

Preface (from an appraiser's perspective):

- **Before I begin addressing the “General Questions” put forth in FHFA’s request for input. I would like to make a general statement about the lack of using the scientific method (hypothesis, design a study, analyze data and draw conclusions) to guide appraisal policy in the government oversight function. While providing the data on the number of unique license numbers coupled with appraisal volume is a step in the right direction (as shown in the proposal), the conclusion from this does not take any appraiser by surprise; nor should policy makers be surprised. If we go back to the pre-collapse market circa 2000, we saw appraisers being taken advantage of by the heavy hand of the real estate industry and the lending industry. We have no effective lobby, so we have no voice in policy. I will not chronical the absolute lack of business ethics from these two entities because they are well documented; Frank-Dodd attempted to address them and was helpful. The main issue was that the appraiser was “beholden” to these two industries to make a living. Multiple times I was removed from panels for not providing valuations at contract price (even with the market not supporting it) or the insistences that the repairs noted were not necessary and must be removed from the report for the loan to “make” it. I lost business in these situations. As an aside, in this current era of appraising, I have lost business with some lenders. There are supposed to notify me in writing but that would mean they would have to report it. They just “skip” you in the rotation. An audit function for the appraisal panels would be something very interesting to implement.**
- **Some of the questions from the RFI could be answered with a rigorous analysis of the data. I have seen one scholarly article over the past three years addressing shortcomings in the appraisal process. The article can be found in Appraisal Buzz: “Appraisal Creep – An Interview with John Wake,” The Hidden Reason Why House Prices Are Too High (And Income Growth Is Too Low) – Appraisal Creep.” The article shows how a scholarly approach to the data can answer important appraisal questions instead of relying on anecdotal data.**
- **The reduction in appraisers comes as no surprise. I would definitely not choose this profession again; however, I am stuck with it until I reach full retirement age in 2.5 years. The most important issue an appraiser faces is: “can the appraiser make a living wage that provides a reasonable standard of living?” From a survey of the data provided in this RFI, it can easily be concluded that the profession does not provide the necessary elements that would make it desirable (economic benefit being near the top). Just a decade ago, there were approximately twice as many appraisers (by some estimates). Being in the profession, it was predictable and obvious that many appraisers would leave– the data provided by FHFA proves the beyond all doubt. Only within the last few years, have the fees risen for an appraisal that allows an appraiser to make a reasonable living (not a great living). However, with the constant barrage of negativity against appraisers from all sources, government, lenders, agents, some of the appraisal organizations, and many others, there is no incentive to enter this business. Also, as an aside, I WILL NOT be training anyone in this profession. The general tone from the government and appraisal industry et al is that the appraisal profession will be replaced with products that allow for lower costs; this message has been well received and thus, there are**

minimal new entrants into the profession. If this is the message that you want to communicate with the appraisers, you can be assured it has been received, and the reduction in unique appraiser signatures will continue to decline. I myself work a 9 to 5 job and do fee appraisal work on the side. I will NEVER go back to trusting this industry with my future. I have more work at a reasonable price than I can do at this time, but I will never go back full time because the consensus is that the appraiser is going to be replaced (one way or the other).

General Questions

- A1.1 – I as an appraiser feel that the interior inspection is the gold standard for determining a property’s value. There are places for other products, but they need to be provided in the framework of the current appraisal professional.
- A1.2 – I will not participate in any solution that involves bifurcation. The most important process in the appraisal process is the inspection and it takes the least time to do. The inspection is only 20% of the process at MOST. The inspection provides data that cannot be conveyed from a third party (e.g. smell, the absolute superiority of the human eye to see issues, the feel of the floor during a walk-thru, the general layout of the home and how functional it is - there are many more). There is technology (very expensive at this time) that will provide pictures and a full layout of the home, but this will not replace the appraiser’s experience from inspecting thousands of homes over a career.
- A1.3 - Yes in low LTV scenarios
- A1.4 – Please see response to A1.2. If third party inspectors were licensed appraiser’s, it would be reasonable. However, to have “Skippy” take an on-line one-hour course on inspecting houses, and sending them to the field, would be a mistake. This could be accomplished with the current licensed appraisal workforce overseeing trainees. If you introduce a new system, how is compliance going to be enforced. Enforcing compliance with the appraisal workforce has many issues. How will starting a completely new system make this better?
- A1.5 – the one thing that would immensely benefit the appraisal industry is to measure GLA to ANSI Z765. This would immediately make all the appraisals more accurate.
- A1.6 – the UAD forms were obsolete when they were introduced. If this were taken as a national effort with significant input from practicing appraisers, it would be useful.
- B2.1 – making collateral underwriter data available to the appraiser would also result in a significant increase in appraisal accuracy. This is happening on a smaller scale now with my software provider letting me download comparable data used in reports of my peers.
- B2.2 N/A
- B2.3 – N/A
- B2.4 – N/A

- **B2.5 – The challenges are that you would have provide a whole new framework for this new workforce to ensure compliance. Measuring a house, looking at is functional layout and accessing its condition takes a lot more expertise than appraiser is given credit for.**
- **B2.6 – N/A**
- **B2.7 - No, not necessary. Interior inspections are the gold standard of appraisal performance. The vaccine will soon render this irrelevant. As an appraiser, I have continued to do interior inspections with precautions – there have been no problems.**
- **C1.1 - The industry is barely viable now for traditional appraisers to make a living wage that is proportionate with the risk of running this business. Force this through, I can guarantee you will see the profession declining further in numbers. This may be what you want to happen, if so, keep going down this path. Appraisers have received the message, we are not valued and cannot make a reasonable living; thus the reduction in unique signatures.**
- **C1.2 – This will accelerate appraiser’s leaving the business, myself included... I use the most currently available technology at a reasonable cost. I have written enterprise level code and have a Master Degree in Manufacturing Engineering. I have no problems with new technology if it improves the process. The truth is, new technology does not necessarily equate to more appraisals completed. There are multiple levels of regulation the appraiser is responsible for which makes the process onerous. The problem with new technology is from all of the people that want to tell appraiser how these technologies will revolutionize their business but have NO IDEA how it works. I hear often how big data and AI will change the business. I can almost guarantee, they know nothing about these things. Concerningly, they are writing policy that will affect how this affects the appraiser. This is typical corporate cronyism.**
- **C1.3 – No**
- **C1.4 – I am only speaking from the appraisal side of the business: With the current regulations and processes, any type of discrimination is not tolerated. It is not part of the process. If an appraiser is found violating this, they need to be disciplined. I have heard of a few anecdotes but no concrete statistics. The appraisal process is robust and is non-discriminatory.**
- **C1.5 – See C1.4 answer above**
- **C1.6 – a GLA measurement standard needs to be a regulated requirement with the subsequent training. This would solve many of the appraisal variability issues.**