingness to accept “new” ideas and explore alternative technology methods on the job might be a wise decision given the uncertainty of the economic world.

And, oh, how things have changed over the year. Our 2019 survey began with the industry’s reaction to bifurcated/hybrid appraisals, its reliability, financial feasibility, and the willingness of appraisers to rest assured that such a method of operation would result in compliance.

But with alternative methods and desktop appraisals being the new “norm,” which would describe the hybrid appraisal, where do our respondents for this year’s survey stand on the usage of bifurcation?

As alluded to earlier in this report, appraisers have not changed their opinions over the last 12 months regarding these assignments with an overwhelming negative response.

One respondent suggested appraisal technology sometimes does not solve the problem because try as one might, you can’t simulate sitting behind a computer monitor with what the appraiser will physically see at the property.

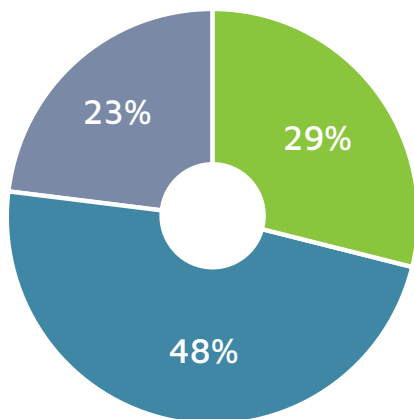
“The overall observation process, the area, complexity, fixtures, quality and many more factors are decisive in the taxations,” the respondent said. “Data implementation can’t really follow the specific pattern of adjusted layouts.”

All three of our categories were of concern to one appraiser but in the end, it’s about being accountable for what the appraiser does.

“I choose not to rely on a third parties being associated with my assignments,” he said. “I am also a qualified expert witness in three county jurisdictions. The fastest way to be discredited on the witness stand is to answer, ‘I depended on someone else’s work,’ and that’s not going to happen in my practice.”

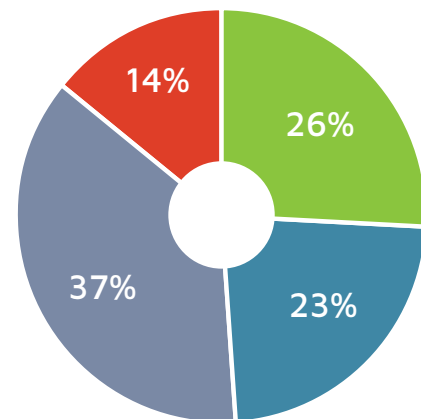
Others mentioned that the appraiser component of the

What’s your biggest concern with hybrid/bifurcated assignments?



- Confidence in data used
- Confidence in inspection used
- Technology replacing appraiser

What, if anything, about technology do you feel is a hindrance to greater use?



- Carrying a device is cumbersome
- Don't have time to keep up with latest innovations
- Dont have time to learn how to use new technology
- Can't defend results if technology is questioned by a client

bifurcated assignment opens the door to not being paid enough to provide adequate assignment results with confirmation of data being provided from the third party. More opinions reflected money and compliance concerns as it relates to organization documents/guidelines.

“Fees, plain and simple,” one respondent said as to why bifurcated assignments are not at the top of the list. “USPAP doesn’t allow shortcuts in development, but they want to pay a pittance for these products. I was offered \$150 flat to do the inspection anywhere in my state, and another \$150 if they order a full appraisal. Those are pre-1990 fees for the same work and more liability today.”

Others think bifurcated appraisals are the worst trend in the appraisal industry today.

“Hopefully, they won’t catch on,” one respondent said. “It just gives the lenders two people to sue instead of one. They have reviewers who do not know what an appraiser does and, therefore, it is a hassle, which is why I stopped doing them altogether.”

Another offered, “We currently decline these. Usually these make no sense as opposed to an exterior inspection. I can’t trust the inspector to be objective as his or her data typically has something wrong with it. The larger roadblock is the time frame. By the time the client finds an inspector, he does the report and I receive it, in normal times I could have done it myself on a short form and probably at a similar cost.”

It seems appraisers cannot stay updated fast enough as to the advanced technology and the many apps that are now available to them providing much needed assistance in the COVID-19 world to accept and complete assignments with safety and health as top priorities.

Our respondents this year indicated that 65.3 percent of them do not use a mobile device to enhance an on-site appraisal assignment, slightly down from last year’s figure. Two years ago, 70 percent said they were not using mobile devices on the job.

One appraiser felt the possibility of being inconvenienced with tablets and phones, especially when inspecting a property during bad weather, was enough of a reason to not only turn off the devices, but just don’t bring them with you in the first place.

But for those who do bring the technology toolbox to the sites, iPads seemed to dominate the overall device of choice this year.

“What I usually do is put everything in a drop box as I leave the inspection,” one respondent said. “Then, my office staff inputs all the information including sketches, photos, and other details.”

And speaking of photos, our respondents indicated that photos are a major function as to what is performed on devices. Appraisers rated photos as the No. 1 function. Sketches was again the No. 2 choice, followed by maps.

One respondent indicated that these simply take more time, and that in his eyes, it really isn’t saving time, but it tends to waste more of it leading to a lack of productivity.

One appraiser made it very clear, “I am working in the field and don’t have time to play with devices.”

“There’s too much conflicting data,” one respondent said. “The biggest hindrance to the greater use of technology is the cost-versus-profit benefit. I have no desire to learn new technology.”

Others said it isn’t necessary to get done what the appraiser needs to get done in the field.

“Unnecessary and unhelpful,” one respondent pointed out. “I am just comfortable with the usual way, the way that is most reliable.” Another appraiser said just the opposite, “Technology has made my job much easier.”

Location and market area can also be a factor regarding the use of technology.

“I work a wide area, some assignments are rural with poor reception,” one respondent said. “It is hard to keep up with the training.” Another said, “I haven’t had any issues as I prefer to write reports at home, use double monitors regarding my computer and use Excel to truly analyze the data as I am not a ‘form filler.’”

Some appraisers also suggested, as it relates to future technology concerns, perhaps a better choice would be to focus on experiencing the property, and not just the input of data.