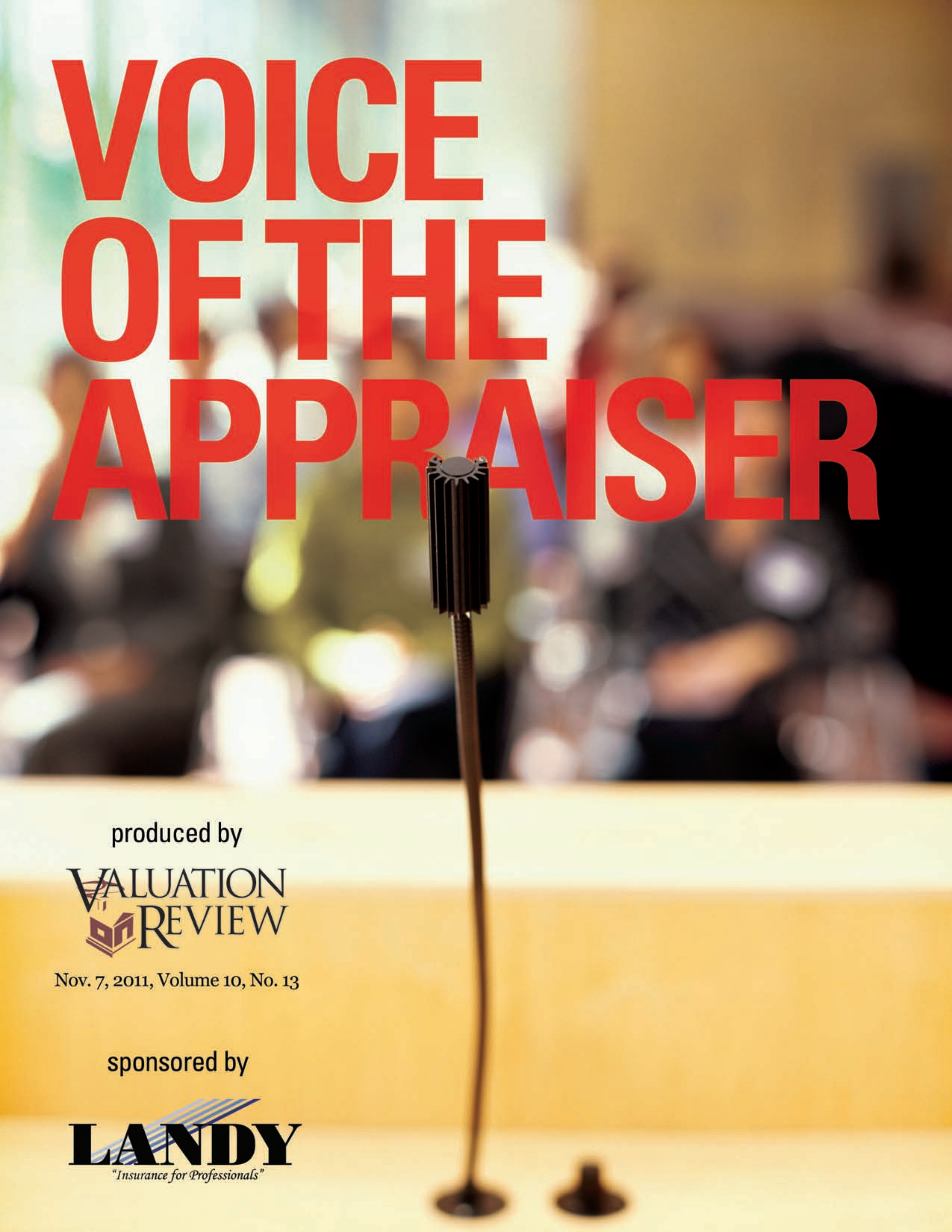

VOICE OF THE APPRAISER

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Note from our sponsor

To All Appraisal Professionals,

The Herbert H. Landy Insurance Agency is proud to sponsor the 2011 *Voice of the Appraiser* by October Research. As a national leader in meeting the professional insurance needs of appraisers and the appraisal industry, we are very aware of the changing dynamics affecting your profession. The Landy Agency has always strived to provide more than just an insurance policy. Our affiliations with appraisal organizations throughout the country, contributions to professional journals and websites, participation in workshops and conferences and, most importantly, our daily contact with many of our thousands of appraiser clients, keeps us very much aware of the issues that matter to you the most. Our goal is to provide exceptional insurance coverage as well as be a resource for all appraisers regarding successfully reducing the risk of operating an appraisal business.

Obtaining Errors and Omissions insurance coverage from the Herbert H. Landy Insurance Agency is quick and easy, though we are pleased that we have been able to offer many expanded coverage features over the past several months. At the same time, our policies remain extremely cost competitive. Our application for individual appraisers features only four qualification questions and the prices for the coverage options are right on the application. You can even apply on our website at **www.landy.com** and have your policy emailed to you in just a few hours!

While the application is short, coverage is big! Some highlights include:

- Coverage for Residential and Commercial Appraisals
- Prior Acts Coverage is included at no additional cost with proof of continuous coverage
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- Claims brought by lenders are not excluded
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- Damages include Punitive or Exemplary Awards (if insurable under state law)
- Toll Free and Confidential Risk Management and Pre-Claims Hot Line Services
- And Much More!

We hope that you find the information provided in the 2011 *Voice of the Appraiser* special report valuable. As appraisers attempt to negotiate the many changes taking place in their profession, obtaining timely, accurate and important information is crucial and we believe that this report from October Research will aid you in that goal. 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 the many thousands of appraisers who trust us for their Errors and Omissions insurance coverage and we appreciate your business and your confidence. For additional information or to obtain coverage for individual appraisers, appraisal firms or other real estate professionals, please call us at **800-336-5422**, send an email to **johnt@landy.com** or visit us on the web at **www.landy.com**.

Thank you for your interest in the Herbert H. Landy Insurance Agency and the 2011 *Voice of the Appraiser* special report. We look forward to hearing from you!

Introduction

ANALYZING THE 2011 SURVEY OF THE APPRAISAL INDUSTRY

Appraisers are fighting an uphill battle. They struggle against poor industry practices, federal regulations and even each other. One appraiser alone cannot combat all the issues that threaten his or her business, but together appraisers can raise their collective voices to make their opinions heard. That's why *Valuation Review* launched the 2011 *Voice of the Appraiser* survey.

We set out to poll the industry on the topics that are impacting appraisers' bottom lines — low fees, lack of work, appraisal management companies (AMCs), coercion and appraisal review were among the hottest topics. Hundreds of appraisers cast their vote and gave the industry a look from their point of view.

The appraisal industry is a two-way street; so, we reached out to lenders and AMCs as well. There is tension in the professional appraisal industry relationships and it's important for both sides of the process to understand each other. Lenders and AMCs were asked about their expectations for their appraisers, regulation of AMCs by the Dodd-Frank Act and the cost-plus model that some lenders have already implemented and most appraisers would like to see adopted.

The numbers are just a starting point. They get you nowhere if you don't understand them. That's why we created this special report. With the help from experts in the industry, we break down the numbers to get at the issues behind the statistics. The appraisal industry isn't just about the value of homes. It's also about the people who serve those who want to live the American dream of homeownership for a fair, market-value price.

The survey says...

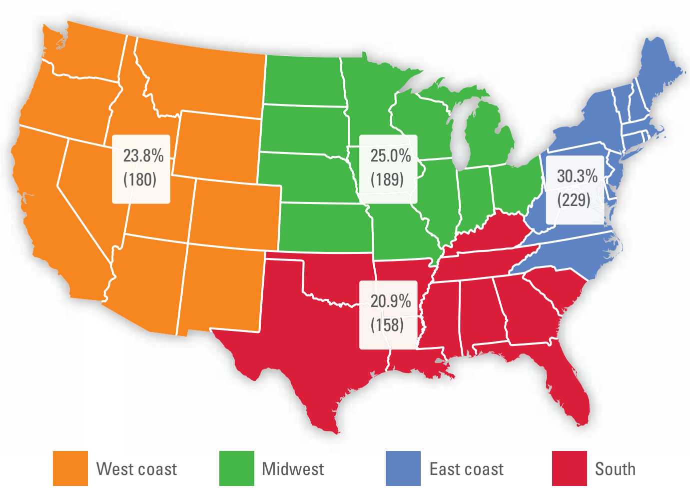
Before getting into the topical results, let's take a look at the audience. Independent appraisers made up the bulk of respondents — at 84 percent. An additional 7 percent can be added to that in the form of appraisal firms that have more than one branch. Appraisers were followed closely by 4 percent who defined themselves as a "Real Estate Valuation Provider." Lenders and AMCs made up a combined 4 percent of respondents and the last 1 percent were a mix of multiple service providers, vendor management companies and automated valuation providers.

The independent appraisers comprise a large majority of the respondent makeup; their titles ranged from owner and independent fee appraiser to senior, chief or staff appraiser. Several of the respondents also proudly stated that they were a one-man show — owner, president and appraiser. There were a couple standouts though. One respondent labeled himself as an "economist and mortgage reform advocate" and several others referred to themselves as "compliance officers." Outside the realm of appraisers, we also had vice presidents, presidents and collateral risk managers.

The location of our respondents was relatively evenly distributed throughout the United States. Thirty percent are on the East coast and 24 percent are on the West coast. Twenty-one percent indicated they are in the Southern states and the remaining 25 percent reside in the Midwest.

Not surprisingly, 99 percent of all respondents stated that they provide full appraisal services. Seventy-seven percent said they provide drive-by appraisals. Thirty-eight percent provide property condition reports and a mere 7 percent provide broker price opinions (BPOs). In the write-in section of this question, there were several respondents who added ERC relocation appraisals, retrospective and investigative appraisal services.

WHERE ARE YOU LOCATED?



THE COST OF BEING AN APPRAISER

The appraising industry is in flux. Legislation and regulations are trying to sort out the mess that exploded in 2008 by improving business practices. New technology is being introduced, but slowly adopted. However, the greatest risk appraisers face, according to the appraiser survey respondents, is low appraising fees. Sixty-five percent answered that it was the greatest risk, while 25 percent said it was a risk. Only 10 percent said it was a low risk to their business.

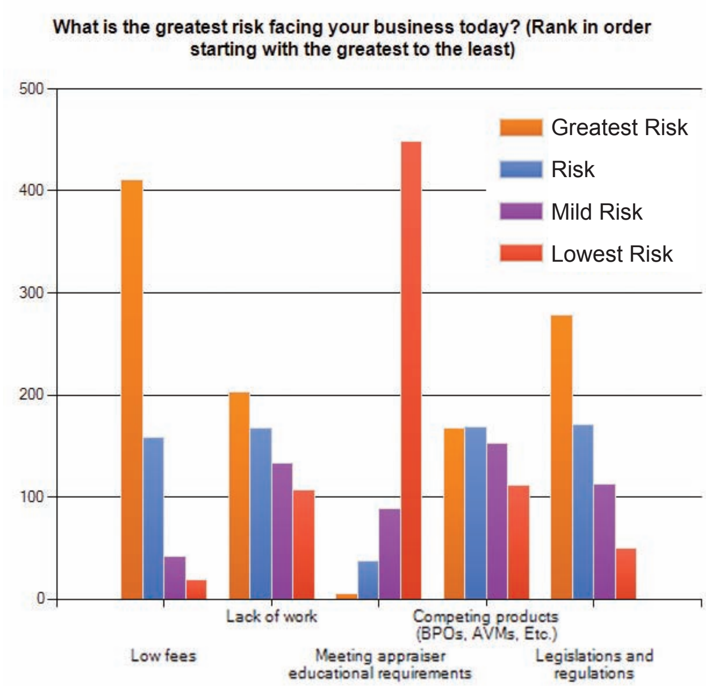
"The fee that I get is the same or less than what I received in 1995. No extra consideration for rural area complex properties or the ever increasing scope and length of these reports, which are twice as long as in 1995," one respondent explained. "I cannot make it financially much longer, and I always have work on my desk and work 50 to 60 hours a week."

The second greatest risk in our multiple-answer question was legislation and regulations, with 45 percent of respondents saying that it was a great risk. Twenty-eight percent said it was a risk, while 27 percent said it was less of a risk. From the Universal Appraisal Dataset (UAD) to the Dodd-Frank Act and appraiser independence requirements, it's no wonder that a near majority agree that happenings in Washington, D.C., threaten their livelihoods.

"Every time a new law or regulation is passed, the appraiser is required to understand the law and how it applies to their daily business," said **Tom Kirchmeyer**, president of Kirchmeyer and Associates Inc. "There's new software, new ways to complete the UAD or send the appraisal to the client [XML] — all revolving around regulations and guidelines. This all involves training and time and money. And how do they make that up? By charging more for an appraisal and being bypassed for an appraiser that charges less. It's a tough position they are in.

"The fees they get today are the same as they were 20 years ago, when they didn't have to pay for licensing, rising education and gas costs, upload fees, map and flood service fees, public data, etc.," he continued. "What's happening today is that appraisers are making less money per appraisal than in the past, and it's frustrating."

The Dodd-Frank Act attempted to have the most impact on fees, when it mandated that appraisers must be paid a "customary and reasonable" fee. Of course, the legislation never clearly defined what that was and confusion ensued. When *Valuation Review* investigated the subject as the legislation went into effect on April 1, there was no great sea change in appraisal fees. It was up to the lenders to set their fees and very few stepped up to the plate. It's a trend that is continuing, according to our respondents.



"Up until last month I had an AMC tell me that the Dodd-Frank Act didn't apply to them yet," said one respondent. It's a tough situation, as it's the lender's responsibility to pay the fees, not necessarily the AMC. But everyone has a role in the process.

According to appraiser respondents, the majority — 53 percent — believe the typical fee they are paid is low. Surprisingly, the second greatest number of respondents — 25 percent — believe that the fee they typically receive is "customary and reasonable." The remainder of the respondents believe their fees were either above the average (10 percent) or unlivable (12 percent).

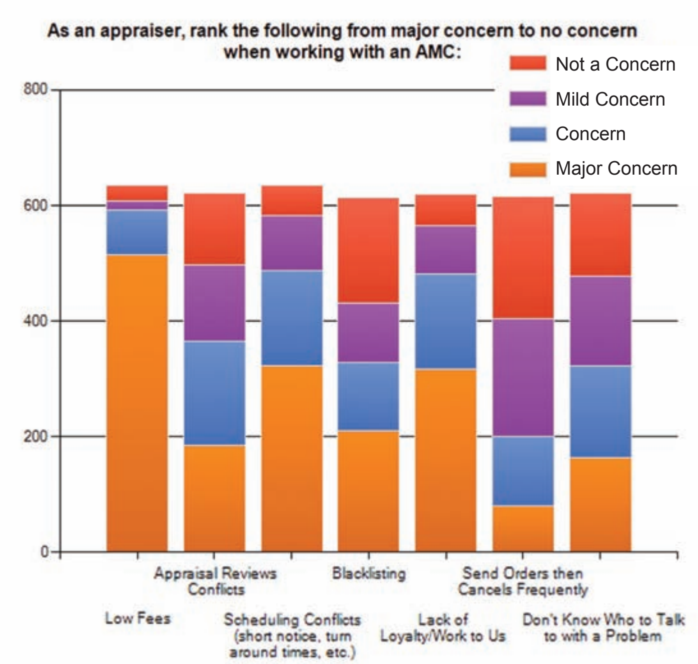
Business Risk

The majority of appraiser respondents — 46 percent — reported their typical appraisal fee to be $300 to $400. Twenty-seven percent reported a $200 to $300 typical appraisal fee. Seventeen percent reported a $400 to $500 appraisal fee. A small percentage — 6 percent — reported a fee above $500 and 4 percent reported a fee less than $200.

We asked AMCs and lenders the same question. Not surprisingly, 63 percent said they consider the fee they typically pay to the appraiser "customary and reasonable." Seventeen percent considered their paid fee to be above average, while 13 percent considered their fee low and only 8 percent considered it unlivable.

Where it gets interesting is that the majority of AMC and lender respondents reported $300 to $400 to be the typical appraisal fee paid. Seventeen percent reported a $400 to $500 paid appraisal fee and another 17 percent reported a $200 to $300 paid appraisal fee.

It seems that appraisers and AMCs/lenders agree that the fee they are receiving and paying is $300 to $400. Though AMCs and lenders see that as "customary and reasonable," appraisers do not.



Cost-plus

One of the most promising moves toward a fee increase was the adoption of the cost-plus model, in which the lender pays the appraiser the full appraisal fee plus the cost of the AMC's service. Seventy-eight percent of appraiser respondents agreed that a shift to the cost-plus model would impact the industry positively, in that it would benefit everyone in the industry and possibly improve the relationship between appraisers and AMCs. Unfortunately, 78 percent of appraiser respondents said they have not seen lenders moving to a cost-plus model.

For the most part, lenders and AMCs agreed that the move to a cost-plus model would benefit everyone in the industry, according to 62 percent of the respondents. Twenty-nine percent said a move toward a cost-plus model would improve the relationship between appraisers and AMCs. In a shocking twist, 78 percent of lender/AMC respondents report that they have seen lenders moving to a cost-plus model. What could account for this bizarre, seemingly contradictory response when viewed by appraisers?

Kirchmeyer explains:

"Lenders moving toward a cost-plus model and actually doing it are two separate issues. That's why appraisers don't see it happening yet. At Kirchmeyer, we prefer and try to sell [the cost-plus] model whenever possible," he said. "For some of our smaller clients it's already in place. The larger lenders often have contract fees in place making that model difficult to achieve. A true cost-plus model means that whatever dollar amount each individual appraiser charges for an appraisal is paid to him or her by the AMC and the AMC adds onto that a flat agreed upon fee for their services. When you start trying — and I stress the word trying — to figure out what a customary and reasonable fee should be for an appraisal in a certain market by county, region, state, etc., you may be working a cost-plus model for some and not for others, because you know that all appraisers don't agree on what should be a customary and reasonable fee in their own area. I do believe that a version of the cost-plus model will be settled upon eventually, hopefully sooner than later."

According to Kirchmeyer, that model would involve the AMC and lender agreeing on what is customary and reasonable in each area, as well as agreeing on what the AMC should add onto that fee based on what they do for the client.

"Despite the fact that the perception out there is that appraisers think all AMCs are the evil empire, it's not entirely true," Kirchmeyer said. "We try really hard to work with the appraiser on a professional level and educate them on how fees are arrived at and structured. Transparency is good."

He also urged AMCs to reach out to individual appraisers to negotiate a reasonable fee for their services without losing money based on what the lender pays for the appraisal as the industry transitions to the cost-plus model. It's not as easy as it sounds. As Kirchmeyer hinted, there is tension between appraisers and AMCs.

According to our survey, the majority of appraisers responded that they rarely or never work with most AMCs. Those who did work with AMCs typically only worked with one or two firms regularly. Within the write-in sections, many appraisers stated their distrust of AMCs and that they don't work with them, indicating the industry has a long way to go to repair those relationships. (See page 9 for more on appraisers and AMCs).

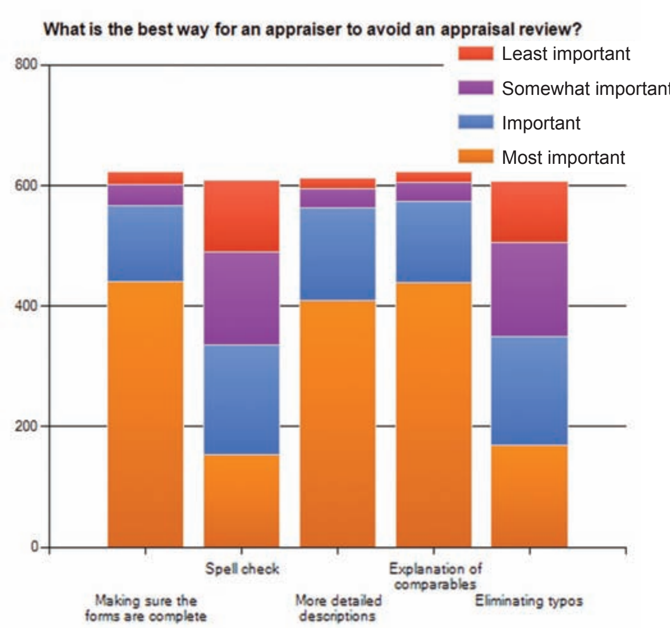
If a cost-plus model were adopted, both camps — appraisers and lenders/AMCs — said they believe lenders would be more likely to work directly with appraisers than go through an AMC. Appraisers agreed at 64 percent, while lenders and AMCs agreed at 58 percent.

Additional threats

Appraisers also have to contend with competing products such as broker price opinions (BPOs) and automated valuation models (AVMs). Fifty-six percent of respondents agreed that competing products posed a risk to their appraisal business. However, 44 percent agreed that it was less of a risk.

"Desktop valuations and BPO products are a major concern for me," commented one appraiser respondent. "I get numerous calls and emails on a daily basis to complete a desktop appraisal. These 'desktops' should be at a minimum a drive-by appraisal, and BPOs are not relevant in the appraisal field when these are completed by a Realtor who has no idea of how or why an appraiser chooses comparable properties in the market value approach."

In the services outside the realm of residential appraisal, 67 percent of respondents said they provide probate appraisal services, while litigation and taxation services were popular with 60 and 54 percent, respectively, of respondents.



Interestingly, 39 percent of the respondents said they also provide forensic appraisal services. Commercial property appraisals, eminent domain and right-of-way services appraisals made up the rest of the majority with 33 percent, 22 percent and 19 percent, respectively. In the write-in comments, appraising for divorce proceedings was popular, along with estate planning, personal use, real-estate owned, farm and pre-construction residential appraisals.

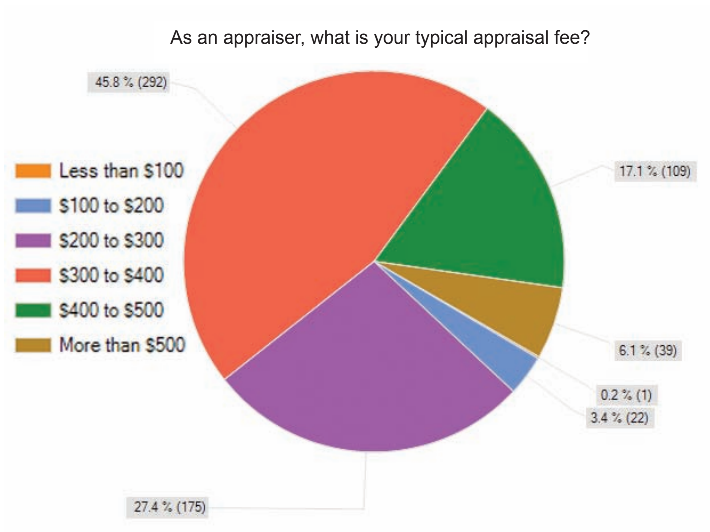
"Appraisers do not generally get along. It is an acerbic community with appraisers going after other appraisers to lower competition. I feel AVMs coupled with several BPOs will cause the appraisal industry to falter," said one respondent. "[Appraisers] are over regulated, under supported and non-cohesive."

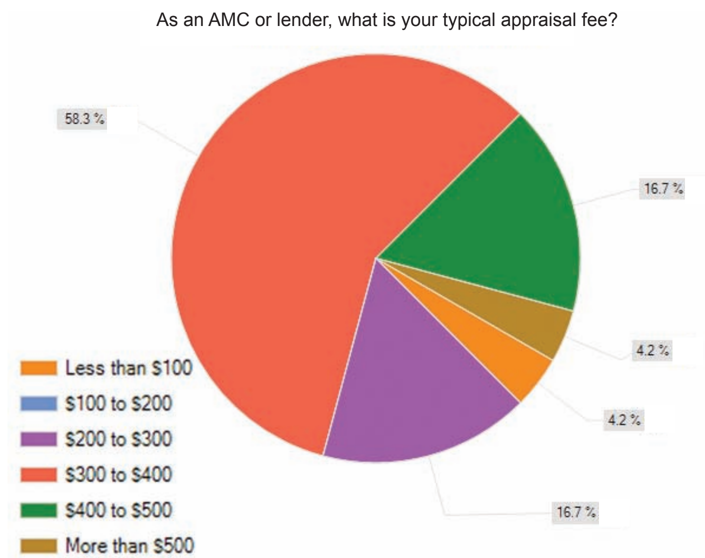
The one area that the respondents didn't see as a threat is meeting appraisal education requirements. Seventy-seven percent said that it was a low risk. Less than one percent of respondents said that it was a great risk.

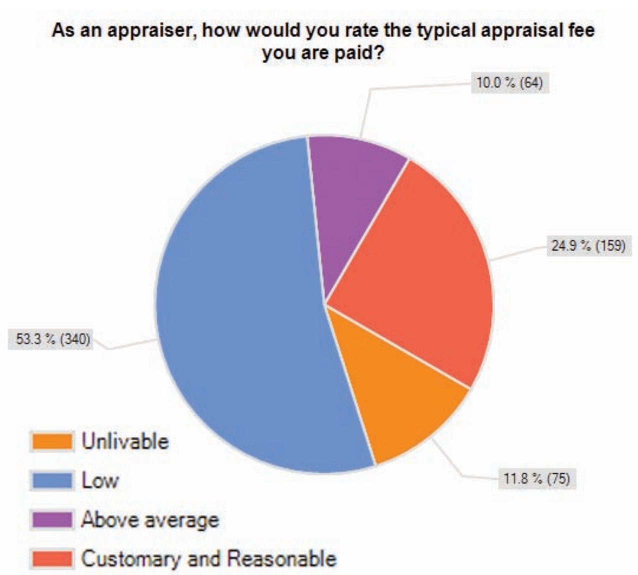
Appraiser coercion was a massive problem before the housing bubble burst and markets collapsed. It seems that most of the coercion has been pushed out of the industry. Respondents were split on the matter with 46 percent saying that appraiser coercion was barely prevalent, while 31 percent said it was somewhat prevalent. The two extremes — very prevalent and nonexistent — were split by 11 and 12 percent, respectively.

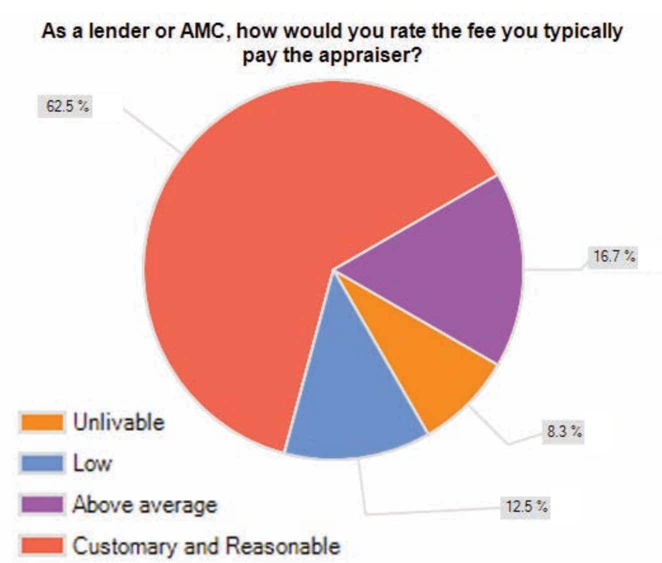
Interestingly, when we asked AMCs and lenders the same question, they were more evenly split with 42 percent saying that it was somewhat prevalent and 42 percent saying it was barely prevalent. The very prevalent and nonexistent responses were similarly split, both with 8 percent. That's a 10 percent difference between AMCs/lenders and appraisers in their perception that appraiser coercion is still somewhat prevalent. So what could account for this difference?

"Coercion remains prevalent but it hits us in new ways," said Kirchmeyer. "Gone are the 'I need this value or else' days, thankfully. The regulations are set up properly to put up a wall between the appraiser and the sales people. But the regulations also state that any appraisal can be disputed if the homeowner, borrower or even risk management at the bank believes the appraisal is of poor quality. [Many] homeowners believe that a lower value than anticipated or needed on an appraisal equals poor quality. I know many loan originators, Realtors and mortgage brokers feel the same way."







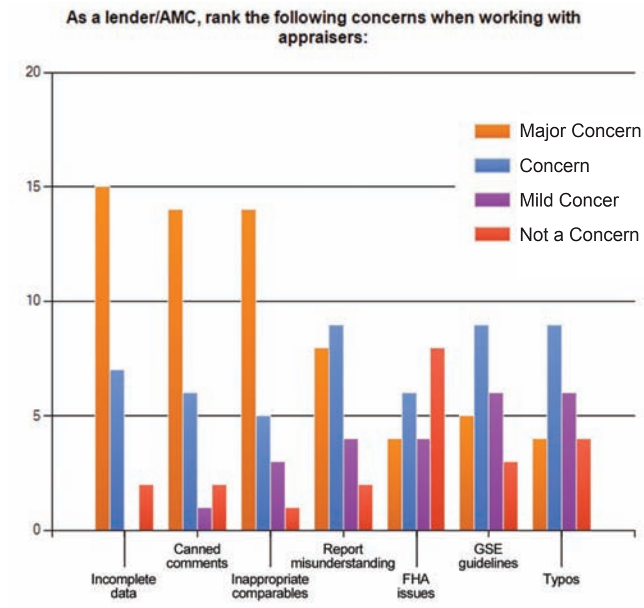


APPRAISERS AND AMCS: WHERE THEY AGREE, DISAGREE AND HOW THEY WORK TOGETHER

It was no surprise to hear that there is tension between appraisers and appraisal management companies (AMCs)/lenders. Since the implementation of the Home Valuation Code of Conduct (HVCC), appraisers have battled low fees, unrealistic expectations and poor business practices. Today, according to our survey numbers — the vast majority of appraisers reportedly do not work with AMCs. When we asked if they always, usually, sometimes, rarely or never work with specific AMCs, the results were the same. At least 49 percent said that they would never work with specific AMCs; most of the time that percentage was in the 70 to 80 percent range.

That's not to say it's all negative. Among the comments that appraisers never worked with AMCs, there were a good number of comments that named AMCs that they have good relationships with. For every "I do not work with AMCs," there was a comment that pointed to Solidifi, DataQuick, RELS, Streetlinks, Clear Capital, CoreLogic, ProTeck, Kirchmeyer and Associates and In House Connextions, to name a few of the most popular. These are firms that have earned these appraiser's service and continue to do so.

> "What do I see for the future of a young work force with their degree in hand, eager to start out in their new chosen profession? They have dedicated two to four years of their life so far, and then they ask me how much do you pay? You can knock them over with a feather when you explain that for two or more years they will be a trainee/apprentice with no pay except for the work they bring in — of which they owe you anywhere from 25 to 50 percent.
>
> Also, they have to complete 2,500 to 3,500 hours of work to meet state licensing requirements, not to mention the E&O and other items such as MLS fees, appraisal software, computing and other office products. The only future I see for a new appraiser entering the field is to join the family business. In other words, you have to know someone who has an appraisal business and needs help."
>
> **— Alexia Williams**
>
> *Realtor and certified appraiser*



As discussed in the Business Risk section of this report, it's no surprise that appraisers reported that low fees were the major concern when working with an AMC — at a resounding 81 percent. The second biggest concern as to why appraisers do not work with AMCs was a lack of work and/or loyalty to the appraiser. Fifty-one percent of respondents said that was a major concern.

In a surprise tie for second, scheduling conflicts such as short notice and turn around times was cited by 51 percent of appraisers who considered this issue a major concern. This response is interesting, as we also asked appraisers about their typical turn around time for a residential appraisal report. The respondents were nearly evenly split between two to three days at 44 percent and four or more days at 51 percent. Four percent said a one day turn around time was typical and less than 1 percent said same day.

In comparison, 88 percent of lenders/AMCs said four or more days when we asked them the same question. The rest of the respondents were split evenly with two to three days, one day and same day each receiving 4 percent of the vote. It would seem that appraisers and lenders/AMCs have similar expectations for the appraisal report turn around time; yet, it was a major concern for appraisers.

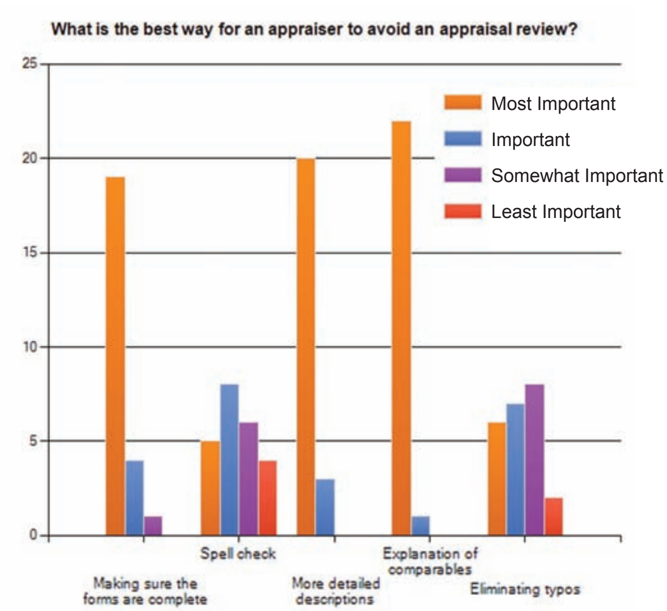
Let's review

Perhaps appraisal reviews were a factor in the appraiser/AMC relationship tension. From the point of view of appraisers, appraisal review conflicts was a combined 60 percent of respondents who considered it a concern to major concern.

"Many appraisers are also struggling to understand or comply with AMC contracts, especially those that contain overly restrictive indemnity clauses," explained **John Torvi**, director of marketing and sales for The Herbert H. Landy Insurance Agency. Some contain indemnity language that can hold an appraiser responsible for monetary damages that extend well beyond the protection of any errors and omissions insurance policy. While many appraisers and management companies have recognized these issues and sought to find solutions, an appraiser would benefit from a thorough review of any contract before signing."

One appraiser respondent explained another report complication.

"The problem is this: The client wants and requests the



relatively simple Summary Report, but, through page after page of assignment conditions, constricting parameters, bracketing, deviation percentages, etc.," said the appraiser respondent. "Examined, reviewed and second-guessed by multiple levels of clueless [people] with checklists, the assignment turns into a self-contained narrative that they are unwilling to pay for."

Bill Waltenbaugh, chief appraiser for Kirchmeyer and Associates Inc., echoed that sentiment and gave an example of order instructions that were several pages long and included the obvious request that the appraiser must provide three closed sales.

"Do we need to tell the appraiser to provide three closed sales?" he asked. "I know it happens, I've seen reports submitted with less than three sales, but it's extremely uncommon and doesn't need to be stated in the order instructions for every assignment. So what does the appraiser do when the order instructions are several pages long? They don't read them. Who can blame them? They don't need to be told how to complete every step of the assignment."

In the survey, we asked appraisers what are the best ways to avoid an appraisal review? Seventy-one of respondents agreed that making sure the forms are complete was very important while 70 percent also agreed that an accurate explanation of comparables was important. Additionally, 67 percent of the appraiser respondents also said to include detailed descriptions.

Those findings matched the lender/AMCs expectations. However, lenders and AMCs stressed the importance of a complete explanation of comparables with 96 percent of respondents listing it as very important. Detailed descriptions was highlighted by 87 percent of lender and AMC respondents who classified it as very important and 79 percent of the group said making sure the forms were complete was very important.

Clearly, the main bone of contention is the explanation of comparables, but according to the survey results, that should not come as a surprise to 70 percent of appraisers. So what could account for the 26 percent difference in opinion?

"Many appraisers have turned to creating long, canned addendum pages to address many of the special lender requirements brought to their attention in the past," explained Waltenbaugh. "Whenever they get a new requirement, they add a new comment to the addendum. However, once created, these addendums are rarely revisited and sometimes contain conflicting information. Occasionally a request is made for a correction when the appraiser has already addressed the concern in their canned addendum. However, just like the appraiser who doesn't want to read through a long order instruction page that provides a lot of information they don't need, the reviewer doesn't want to read through a long, canned addendum page full of information they don't require or need. The result is frustration for both parties involved."

Waltenbaugh provided some ways to clarify appraisal reports to avoid review. Chief among them was to make sure to explain to the reader of the report why the buyer of the property would also consider the provided comparable — similar in location, design, site size, age, utility, etc.

"If you have a unique or difficult property, try attacking the subject from all angles. Identify the subject's most appealing market characteristics," he recommended. "You might not find comparable properties that have all of the subjects' market characteristics but you should be able to find some properties that have one or two. Identify and use sales that reflect at least one of each of the subject's most appealing market characteristics. Your addendum should include commentary and point out how each comparable provides justification for the adjustment made for the market characteristic it represents."

Comments were also a point of contention for both appraisers and AMCs. Waltenbaugh explained that the reconciliation of the sales comparison approach should provide a detailed description why the appraiser chose the comparable properties used and why he or she elected that value within the adjusted range.

"Explain why you think the value belongs at the top, bottom or middle of the range," he explained. "The reader may not agree with your final value but they should understand how you arrived at your conclusion."

The appraiser respondents also offered a ground-zero look at what comprises a solid appraisal in hopes of avoiding a review. These suggestions ranged from including concise details in the report to "give them what they ask for in their printout in the beginning."

However, there is still an air of frustration in the comments. "It is not possible to prevent a review," said one appraiser respondent. "Reach the pre-determined value," quipped another respondent. "If they don't like the value, they will do anything to make you appear to be wrong, including hiring somebody utterly incompetent to review," another appraiser commented.

As the last comment implies, a source of conflict is how an appraisal review is handled and a lack of understanding from the appraiser's point of view. In some instances, the way the appraiser is approached makes it seem like he or she was wrong from the onset. Instead of saying "we don't understand how comparable two added any competency to the appraisal," reviewers simply ask appraisers to replace the second comparable without an explanation. From the AMC's point of view, if they ask an appraiser to replace a comp or reconsider a value, it doesn't necessarily mean that they are attempting to coerce the appraiser into hitting a certain value. Clearly, communication is the key.

"Since I started in this profession, I have always strived to be the best that I could be, and have been proactively involved in the industry. I had long believed that there would be a contraction of appraisers, with the best left standing after the dust settled. I was right about the contraction, but the best have been leaving the business either through attrition, or unable to compete with the changes that have taken place. Factors beyond our control have driven many good people out of business, and those same factors are preventing new appraisers from being attracted to the appraisal industry.

Diversification has been the "buzz word" for many years for the residential appraiser. Those who have diversified away from lending work are surviving today.

The bottom line is real estate continues to be a significant investment for individuals, partnerships and corporations. The appraiser is the only unbiased party that does not have a vested interest in the transfer of property or the value of the property.

Understanding how the professional appraiser will fit into the process in five or 10 years from now is not clear. Continued government intervention and their unintended consequences are reshaping the way we do business. Those who are technologically savvy and are analysts (not form-fillers) will survive and thrive."

— Alvin "Chip" Wagner
Appraiser and president of
A. L. Wagner Appraisal Group Inc.

THE NEW LAWS THAT IMPACT AMCs

Appraisal management companies (AMCs) have seen their fair share of changes in the past couple of years. On top of the still unsettled "customary and reasonable" fee situation, there is the mandatory state-by-state registration of AMCs. Fifty individual states means fifty possibly unique laws that a single company would have to adhere to. States that share similar regulatory demands help ease the compliance pain of AMCs, but there is still plenty to worry about.

We asked AMCs which states they had registered with, and California had the majority of responses with 38 percent of respondents saying they were registered in that state. Overall, 33 percent of AMC respondents reported that they were registered in all 50 states. (It's important to note that not every state has its AMC legislation in place.)

The most popular states AMCs are registered in are on the west coast. Aside from the aforementioned California, 25 percent of the AMCs said they were registered in Utah, as well as Tennessee. Oregon has 21 percent of the AMCs registered, as do Nevada and Arizona. Seventeen percent of AMCs are reportedly registered in New Mexico. Moving east, Minnesota boasts 21 percent of the AMC respondents registry. Seventeen percent of AMCs also stated that they were registered in North Carolina, Vermont, Indiana, Florida, Connecticut and Arkansas. When asked if they planned to register in all 50 states when applicable, 64 percent of those polled said no.

To operate in a state with a registration act, an AMC must complete the registration and comply with the requirements — including the fees, which could end up totaling in the neighborhood of $150,000 to $200,000, as a rough estimate. There are many small AMCs that simply will not be able to meet these requirements.

Nevertheless, when asked how the state-by-state registration of AMCs was viewed, 65 percent of lender/AMC respondents stated that it was necessary legislation. Seventeen percent said that it was an inconvenience and the remaining 17 percent said it was completely unnecessary.

"Legislation is geared toward a large AMC company and has a negative impact on the small boutique companies that provide a specific service," commented one AMC respondent.

Of course, the majority of appraiser respondents — 75 percent — believe that state-by-state AMC registration is necessary legislation, with 12 percent seeing it as an inconvenience and 13 percent calling the legislation completely unnecessary. Appraisers' comments were more telling — explaining that they support AMC legislation, but the current system is not necessarily the correct method.

"What does it really accomplish?" asked an appraiser respondent. "It doesn't make them give us more time to complete an appraisal. It doesn't make them pay us a customary and reasonable fee. To be honest, I'm not sure what it does other then provide them with a registration number."

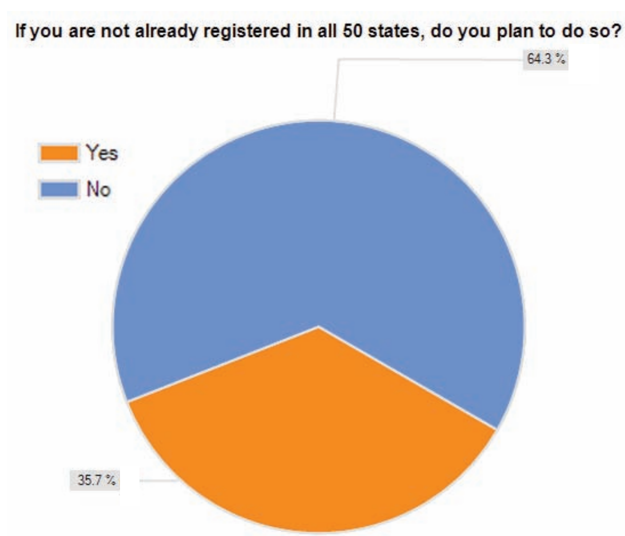
"These laws only serve to validate their existence," responded another.

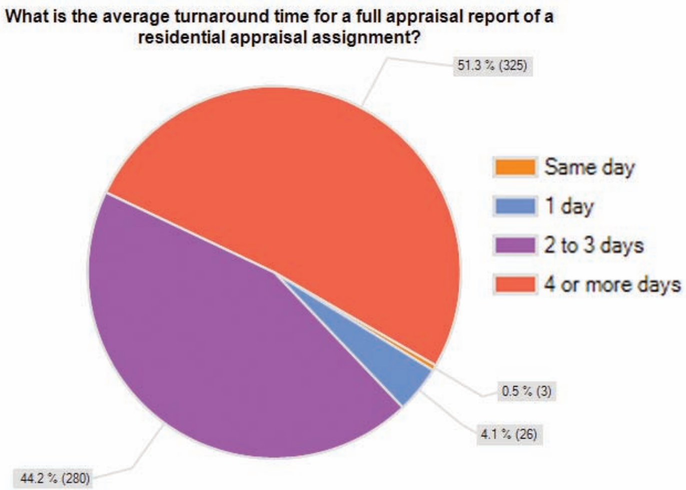
Still, other appraisers appreciated the intent of the legislation.

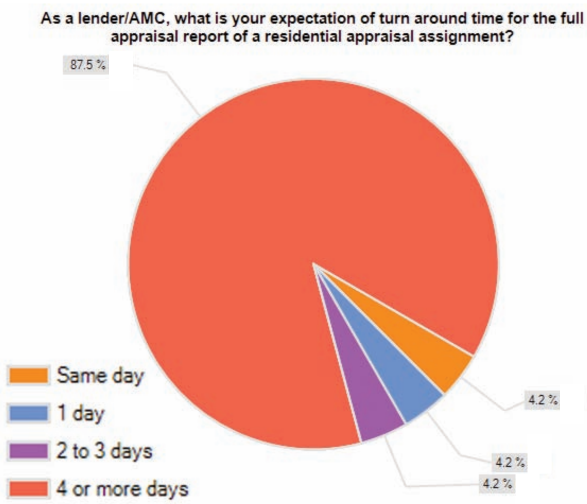
"As appraisers, we have many requirements, they should as well," said one respondent.

"About time someone is accountable besides appraisers," opined another.

It's a tough issue and one that isn't going away. No amount of planning can completely prepare an AMC for compliance across the board. There are going to be regulatory issues as AMCs work with states to comply with their individual laws.







"Like many who have devoted a greater part of their life to this profession, adequate compensation is primary. It is sad to note that appraisal fees have slid to 1990's levels, yet the demand for more information has increased. Compensation in the review field is not much better. I take as many classes and Webinars as I can to expand my knowledge of the review field, and read up on the secondary market as much as I can. Knowledge is power."

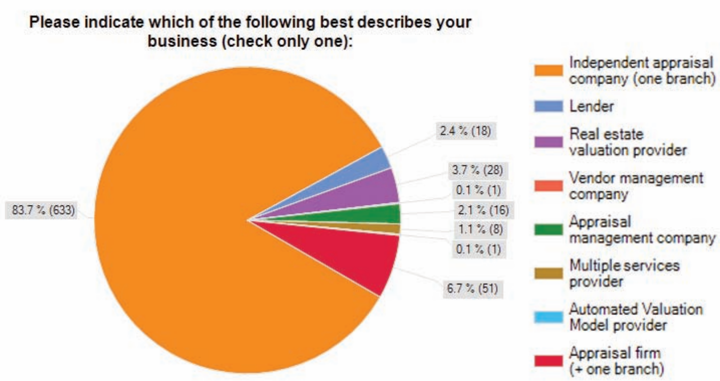
— Bill Temple

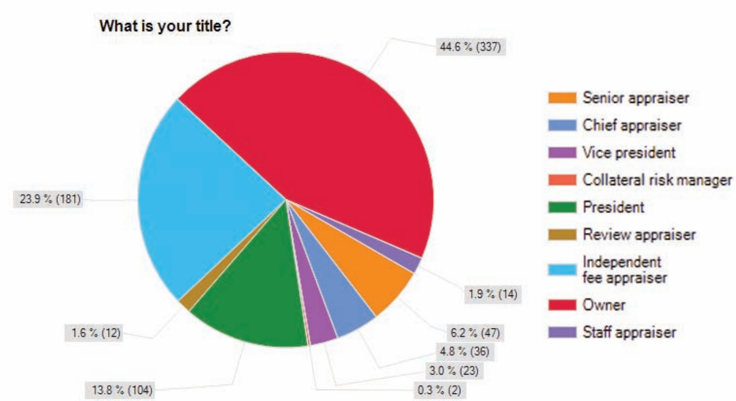
Senior review appraiser for Valligent

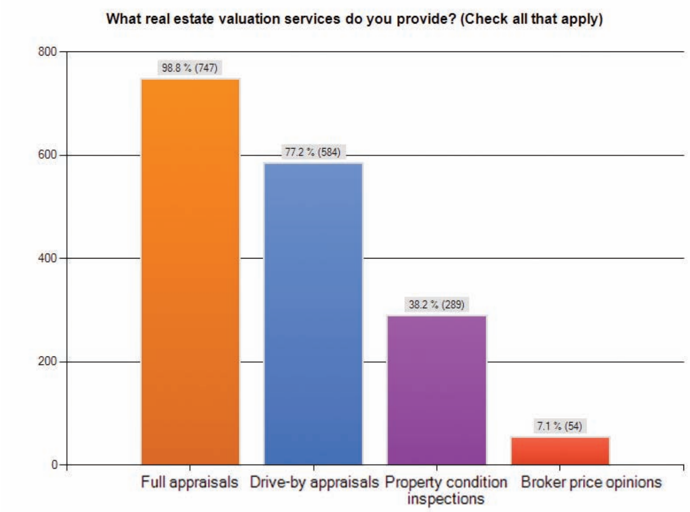
"My challenge is to continually work hard to diversify my business outside of lending work. I enjoy the greater freedom and opportunities found in doing others types of appraisals. I run 10 or so websites to generate other types of work and I have a very strong online presence to help build trust with clients and potential clients. I work very hard to be an online and in-person resource to others."

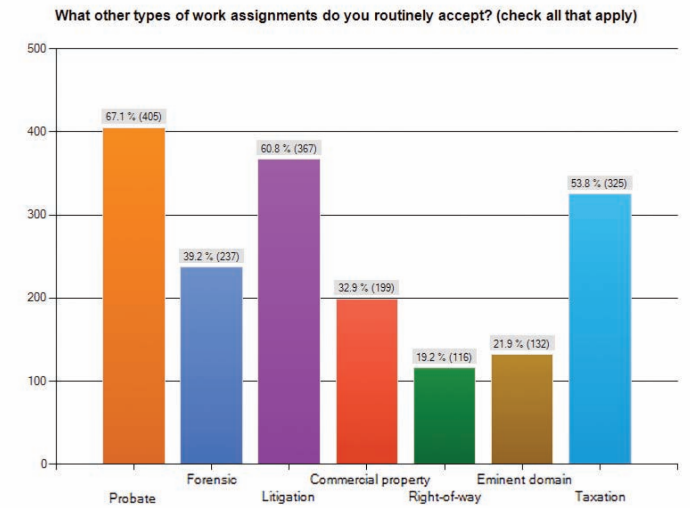
— Ryan Lundquist

Certified residential appraiser based in Sacramento, Calif.

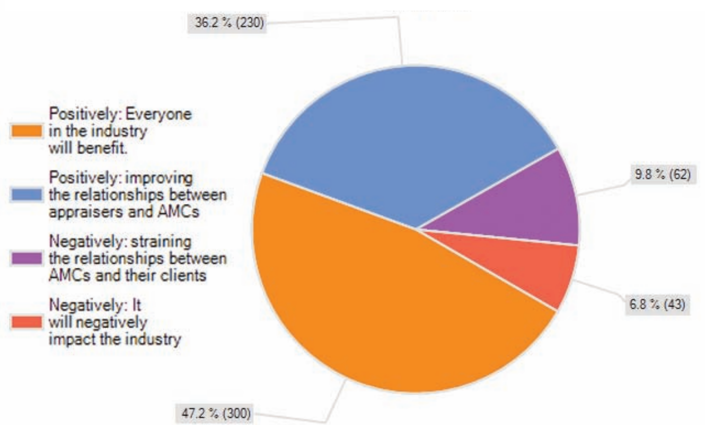




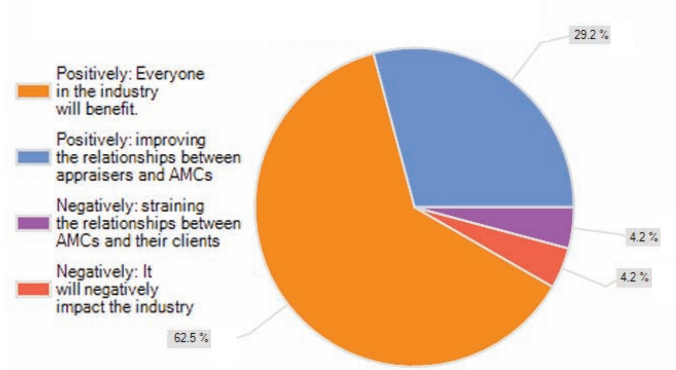




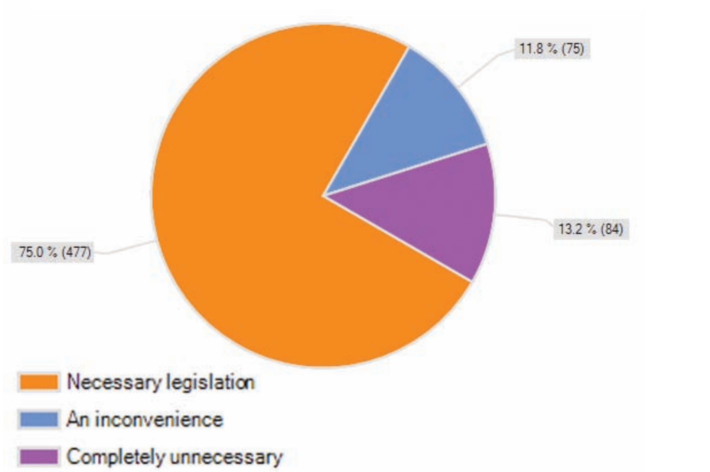
As an appraiser, how do you feel a cost-plus model would impact industry relations?



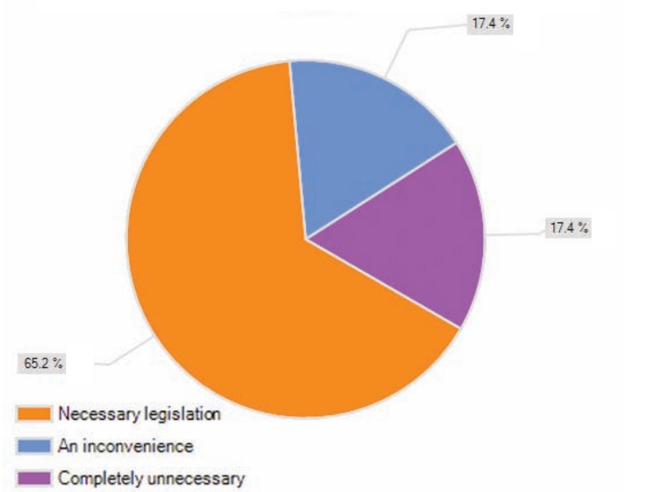
As an AMC or lender, how do you feel a cost-plus model would impact industry relations?



As an appraiser, how do you view the required AMC registration acts for each state?



As an AMC or lender, how do you view the required AMC registration acts for each state?



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