

Coester Appraisal Group, a nationwide appraisal management company releases its annual appraisal industry survey. Over 1,559 licensed and certified appraisers completed the survey with the results shedding some insight into the appraisal industry and what is really happening in the appraisal industry. The data was collected directly from appraisers via SurveyMonkey, various websites, press releases and e-mail. After further analysis of the data from the Annual Coester Appraisal Group Vendor Survey, it seems like many of the implications made regarding the state of the mortgage industry as a whole have been debunked.

FINDINGS

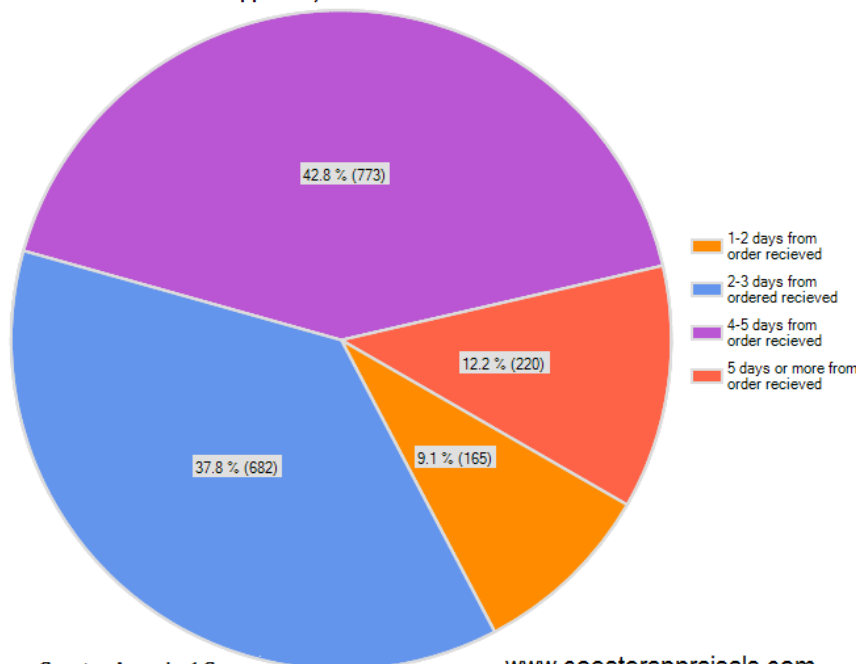
A total of 1,569 appraisers completed the survey, with a majority of appraisers licensed in one state and some as many as seven. Appraisers in all 50 states are represented in the survey.

Distance – One-third of respondents traveled an average of 15-20 miles from the appraiser’s place of business to an assignment with an additional 31.4% traveling 10-15 miles. This is consistent with the TAVMA survey that indicated the average travel distance for an appraiser is 13 miles (TAVMA Survey which can be found on their website <http://www.tavma.org>)

Response Time – As shown in Exhibit 1, the average turnaround time of 2-3 days from assignment for a Conventional 1004/1073 and 4-5 days from receipt of the order for an FHA 1004/1073. The turnaround time was indicated as the same regardless of if the appraisal was ordered through a third-party or directly.

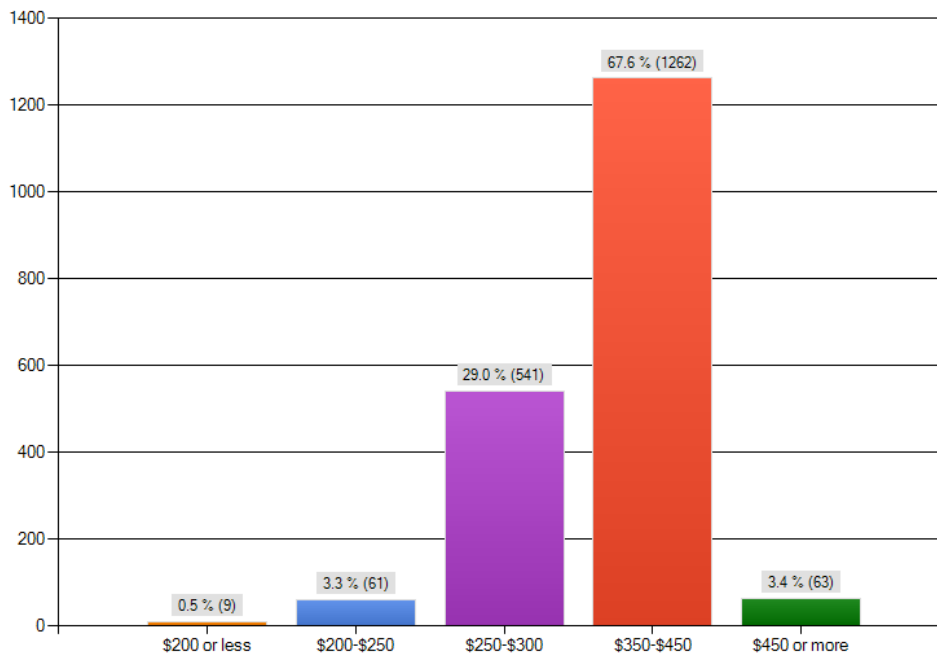
Exhibit 1

What is your standard quoted completion time (from receipt of order to submission of appraisal) for an FHA 1004/1073 order?



Fees - Contrary to mainstream data reports, 64.65% of appraisers charge the same amount whether contacted through an AMC or directly by the lender. Fees on Conventional and FHA 1004/1073 appraisals ranged \$350-\$450. One of the more popular misconceptions in the industry is that AMC's earn a huge margin by paying appraisers \$150-\$200 while charging the borrower \$450-\$500. Our data proves this wrong, showing that although appraisers quote lenders \$350-\$450 for appraisals, they net \$250-\$300 for a Conventional appraisal and \$300-\$350 for an FHA report. This translates into appraisers receiving over 70% of their original quoted fee and the AMC retaining the other 30% or 30 cents on the dollar.

If a lender contacted you directly, what is your typical fee charge for a Conventional 1004/1073 Appraisal in your service area?



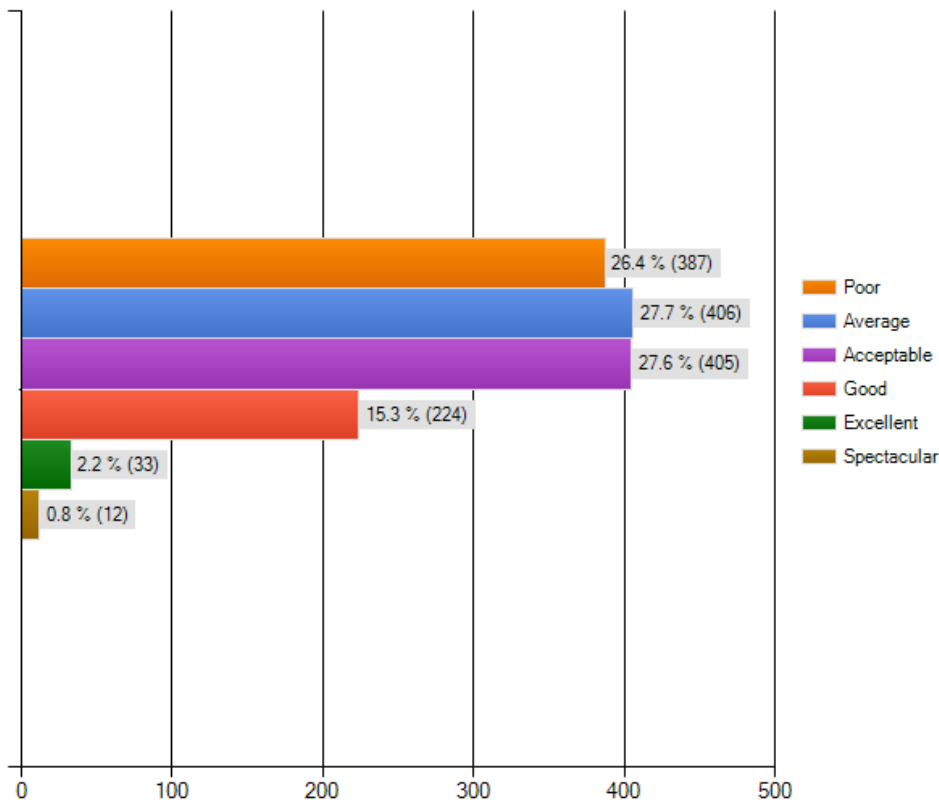
Source: Coester Appraisal Group

www.coesterappraisals.com

Though many may not agree with the changes that the Home Valuation Code of Conduct (“HVCC”) has brought to the industry including the proliferation of AMC’s, 71.1% of appraisers work for one or more appraisal management companies. This appears to be a necessary “evil” in order to continue their career and livelihood. The top AMC’s noted in the survey results are LSI (22.8%), Landsafe (19%), RELS Valuation (27.59%), Quantrix (16.1%), Solidifi (6.9%), Appraisal Port (11.5%) and Coester Appraisal Group (5.2%).

Overall, appraisers rate their AMC experience as simply “average.” The demand of quick turn times coupled with reduced fees were prominently cited for the average rating. Another reason was the abundance of report slips. The currently lending environment can, of course, be the counter argument to the last point.

How would you rate your overall experience with appraisal management companies?



Source: Coester Appraisal Group www.coesterappraisals.com

Payment - A considerable number of comments regarding slow pay from AMC’s and lenders alike were revealed where 36.9% of appraisers would like to be compensated on a net 15 payment schedule and 35.4% of appraisers preferring a direct deposit method of payment. As a result of this survey, while Coester Appraisal Group currently pays on a net 30 basis, we are currently making improvements to offer direct deposit to our vendors.

General Feedback - The most prevalent feedback on AMC’s pertained to reduced or set fees. Other concerns that ranked very high on the list are as follows:

- 1) Turnaround time expectations and pressure- Numerous appraisers state that this is one of their main concerns (besides fees) when it comes to working with AMC’s. They say that despite the enforcement of the HVCC, they still get pressured from unknowledgeable staff to get the appraisal submitted immediately. Appraisers feel as if AMC’s do not have staff members that are not

- trained or licensed appraisers, therefore they are not aware of all the factors and research that go into composing an appraisal report, especially in a rural area.
- 2) Too much follow-up-Appraisers feel that the time they spend answering phone calls from AMC's regarding status updates could be used doing more productive things such as composing reports, doing inspections, etc. Although there are some companies that may be a little excessive with checking on the status of a report, but this topic is a double edged sword because there are plenty of appraisers that do not take any initiative to call the AMC with an update before they get the chance to call them. To be honest, the calls will stop when appraisers start being proactive rather than reactive when it comes to the status of a report. When AMC's do not know what is going on with their files and the lender is questioning their competency and reliability, it appears very unprofessional, so phone calls must be made to the appraiser until an answer is provided. Period.
 - 3) Better communication- Respondents state that when it comes to getting answers to questions from AMC's, it definitely needs improvement. They are disturbed about the fact that these companies expect them to answer questions immediately, however when it comes to getting an inquiry response that is imperative to the appraisal process, it is impossible to reach a staff member or they reach someone who cannot speak proper English.
 - 4) Lack of appraisal expertise/uneducated personnel-As previously mentioned, appraisers feel as if a majority of the staff is not competent when it comes to the appraisal process, especially those that are in the review department. They feel as if their appraisal reports are solely rated on a "checkbox" scale that AMC staff is trained to use and that is the extent of their expertise.
 - 5) Unfair/Non-existence of rotation of assignments-Appraisers are concerned with the fact that they can never seem to get into the rotation to receive work from AMC's. They feel as if they are just another "fish in the sea" and no matter what they do, appraisal management companies already have a selected pool of appraisers that they give repeat business to.
 - 6) Time it takes AMC's to pay the appraisers-Coester Appraisal Group is currently paying appraisers on a Net 45 pay cycle. According to the data results above, their preferred method of payment is on a Net 15 basis and some appraisers report payment delivery times of six months after being quoted otherwise.



- 7) Broadcasting of Appraisal Orders-Respondents also seem to be disappointed with some of the methods used to assign appraisal orders, a main concern being an appraisal “broadcast.” This is when a mass e-mail is sent out to every appraiser that services the subject area and the first one to respond to it gets to complete the order. Appraisers feel as if this is the most impersonal way to do business because you are not getting to know your vendors at all and some appraisers even refuse to work with companies that choose to broadcast their orders.

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