

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**

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OF
DOG**

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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.



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 \text{ hours} = \50.00 per hour .
- Gas & travel expenses = \$20 per trip (estimate) = $\$47.15 \text{ per hour}$

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







MELINA PPO

NO PARKING
ANYTIME

15

15

15

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

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