Alternative Appraisal Reports

An Appraiser’s Perspective

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OUTLINE

• Introduction: House on 10 acres in KS

• 1) Appraisal Background
• 2) Changes in the Industry
• 3) Alternative Reports

• Conclusion: Adapt = apply change = success
BEWARE OF DOG
Appraiser’s Perspective

Introduction:

3 Approaches to Value:

(Kansas house on 10 acres with small creek)
An Appraiser’s Perspective
1) Background

• Over 30 years – appraisal business
• College graduate
• SRA
• Past Regional Representative
• Past President Colorado Chapter 2008
• Completed Over 15,000 appraisals
• Over $1 Billion dollars worth of property
• Eagle Appraisals, Inc. – Denver / Front Range
Appraiser’s Perspective

2) CHANGES

• Home Valuation Code of Conduct – 2008

• = Socialized Appraising
Appraiser’s Perspective

• Same Rotation with a high school graduate

• Asked to do $2 million property for $325 fee.

• Clerk didn’t even know what an SRA is.
NO OUTLET

NO TURNAROUND
Appraiser’s Perspective

- Frustrated
- Angry
- Quit
- Only appraise for high paying clients
- Try to Change the new “system”
- Change myself
Appraiser’s Perspective

• Change = New Ideas, New concepts, and new products.

• Change = The Tom Callahan philosophy of business: “you’re either growing or you’re dying because there is no 3rd direction.”

• What works for you???
Appraiser’s Perspective

• Work for AMC’s?
• Work for Individuals?
• Work for Attorneys?
• Work for companies that only deal with foreclosures?
• Work for companies that want Alternative Appraisal Reports?
Appraiser’s Perspective

YES!!!

TO ALL OF THE ABOVE
Appraiser’s Perspective

• But, it has to make financial sense!
Appraiser’s Perspective

3) Alternative Appraisal Report?

• Different than what most residential appraisers are accustomed to doing

This means different than 1004, 2055, 1073, and the 1025
Appraiser’s Perspective

• When does it make sense to do alternative appraisals???
Appraiser’s Perspective

• It makes sense when you can make as much PER HOUR as you can working on a 1004/URAR appraisal report.
Appraiser’s Perspective

- Most appraisers spend 6-7 hours from start to finish on one URAR appraisal.
- $350 / 7 hours = $50.00 per hour.
- Gas & travel expenses = $20 per trip (estimate) = $47.15 per hour
Appraiser’s Perspective

• If an Alternative Appraisal Report takes you 2 hours and you make $95, then you make $47.50 per hour.

• $47.50 (Alternative Report) vs. $47.15 (URAR)
Appraiser’s Perspective

- Who uses Alternative Appraisal Report Product?

  Pre-refinance
  Portfolio Lenders
  Buyers
  Sellers
  Foreclosure
  Asset Management
Appraiser’s Perspective

• Regardless if Restricted Use Report, or a Summary Report, make sure the product is:

  – USPAP compliant

  – Interagency compliant

  – State Compliant
  • Some Comp Check Companies Violate State Law
Appraiser’s Perspective

• Compliance is YOUR responsibility!!!
Appraiser’s Perspective

• Obstacles of a desktop restricted use report or an exterior-only report

  – Depreciation
    1) Physical
    2) Functional
    3) External
Appraiser’s Perspective

• Another possible obstacle of a desktop restricted use report or an exterior-only report:

  – What if your comps look like this???
Appraiser’s Perspective

• So, IF you are doing a restricted use report and you have a situation where you can’t do an adequate report…. Simply…

   recommend an UPGRADED report.
Appraiser’s Perspective
Conclusion

• Different Clients have different needs
  - You can adapt and adhere to USPAP
  - You can adapt and keep your integrity
  - You can adapt and make a profit
“Our licensed appraisers will personally select the best comps for your property.”

Matthew E. George, SRA / Chief Appraiser, CompPull.com

Why you need CompPull.com  What sets us apart  What you will receive