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Open commentary on everything impacting the U.S. housing economy. The opinions expressed here represent the author's alone.

Lending Valuations

Hey 50-percenters, there is no "appraiser shortage” so knock it off

The reality of the appraisal industry is much more complicated

June 15, 2017
Jonathan Miller
59 Comments
KEYWORDS AMCs Appraiser shortage reasonable and customary fees

HousingWire recently published an "appraiser shortage" blog screed that was tone-deaf to the problems facing appraisers. To their credit, Jacob Gaffney, the editor-in-chief, reached out to me for a rebuttal after reading all the negative appraiser feedback in the comments section. Rather than address specific failings of this piece, I opted to focus on current appraiser reality.

To start, the residential appraisal industry has a perception problem.

We haven't been very good at speaking up for ourselves, so other industries stepped in long ago and did it for us. I've characterized us as "lone wolves" who don't have anyone representing us. Sure we have some trade groups, but they are no match for the lobbying juggernauts behind real estate agents, appraisal management companies, GSEs and the mortgage banking industry.

As a result, no one seems to understand our role in the mortgage-lending process. We are seen in a bi-modal way: "deal killers" or "deal enablers," not unbiased valuation experts providing banks with a neutral benchmark to make an informed lending decision on the collateral.

Appraisers have long been beaten down by all parties involved in the home buying transaction.

Everyone is smarter than us because they already know the "number" in a mortgage transaction. The mortgage broker, bank lender, buyer, seller, buyer's attorney, seller's attorney, appraisal management company or AMC and title company all know that number well. We, appraisers, arrive late to the party in the mortgage process and can spoil everything if we don't agree with "the number." And us lone wolves are often subjected to direct and indirect financial pressures when we don't agree to "the number."

Since the financial crisis, our role has been spun to the negative by other industries sensing a large-scale payday. The story shifted from a systemic mortgage system breakdown to one that blamed us lone wolves as "bad actors" who colluded with mortgage brokers during the boom.

To prevent history from repeating itself, AMCs - those third party institutional intermediaries - pushed a self-dealing storyline that promoted the separation of appraisers from interacting directly with banks to prevent collusion and improve quality and efficiency.

To do that, AMCs take half of the market rate appraisal fee to manage us. This administrative fee is earned by confirming we had a license, forcing us to interact daily with 19-year olds — chewing gum checking on the status of their appraisal — subjecting us to expanding scope creep to validate their existence and run analytics on our appraisal opinions to keep us accurate. This relationship is done all in the name of compliance even though there is no regulation requiring banks to use AMCs. And remember that litigation of cases involving AMCs such as eAppraiseIT showed collusion on a much larger scale.

AMCs pushed the idea that a 50% fee reduction net to the appraiser would not have any impact on quality. Of course, if that were true, wages across all industries in the U.S. would be halved almost immediately. And best of all, the 50% pay cut to appraisers would be hidden from the consumer to reduce their "confusion" as advocated by REVAA, the AMC trade group. The AMC industry doesn't want the public to know that valuation expertise in the mortgage lending process is given the same weight as administrative bureaucracy. The 50% appraiser pay cut fee effectively helped banks comply with post-financial crisis regulations at no cost, placing all their savings on the backs of the lone wolves who can't afford public relations firms.

But over time, something interesting happened. AMCs started to run out of appraisers willing to work for 50% less than the market rate. Good appraisers responded to the pay cut by moving on to other clients who would pay them a fair fee for their valuation expertise. This problem became greatly exaggerated as mortgage rates fell and appraisal refinance assignments surged. Now the "appraiser shortage" narrative became a full-fledged crisis to the AMC industry. AMCs pressed even harder with their "appraiser shortage" narrative that never existed as described. They portrayed us lone wolves as greedy and self-serving, just for shifting to clients who pay a fair wage.

Isn't this America?

Isn't it ironic that appraisers, who are in the business of valuing assets by measuring the forces of supply and demand, are not allowed to participate in the free market system that is based on supply and demand?

Yes, there are spot shortages of appraisers on occasion and frequently in rural areas. But those shortages are fee-driven as AMCs try hard to apply fee uniformity across the nation. I'm going to go out on a limb and contend that the cost of an appraiser operating in Montana is different than in Manhattan.

Over the past year, a growing swath of appraisers decidedly value their worth now and are speaking out.

We can see this with the membership outrage towards the Appraisal Institute for their long neglect of residential members among other issues. We can also see the appraiser push back by the inability of AMCs to find enough appraisers willing to work for half the market rate.

We need more transparency in the mortgage lending process, not less. In a free market system, the appraisal fee should be market-based, and the AMC fee should be applied separately so that the consumer can see and understand to whom they are paying what.

We can only hope that the housing market media that covers the appraisal industry will stop relying on optics of press releases and take some time to talk to us lone wolves for both sides of the story.

The move by HousingWire is a good start.

Lone wolves aren't in short supply, and we don't always bite.

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Jonathan Miller is President and CEO of Miller Samuel Inc., a real estate appraisal and consulting firm he co-founded in 1986. He is a state-certified real estate appraiser in New York and Connecticut, performing court testimony as an expert witness in various local, state and federal courts.

James Worden • 16 days ago

As a residential appraiser employed by a bank to independently engage and a review appraisal services, I can see several sides to this issue. Our preference is to directly engage appraisers from our approved panel. We cannot compete with the volume offered by larger lenders, so we are aggressive with the fees we pay in order to attract the best appraisers, which also ensures compliance with the regulatory expectation to pay customary and reasonable fees. AMCs can be useful when the property is out of footprint and we lack the time to recruit and vet an appraiser. However, we will only use AMCs with a "cost plus" model, charging a flat management fee separate from the appraisal fee. This way of managing a bank's appraisal function is strongly encouraged as best practice at the highest regulatory level. Unfortunately, regulatory feedback at a large national bank is very different than it is at a small community bank or non-bank mortgage lender. This needs to change.

In my opinion, the best thing residential appraisers can do to improve public perception is to step up their game with regard to quality and professionalism. Too many act as data collectors; measuring, taking photographs, and reporting market data, but failing to provide meaningful analysis and truly support their conclusions. Many are resistant to new technology and methodology that would improve efficiency and credibility. There are also the appraisers that are slow to respond to requests for clarification, defensive in their responses, and in the worst cases, cut off communication with their client completely. Appraisers must find a way to deliver a quality product timely and with the professionalism of a true market expert. Otherwise, users of appraisal services will always feel like they know better and continue to look for an alternative.

DiverMike → James Worden • 14 days ago

James, even some AMCs support your idea of a cost plus model. Oddly, it is the banks that hire the AMCs that oppose such an arrangement. They all seem to want that magical flat rate national gross fee in the range of $550 to $650. Also while I agree with almost every other comment you had, the idea of an AMC having ANY value in hiring for a complex assignment is misguided. THAT is the main area in which they are weakest. You/they cannot hire

experts for cut rate fees. (Mike Ford, Chairman National Appraiser Peer Review Committee American Guild of Appraisers)
1 • Reply • Share ›

Coastrider → DiverMike • 12 days ago
Diver Mike, semperFi shipmate. As for James, I'm not sure if your an appraiser, but if you are you've drank cool aid brother.
• Reply • Share ›

Patty Falkenstein Sines → James Worden • 9 days ago
I thought you said you were an appraiser?
• Reply • Share ›

Ryan Lundquist • 16 days ago
You are so right here Jonathan. I just had an AMC blast an order to me. I have never worked with this AMC before, and they asked me for a fee quote and turn-time for a property that is located literally two hours from my office. I asked them to remove me from their blast list because it's not in my best interest to work for "clients" like that. I only wish this was an isolated incident, but it's not. A big issue right now in the appraisal industry is many appraisers are opting not to work with AMCs like this (or AMCs at all). Something has to give here.
8 • Reply • Share ›

rachmass • 16 days ago
Hi Jonathan, I think you expressed the issues well. It goes to what I said in response to the piece early this week (which they deleted and finally let through), any shortage is just temporary, and also pretty scattered. Rural markets are tough and so are complex properties (same thing) and when appraisers know enough to value their time, and weigh the risks of doing that work, then often they decide it is not the work for them anyway. This is tough work and if we as professionals think of our work as an hourly product as opposed as to a widget, then it helps put everything in perspective as to why appraisers expect to be compensated for the tough work. Why wouldn't they?
6 • Reply • Share ›

DiverMike → rachmass • 14 days ago
Rachel, I used to be able to command (residential) fees of from $1,500 up to $4,500 fairly frequently for VERY complex, high end appraisals that could take anywhere from two to four weeks to complete. Commercial narrative reports used to start at $4,000. Due to AMC influence BOTH categories have dropped dramatically. I'm ok with both if that is truly simple competition. On the commercial side, that IS the case. What we used to get $4,000 for is now priced around $2,500+- (thank you PCV Murcor), BUT they appear to be hiring competent, qualified appraisers to do it.

On the residential side however, AMCs have gotten LICENSED appraisers to do the highly complex (under a million transactions) for around $550 to $750. Of course licensed appraisers are not supposed to do complex work at ANY fee. As a result of competition from unqualified appraisers doing complex work, there has also been downward pressure on the over a million type appraisals as well where a certified appraiser is a requirement. While I still prefer to specialize in the oddball, tough assignments no one else wants the liability for doing, the downward fee pressure is tending to cap most at $1,500 to $2,500. It's not true competition when the underpinnings have been artificially reduced by manipulation of regulations rather than market forces. (Mike Ford, Chairman National Appraiser Peer Review Committee American Guild of Appraisers)
1 • Reply • Share ›

Coastrider → DiverMike • 12 days ago
Agree with both of you. As I have said in the past on this and other blogs. 100K home/loan amount; Agents $6k, Loan Officer $1,000, Appraiser $400 and who has the most liability and is the most regulated ??....That's right non in the business people reading this, the math is correct and as for the liability/regulated........."It's the appraiser".
• Reply • Share ›

U. R. Kidding → Coastrider • 9 days ago
Lol, loan officers make much more than that. Depends on how bad they screw over the applicant.
• Reply • Share ›

Coastrider → U. R. Kidding • 9 days ago
Exactly.
• Reply • Share ›

Kelsey Ramírez → rachmass • 15 days ago
rachmass - just a reminder, as we explained before, we have a very strict policy when it comes to deleting comments, and try not to do it if at all possible. We didn't delete your comment, for some reason it got held up in the system. When you pointed this out to us we went in and manually released it.
1 • Reply • Share ›

Lori Noble → Kelsey Ramírez • 15 days ago
Thanks Kelsey, please include my recent post that must also be held up in the system.
2 • Reply • Share ›

JGaffney, Editor Mod → Lori Noble • 12 days ago
Lori, just today I approved all comments sitting in auto-moderation. I didn't see a comment from you. Please try again and email me if you have continued problems participating: jgaffney@housingwire.com
4 • Reply • Share ›

Debi Palbykin Jones • 16 days ago

Nail on the head as usual. Great article Jonathan!

6 • Reply • Share ›

Dave Towne • 16 days ago

As always, Jonathan exposes the real meat on the bone. And it's an even worse story when one of the better AMC's (Solidifi) slides into the realm of other low echelon AMC companies by abandoning their staff to vendor appraisers personal relationships as they once had, and have begun distributing assignments to lowest bidder/quickest TT appraisers by broadcast emails.

7 • Reply • Share ›

David M Burrup • 16 days ago

As a residential appraiser in the Denver - 'a hot market' - I too agree with Mr. Miller. I did a career change to become a residential appraiser in 2005 and our typical fee for conforming tract-built home was $350. Twelve years later I continue to receive broadcast orders like today for $250 to perform a refinance appraisal, oh and they want it back in under one week. My reports in 2005 were typically 12-15 pages, they are now typically 40-50 pages. For $100 less than my fee from 12 years ago? No thank you.

4 • Reply • Share ›

PB3 • 16 days ago

You have expressed what many of us in the trenches have been thinking for months if not years. Thank you for taking the time to be the voice of those of us that are not as eloquent nor have the audience/readership on a weekly and national basis(Yes, I look forward to your Friday afternoon commentary.) When the AMC's and lenders finally realize that the appraisal report is actually an important part of the risk management package and not an obstacle to the loan process, maybe our worth will recognized and we will be compensated as professionals should be.

4 • Reply • Share ›

APPRAISALSOURCE • 16 days ago

Nothing else to add Jonathan, you said it all and you said it well.

4 • Reply • Share ›

Bill Johhson • 16 days ago

Feel free to use me as a source Mr. Miller, as much of what you discussed is contained in my 800 comments on this site over the past two years. The comment below is from a couple of days ago.

"Here's a theory that may give lenders the impression of an appraiser shortage. If big box lenders A, B, and C, all outsource to an AMC for an appraisal assignment, then what makes them think ALL appraisers in any given area will be available to work with them? If appraisers X, Y, and Z, only choose to sign up with ONE AMC company (A, B, or C), then in reality, the lenders and their hired AMC puppets only have access to 33% of the local appraiser population. The impression of a shortage is a lie, and in part is due to unsound and bad business practices by lenders and AMC's."
Thank you Mr. Miller.
Seek the truth.

6 • Reply • Share ›

LoveLBC • 15 days ago

Well stated and accurate... there is no shortage.

3 • Reply • Share ›

Trisha • 15 days ago

Very true and well explained. Know your worth and the $$ will come.

3 • Reply • Share ›

Steelhorsecowboy • 16 days ago

I always have time for appraisal assignments that pay "Customary and Reasonable" fees. But for AMCs that pay low fees I am always "all booked up right now". They are pricing themselves out of the business. What they bring to the table is not worth the cut they demand. And that my friends is why AMCs say there is a shortage.

3 • Reply • Share ›

mike_f → Steelhorsecowboy • 12 days ago

there you have it, the solution in one brief sentence. "all booked up right now". those of us in the resale trade for a long time remember the way it was...appraisers got paid. if you're not getting paid now it is ONLY your fault. i remember the de minimus rule and thinking "time for appraisers to find a new line of work".

• Reply • Share ›

Kimberly Pugh DeFilippis • 15 days ago

Bravo. Well said. How do we go about getting permission to share this article with local realty professionals?

2 • Reply • Share ›

JGaffney, Editor Mod → Kimberly Pugh DeFilippis • 15 days ago

Permission granted Kimberly, please attribute to HousingWire — and thanks for sharing.

2 • Reply • Share ›

Financial CHOICE Act • 15 days ago

Mic Drop! This is the most honest information that has been published on this topic so far!

James Worden- What a great perspective to view and comment on what is happening on the lending side of this issue.

Appraisers just want to be allowed to report an unbiased opinion of market value. They want to serve their clients and be able to compete in the fair market system. That ability was taken away the day that Dodd/Frank Act was put into place. That day the client to appraiser communication was taken away and that day was the day for the system to add a level of protection to the consumer by placing a firewall between the loan officer and the appraiser; however, what took place was a number of the large banks that owned AMCs set up the example of the terrible business model of taking a portion of the fee that the appraiser was supposed to be paid and called it the "appraisal fee". That was the example for AMCs that would enter the market to follow. Don't be transparent to the consumer and take as much of the fee as possible from the professional that is actually doing the appraisal assignments.

Jonathan Miller- Please continue to turn on the light on what is happening to consumers everyday!!

2 • Reply • Share ›

DiverMike → Financial CHOICE Act • 14 days ago

FCA please be honest. Dodd Frank had NOTHING at all to do with causing either low fees OR our ability to legitimately interact with involved parties. DF was bad legislation for a whole host of other reasons, but it did nothing in itself to detract from appraisers ability to operate properly. It DID FAIL to provide for adequate enforcement of it's mandated reasonable and customary fees; and it may have lead many state regulators to misunderstand what could and could not be done under its provisions for legitimate redress by agents, owners, buyers, sellers etc..(Mike Ford, Chairman National Appraiser Peer Review Committee American Guild of Appraisers)

• Reply • Share ›

Kevin Klosterman • 15 days ago

Appraisers can ague if there is a shortage or not but, this is escalated with banks looking at the "shortage of folks getting in the appraisal biz" as a bigger problem. Many banks are currently looking at new tools and options to get their values to prevent a "lack of valuation experts" before it happens. They are very concerned with this which leads them to look at new options while they can. Unfortunately, much of the education for new appraisers was written before 2005 and does not reflect the current environment of using the new data enriched analytical tools.

2 • Reply • Share ›

Appraiser Advocate → Kevin Klosterman • 15 days ago

It is all about the fees. If the appraiser was receiving market rates, we could take on trainees and there will be no shortage of newcomers. No question about it, the banks did this to themselves by using AMCs and allowing AMCs to not pay fair fees. So there is no sympathy for the banks here . I completely disagree with your comment about appraisers not using data enriched analytical tools. These tools are used by appraisers everyday. Due to market fluctuations and diversity in neighborhoods and markets often, the "data enriched" tools simply do not work. There may not be enough sales of "comparable " properties for these tools to provide meaningful results. Each piece of Real Estate is unique and it takes a real person to distinguish differences. Experienced appraisers who know the market and neighborhood unique characteristic is the only way to truly measure the value of any piece of real estate.

6 • Reply • Share ›

Eric Kennedy → Kevin Klosterman • 15 days ago

Why don't you, the AMC's and lenders face the facts of WHY there are no new appraisers?? It's due to the theft and abuse of the Independent appraiser resources, time AND their data.... Speaking of your "data enriched tools"... you will also need to realize that most of this "data" has been manipulated by AMC "tools" to bypass reviews and "fit the box"... Big Data is worthless, especially when being read and interpreted by Big Tools. Borrowers are being overcharged by $hundreds on each and every appraisal for a less credible product and it will only get worse without serious reform at the Fed level.

4 • Reply • Share ›

4 ^ | v • Reply • Share ›

DiverMike → Eric Kennedy • 14 days ago

Agree 100%. In the right hands (appraisers) Big Data as a tool COULD be helpful but that is not how it is used or applied.

^ | v • Reply • Share ›

DiverMike → Kevin Klosterman • 14 days ago

Respectfully Kevin that s simply not true. The Bank-to-AMC price fixing is where low fees originate LONG before any specific appraisal is ordered. It was the banking and mortgage industry with support from the AMCs that influenced TRID Final Rule regulation to be worded as it is. You know, where the price fixed pre agreed fee between the AMC and Bank is already disclosed to the borrower and as a practical matter cannot be changed no matter how complex the appraisal assignment turns out to be barring extreme exceptions.

Banks and AMCs have been seeking a magic bullet appraisal alternative since 1991 (first LSI; then later, ZAIO). You are posting banking lobby propaganda, not facts. By the way PRINCIPLES of appraisal don't change every year contrary to the TAF's need to placate sponsors bi annually. PRINCIPLES last a very long time and should only be changed or modified when proven to no longer be applicable-not merely because some huckster is touting the "newest and best " AVM or regression based pixie dust product. Any technoclogy that requires core principles to be changed in order to be "compliant" is not very good technology to begin with, is it?(Mike Ford, Chairman National Appraiser Peer Review Committee American Guild of Appraisers)

1 ^ | v • Reply • Share ›

Craig L. Bryan → Kevin Klosterman • 9 days ago

Bullshit. You, we can tell, do not know anything about appraising property. Data enriched, my butt.

^ | v • Reply • Share ›

Kevin Klosterman → Craig L. Bryan • 9 days ago

Craig, you are rather disrespectful. Some of the biggest changes in the lending industry will soon be happening and the education I reference is not what most are thinking or perhaps used to. Look at the new CECL requirements and you may rethink your shallow comments. I am not trying to stir the pot but, but just sharing the banks are needing appraisers (or someone) to drive the new auditing tools they are required to start using in the next two years. http://www.aba.com/Issues/I...

^ | v • Reply • Share ›

Coastrider • 12 days ago

Hats off to HousingWire for posting and the post by Jonathan; will said. No one really complains about the base typical your area market fee for a 1500sf 3/2/2 in a subdivision home appraisal. However, when you want the same fee for an atypical unique property (i.e. large high end custom, acreage, ranch, odd ball, lake, geo domes, log homes, etc. etc. etc.) that dog no longer hunts.

Appraiser's are being raked over the coals by every fed, state, and GSE agency on the planet and forcing us check, re-check, re-check, and for the heck of it check again just in case the Govt. comes calling 5, 10, 15, 20 years down the road. That's right non appraiser's reading this, USPAP says we have to keep our work file on a typical appraisal for 5 years, however, that does not mean a darn thing anyone else. More so now than every before (after 2008) appraisers know what it takes to produce a fully compliant USPAP and GSE credible report in conjunction with the opinion of value and for those atypical properties as listed above your basic cookie cutter house market price isn't going to cut it anymore. No sir, that dog don't hunt no more........On a side note lenders and AMC's go get ya a BPO, desktop, or AVM from all of our data for $100 if that works for ya. Fine by us, but don't come crying to us/tax payer looking for a bail out next time around. As for not getting the order on the front end (i.e. BPO, desktop, or AVM) we will get it on the REO back end; either way we will get it.

1 ^ | v • Reply • Share ›

Mike McDermand • 9 days ago

Appraisers in Illinois have to disclose the fee they receive in the report. Its an eye opener for consumers who wonder where the other $100-$300 they paid for the appraisal went.

^ | v • Reply • Share ›

Bryan Merideth • 9 days ago

Very good article Jonathan. We appraisers must speak out to all of the lies and fake media coverage about the "shortage". Thank you Housing Wire for the willingness to give voice to the appraisal industry. The hateful, false narrative being perpetuated by interested parties who choose to blame appraisers for "killing the deal" when the deal does not represent the market must be answered with the truth from appraisers.

^ | v • Reply • Share ›

Patty Falkenstein Sines • 9 days ago

on point

on point

Reply • Share ›

U. R. Kidding • 9 days ago

Great article, the only thing not mentioned is there are a lot of great appraisers that left the industry because of the hours required to make a decent living with 20+ years experience. Some opted for a life... Every appraiser I know, loathes the amount of work required for the pay and work 60-70 hours a week. No sick time, no vacation, no family time... Of course it depends on what you require to make a decent living, but any industry you have devoted 15, 20, 30 years to, should pay for your knowledge and expertise. One must also consider how many people that must be given appraisal 101 and how easily it is to file a complaint against an appraiser because you are mad, by numerous parties. Legal fees and time can add up and go against you, rather right or wrong. Let us not forget, many banks have financial interest in AMC's or at least they did. Quicken-TSI, BOA-Landsafe, Wells Fargo-Rels, I think Corelogic now owns most the interest. Cycle of corruption.

Reply • Share ›

mike_f • 15 days ago

until the appraisers say no to the expanded scope and diminished fees the situation shall persist.

now...how to do so without appearing to be colluding to set prices and get the govt all up in a twist on an anti-trust suit. let me suggest this. i am not an appraiser and have no dog in the fight. i advise every appraiser that is able to dictate their terms to simply state that they are not available on the terms being offered. each shop independently sets a rate, sticks to it, and quotes it. those who order at the rates are doing so without coercion. those who do not are also.

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DiverMike → mike_f • 14 days ago

Logical, but respectfully naïve. The hell with the FTC and their phony rules about us fixing prices. I suggest we use the SAME guidelines as the Office of Personnel Management uses for Federal Civil Service appraisers and as has already been posted publicly and to the Fed Regulators. It can be read (C&R fees) at http://www.aprpaisersguild.org or my own site at http://www.mfford.com (Mike Ford, Chairman National Appraiser Peer Review Committee American Guild of Appraisers)

Reply • Share ›

mike_f → DiverMike • 11 days ago

the appraiser trade KILLS me. your trade has assailed by diminishing pay for decades and you guys just seem to refuse to see the new reality. like it or not many, if not the bulk of, valuations CAN be done quite adequately by an algorithm. that's not a slam on the trade but an acceptance that data can be well compiled and be remarkably accurate when massaged correctly

Reply • Share ›

Coastrider → mike_f • 9 days ago

Yep, your right Mike. It can be done more accurate than appraisers in fact why do we need them at all...."really dude". Oh yeah, the house that Horder's live in, bad renters who have trashed it, and the crazy son/daughter who are off their meds that has kick in every wall and door in, etc. etc. so on and so on. Your perfect algorithm says its worth $100k, but in the real world once an appraiser has looked at and analyzed the market, determined the correct similar comps given its condition, determine the paired market adjustments given its condition, it's really worth 70-75K. Like I said before, makes no difference to us we will get the order on the front end or the REO back end. So go ahead with your BPO, Desktop, and AVM's all day long I get paid more for REO's anyway.

2 • Reply • Share ›

mike_f → Coastrider • 5 days ago

read for comprehension coast. it's not MY perfect algorithm...it's someone else's and those AVN's, and their variants, are the ones putting you on the soup line as the trade adopts the alternatives.

Reply • Share ›

Elizabeth Morse Rhodes → mike_f • 11 days ago

No, not really. You can't get the majority of the data from the MLS. I'd say that 40% of the MLS data and tax records are incorrect and you need an appraiser to go out there and see it. Realtors are notorious for fluffery and incorrect listings. Algorithms don't work because "crap in-crap out" skews them. Perfect example - Zillow Zestimates. I have yet to see Zillow's algorithm value a house correctly. No, you need an appraiser to actually tour the property and measure the house for correct square footage. You can't go by tax records or "Realtor's" descriptions.

2 • Reply • Share ›

DiverMike → mike_f • 9 days ago

Mike F. I don't mean this to be insulting or offensive, but your post is typical of someone that knows nothing about what is required by law for an appraisal. I've never seen nor heard of an algorithm that can do an off the shelf highest and best use analysis; observe and report visual signs of soil movement or other distress; identify external inadequacies outside the property or even competently analyze AND RELATE market conditions and trends to the specific property being appraised.

We are not anti short cuts. We ARE anti MISLABLED short cuts that we are forbidden by law to use ourselves. If all someone wants is a "comp check" quality analysis (which is at BEST what an avm is) then quit pretending it is an alternative to an appraisal. They are not the same thing.

You want comp check quality? I can pump 20 or 30 of those out a day and only charge $50 each...but lets not pretend they are credible appraisals.

When 30% to 70% of deals come in under sale price what is your appeal? Who is it made to?

^ | v • Reply • Share ›

mike_f ➦ DiverMike • 5 days ago

what i know is that certain of those that use valuations are perfectly happy with AVM product. i also know that you work for year over year lessened fees in a trade that is going the way of the travel agent.

i have at least six associates that have either exited your trade or who work exclusively for attorneys and other non-sale financing related files. i'll be the first to tell you that the trade is under compensated...and the first to tell you as well that it will not get better. time for a new trade

^ | v • Reply • Share ›

Bill Johhson ➦ mike_f • 15 days ago

If you want to enforce appraisal policy per Dodd Frank, then its the lenders who have the burden of proof when it comes to establishing what is C&R. They have been provided with 4 separate methods, but I have never seen or heard of any lender or AMC providing a sentence or paragraph within the engagement letter clearly establishing how they arrived at the offered appraisal fee. One of those methods mike is government known fee schedules, or what most have come to believe is the VA fee schedule ($600 in my county). If the law was followed according to this approved method (VA fees / BY COUNTY), I'm not sure if such pricing would be considered colluding.
Seek the truth.

^ | v • Reply • Share ›

DiverMike ➦ Bill Johhson • 14 days ago

VA fee is not the worst alternative, but even the VA fee is based in part on what AMCs have charged (VA admits they include AMC fees in calculating their own fee minimums). Respectfully the only reasonable fee is one that completely removes the artificially low AMCs from consideration at all. I'd submit the lowest reasonable fee nationally is closer to $650 than $550 or $600. That's assuming no trainee. Allow trainees and it could be dropped to around $510+-. No assignment where a certified appraiser is a requirement should be less than $750 to $800+- imho. (Mike Ford, Chairman National Appraiser Peer Review Committee American Guild of Appraisers)

^ | v • Reply • Share ›

Brunski • 15 days ago

As a Realtor... it seems the AMC has jacked-up appraisals fees. Perhaps we need to cap their fees, unless the AMC would compete in the open market and itemize their fees (as Jonathan stated) ?

Would you purpose a nationwide AMC cloud system that is overseen, monitored by a Appraisal board, fees would be capped just enough to pay for running and managing the system.

The nationwide AMC would no longer be controlled nor owned by lenders?

Whereby lenders can place an order ,and have appraisers bid on it by price and turn times etc. Appraisers names would remain anonymous (until order is executed) but their geographic area, and some credentials etc would be exposed.

With today's advance online technology this should be affordable and financial manageable.

What am I missing?

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