

Appraisal Threshold Levels Survey of AI Professionals

The Appraisal Institute Research Department conducted a study of AI Professionals regarding a potential increase in appraisal threshold levels. 8,000 randomly selected AI professionals were sent an online survey questionnaire regarding this issue via email. The questionnaire remained open from November 23, 2015 through November 30, 2015. 941 individuals completed the survey. Based on the total study sample size and the approximate number of AI Professionals (20,000), the Margin of Error is +/- 3.1 percentage points at the 95 percent Confidence Level, which is excellent.

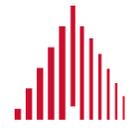
Below is a summary of the survey data collected, based on the subsamples of chief appraisers/appraisal managers and fee appraisers. 145 completed responses were received from chief appraisers/appraisal managers and 695 responses were received from fee appraisers.

Chief Appraisers/Appraisal Managers (n=145):

- Nearly one-half (48.4 percent) of chief appraisers/appraisal managers characterizes the current \$250,000 threshold level as “about right”. Nearly one in three (28.6 percent) characterizes this threshold level as somewhat or very high.
- More than one-quarter (28.9 percent) of chief appraisers/appraisal managers characterizes the current \$1,000,000 owner-occupied commercial real estate threshold level as “about right”. Slightly less than one-half (46.1 percent) characterizes this threshold level as somewhat or very high.
- A strong majority (76.6 percent) of chief appraisers/appraisal managers strongly or somewhat disagrees with raising the \$250,000 threshold level.
- An overwhelming majority (87.5 percent) of chief appraisers/appraisal managers strongly or somewhat disagrees with raising the \$1,000,000 owner-occupied commercial real estate threshold level.
- An overwhelming majority (89.1 percent) of chief appraisers/appraisal managers strongly or somewhat agrees that raising threshold levels could increase risk to lenders.
- A strong majority (80.5 percent) of chief appraisers/appraisal managers strongly or somewhat agrees that raising threshold levels could increase risk to borrowers.
- A strong majority (75.3 percent) of chief appraisers/appraisal managers thinks that the primary reason behind the move to increase the appraisal threshold levels is to eliminate the cost of appraisals and/or eliminate the burden of managing staff appraiser licensing.

Fee Appraisers (n=695):

- Nearly one in four (41.0 percent) fee appraisers characterizes the current \$250,000 threshold level as “about right”. Nearly one-third (33.2 percent) characterizes this threshold level as somewhat or very high.
- Less than one-fifth (18.7 percent) of fee appraisers characterizes the current \$1,000,000 owner-occupied commercial real estate threshold level as “about right”. A slight majority (54.5 percent) characterizes this threshold level as somewhat or very high.
- A strong majority (76.6 percent) of fee appraisers strongly or somewhat disagrees with raising the \$250,000 threshold level.
- A strong majority (80.7 percent) of fee appraisers strongly or somewhat disagrees with raising the \$1,000,000 owner-occupied commercial real estate threshold level.



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- An overwhelming majority (91.1 percent) of fee appraisers strongly or somewhat agrees that raising threshold levels could increase risk to lenders.
- An overwhelming majority (86.2 percent) of fee appraisers strongly or somewhat agrees that raising threshold levels could increase risk to borrowers.
- A strong majority (80.6 percent) of fee appraisers thinks that the primary reason behind the move to increase the appraisal threshold levels is to eliminate the cost of appraisals and/or eliminate the burden of managing staff appraiser licensing.

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