State of the Appraisal Industry
California Community Colleges REEC
Fall 2023 Conference
#### October 27, 2023

John Brenan

- 40 years of appraisal experience, including:

  - Appraisal of both residential & commercial property
  - 8½ years as Chief of Licensing & Enforcement at BREA
  - 16½ years as VP, Appraisal Issues at The Appraisal Foundation

- Chief Appraiser and VP, Valuation Policy at a national AMC

- SVP, Valuation Policy & Strategy at a different national AMC

- Owner, JSB Consulting

- Certified General License

- Member, NAR Real Property Valuation Committee (2022, 2023, 2024)

- FRICS, MNAA, GAA, RAA, AHWD, REALTOR® Designations

- Certified USPAP Instructor

Some Key Issues Impacting the Industry

- Capacity
- Diversity
- PAVE Task Force
- Bias
- Appraisal Modernization
  - Changing Appraisal Types
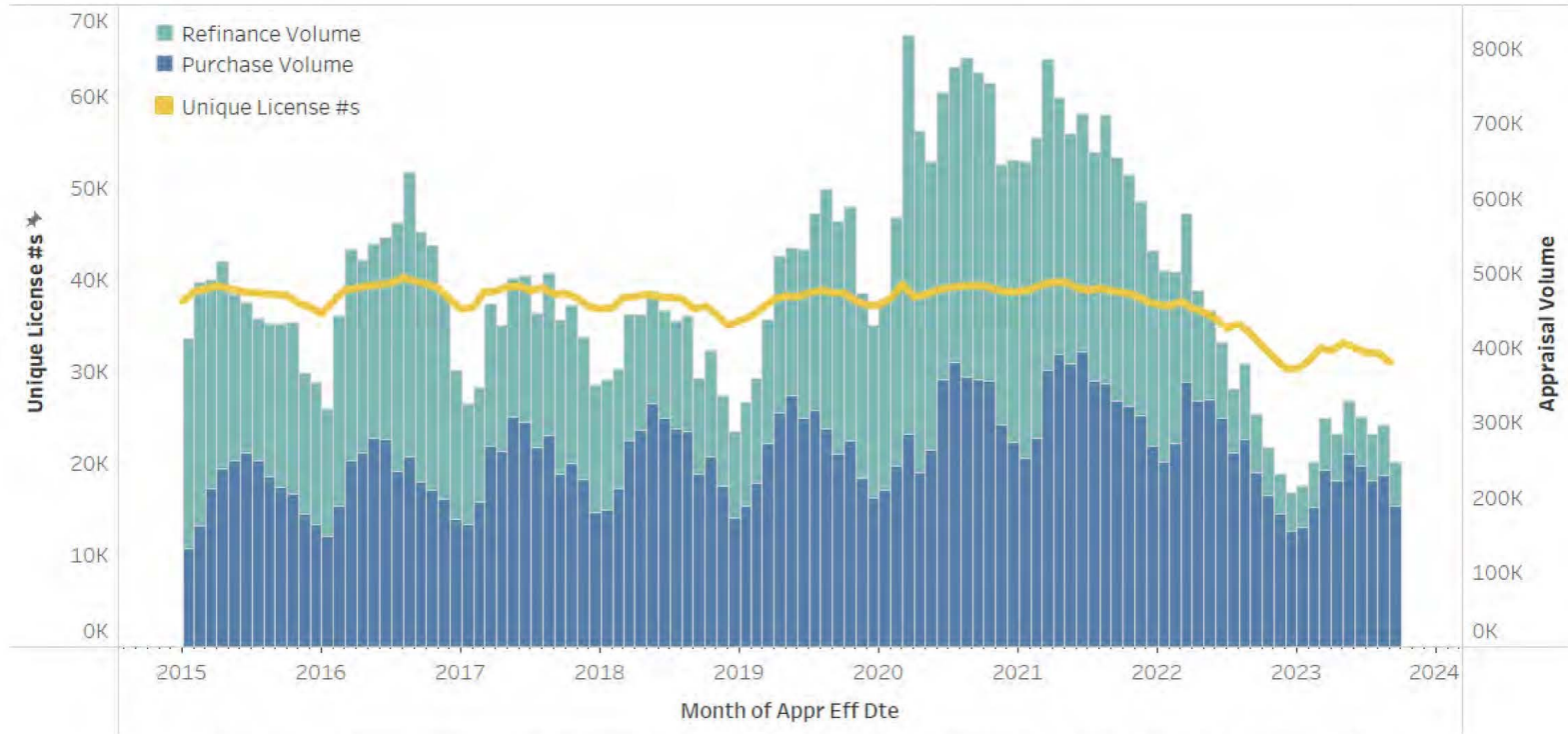 - Changing Appraisal "Forms" (UAD and Forms Redesign)

Capacity

Yearly Appraiser Credential Trends
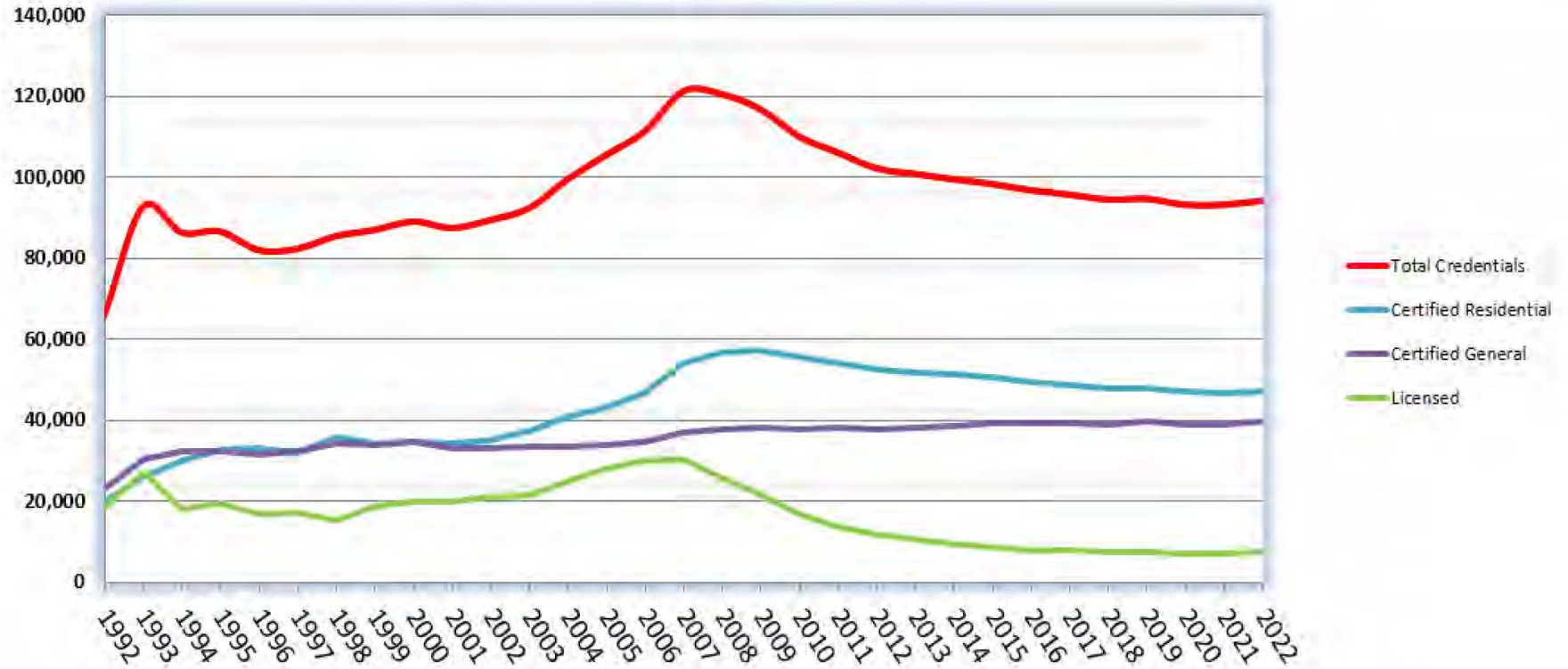
Source: Appraisal Subcommittee
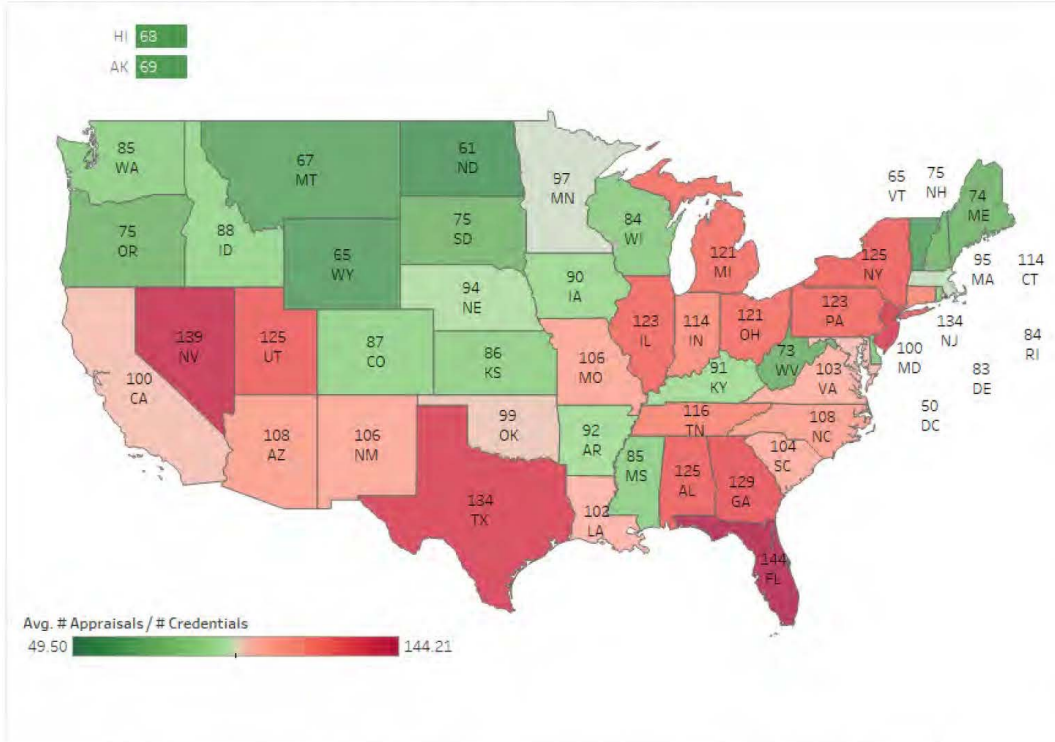
UCDP Appraisal Volume

Unique appraiser license numbers in UCDP, per month. Volume includes all form types (not limited to 1004/70). January 2015 to September 2023.
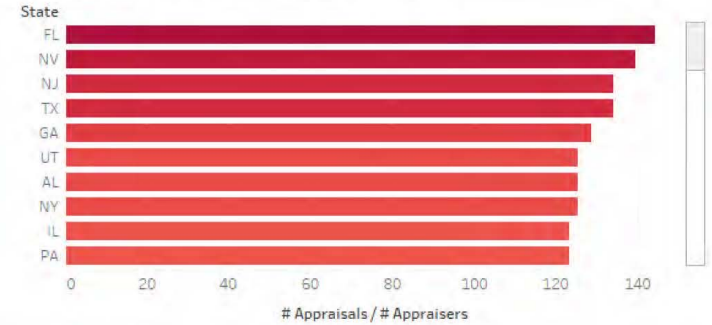
Source: Freddie Mac

State of the Appraisal Industry

GSE Appraisals per Appraiser – State View

2023 Avg. GSE Appraisals per Appraiser (2023 YTD as of 9/30/2023)

Appraisals per Appraiser (Top 10 HIGHEST)
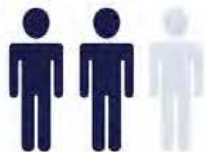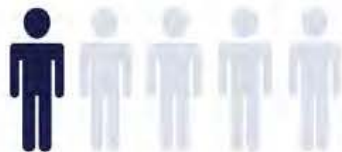
Appraisals per Appraiser (Top 10 LOWEST)
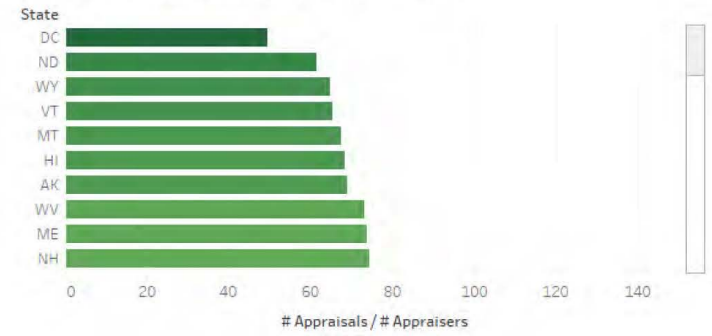
Source: Freddie Mac

Average Appraiser Ages

55+

45 - 55

35 - 44
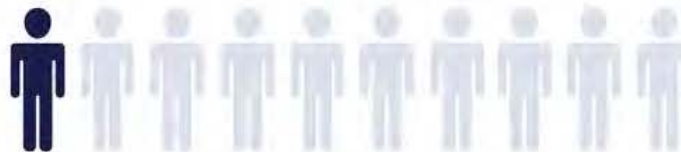
Two-thirds of appraisers surveyed were age **55** or older. Only a little over **1 in 5** were aged **45-55**. Just **1 in 10** were **35-44**. Inter-generation skill and knowledge transfer, diversity of the appraiser profession, the difficulty of young new entrants to the appraiser profession and appraiser shortages may be impacted by this demographic concentration of appraisers.

The survey, which was completed in April 2021, invited approximately 64,000 contacts known to The Appraisal Foundation to participate, resulting in an overall margin of error of 1.39% using a 95% confidence interval.

Source: The Appraisal Foundation and Appraisal Institute

Diversity

Property Appraisers and Assessors 2022					
	Percent of total employed				
Total employed	Women	White	Black or African American	Asian	Hispanic or Latino
100	45.5	92.4	4.2	2.7	7.8

Source: Bureau of Labor Statistics

32%

The Valuation Profession

68%
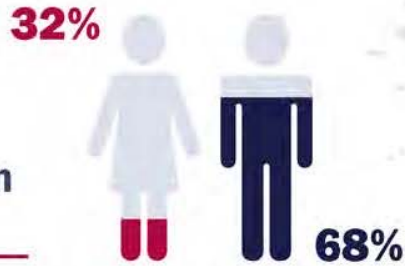
Women and non-white ethnicities are underrepresented among the appraiser profession. In the survey, only **32%** of appraisers reported identifying with female gender. The U.S. Census reports **13.4%** of the U.S. population is Black or African American, but only **4.4%** of survey responses were from Black or African American respondents. Hispanic, Latino, or Spanish origin were even less represented in the survey at **3.7%**, while the U.S. Census reports that **18.5%** of the U.S. population is Hispanic or Latino.

U.S. Appraisers

U.S. Census results

Survey results

13.4%
18.5%
4.4%
3.7%

■ Black or African American

■ Hispanic or Latino
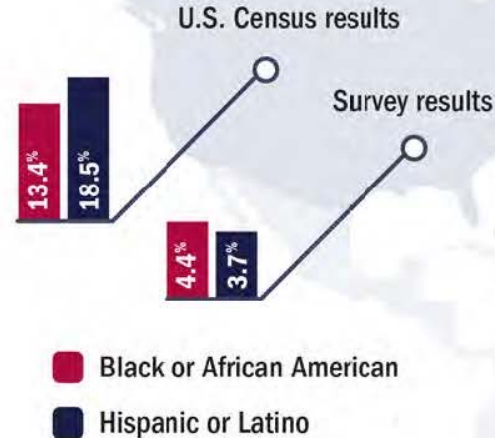
Source: The Appraisal Foundation and Appraisal Institute

Property Appraisal and Valuation Equity (PAVE) Interagency Task Force

PAVE Task Force Agencies

U.S. Department of Housing and Urban Development

White House Domestic Policy Council

Appraisal Subcommittee

Federal Reserve Board

Consumer Financial Protection Bureau

Federal Deposit Insurance Corporation

Federal Housing Finance Agency

National Credit Union Administration

Comptroller of the Currency

U.S. Department of Agriculture

U.S. Department of Justice

U.S. Department of Labor

U.S. Department of Veterans Affairs

PAVE Task Force Commitments

1. Strengthen guardrails against unlawful discrimination

2. Enhance enforcement + drive accountability

3. Improve appraiser workforce

4. Empowering consumers

5. Better data to study and monitor valuation bias

Visit https://pave.hud.gov/actionplan for the PAVE Report executive summary.

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Bias

- Approximately 150 bias complaints have been filed with the Office of Federal Housing Enterprise Oversight (OFHEO) at the Federal Housing Finance Agency (FHFA)
- HUD has published no conciliation agreements
- HUD awarded over $54 million to 182 grantees in 42 states as part of its Fair Housing Initiatives Program (FHIP)
  - Some of these grants empower organizations to "test" for appraisal bias and educate local communities

Examples of Alleged Bias Cases

Paul Austin & Tenisha Tate-Austin
Marin City, CA

Lorenzo Mitchell
Denver, CO

Carlette Duffy
Indianapolis, IN

Stephen Richmond
Hartford, CT

Nathan Connolly & Shani Mott
Baltimore, MD

Aaron & Erica Parker
Loveland, OH

Alex & Abena Horton
Jacksonville, FL

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Appraisal Modernization

Fannie Mae's Modern Appraisal Vision

Value acceptance
Data, model, and technology driven

Value determination
Appraisal driven

Value acceptance (appraisal waiver)

Value acceptance + property data

Hybrid

Desktop

Traditional

Automatic value certainty with rep and warrant relief

Value certainty with rep and warrant relief from a CU® score of 2.5 or lower

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What is Property Data Collection?

The Property Data Collection (PDC) consists of a standardized interior and exterior inspection requiring the comprehensive capture of property data, images, and floor plan using intuitive mobile technology.

Requirements

- 120 data points describing the property
- 40-60 photos (minimum standards for image resolution, light level, and clarity)
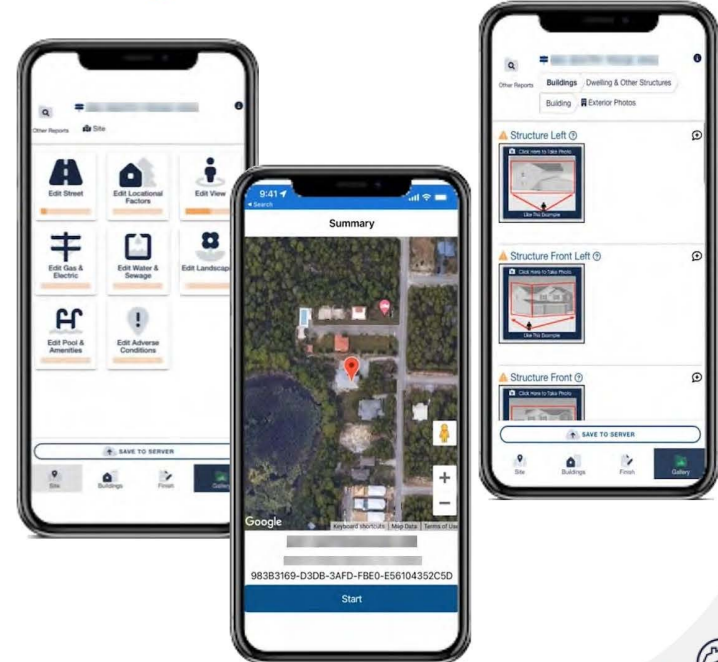- ANSI compliant floor plan

Property Data Standard & API

- [Property Data API Resources](#)

Process Flow

- Lender requests PDC from Service Provider, who engages field associate (this could be an appraiser)

Appraisal Case Studies May 2023

Images from BlackKnight's Scout application, 2023. Used with permission.

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GSE Property Data Collector Qualifications

- The Property Data Collector must comply with Property Data Collector Independence Requirements;

- The Property Data Collector must be vetted through an annual background check;

- The Property Data Collector must be professionally trained; and

- The Property Data Collector must possess the essential knowledge to competently complete the property data collection.

Example of Property Data Collection Information

Floor Plan with Interior Walls

- Each level of a structure, above and below grade
- ANSI-aligned digital Gross Living Area (GLA)

Data Collection Summary

- Occupancy
- Identification and description of:
  - Exterior condition issues
  - Interior condition issues
  - Repairs, updates and/or renovations
  - Value-impacting features and/or amenities
- Health and Safety
  - Bedroom security bar information
  - CA, OR, WA, and DC state compliance requirements
- If applicable
  - Solar panel info (leased/owned)
  - Garage conversion details
  - Square footage addition details
- Additional information deemed pertinent by the data collector

Exterior Photos

- Front
- Left
- Right
- Rear of structure
- Street right
- Street left
- View from front
- View from right
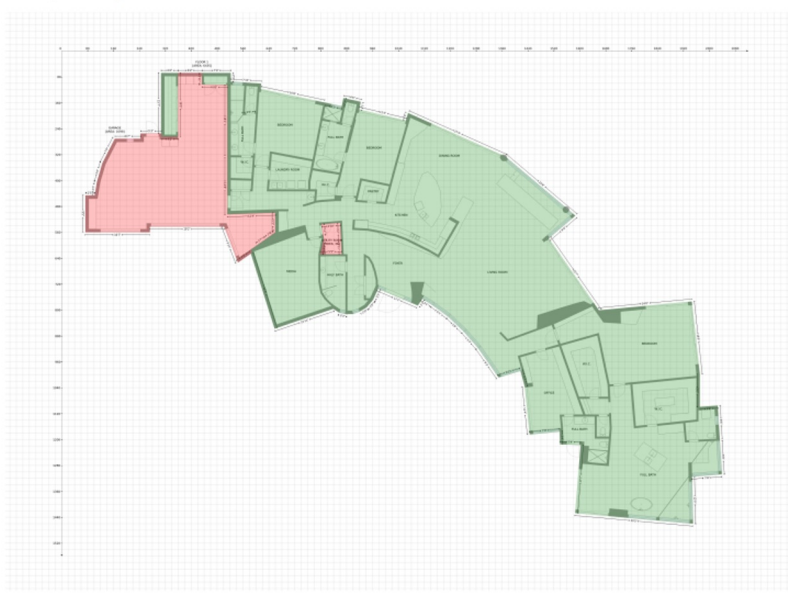- View from left
- View from rear
- Additional property features

Interior Photos

- At least one photo of every room
- At least two photos of the kitchen
- Conditionally required photos based on data collection responses

Example of Property Data Collection Tools
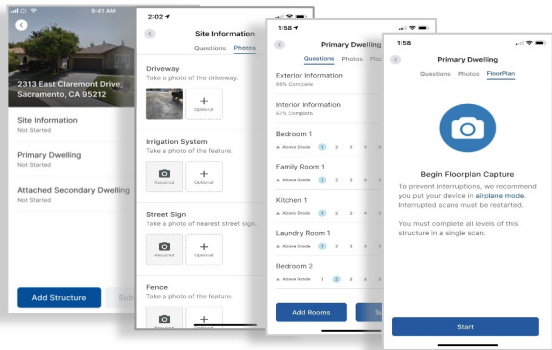
Primary Dwelling

➜ Apps can guide data collectors to obtain required data sets

➜ Simple homes can be scanned in 5-10 minutes using only a smartphone

➜ Apps subsequently render a detailed floor plan with interior walls, including ANSI-aligned digital GLA
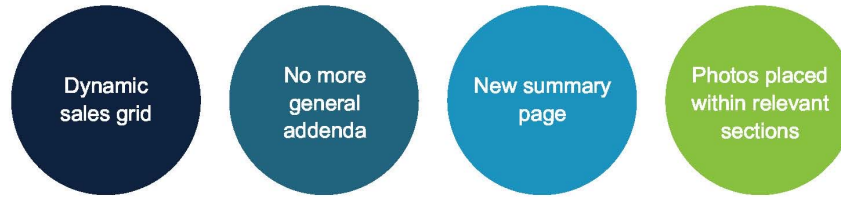
New Uniform Appraisal Dataset and Forms Redesign

- The GSEs are overhauling the UAD to modernize and streamline the appraisal reporting process. The new URAR aims to replace outdated, siloed forms and static reporting with a seamless, dynamic approach.

- The updated UAD and URAR retires the familiar lineup of individual appraisal forms (1004, 1073, 2055) for each property type. In its place will be one flexible, intelligent form: the new URAR, which will dynamically adapt based on the property characteristics entered by the appraiser.

- Rollout for testing planned for 2024.

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How Are the Appraisal Forms Changing?

There are just too many appraisal forms, and they were all originally designed to be completed on typewriters. All current forms will be retired, and will be replaced by a single, data-driven, flexible and dynamic report that will be better organized and populated based on the property type and characteristics. It will be a report that provides clear-cut support for the appraiser's final value conclusion and will be more understandable for anyone reviewing it.

Some of the most exciting updates include:

Dynamic sales grid

No more general addenda

New summary page

Photos placed within relevant sections

MARCH 2023

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Q&A