

Appraisal Institute®

*Professionals Providing Real Estate Solutions®*

# Appraisal 101: What Property Records Professionals Need to Know

Rodman Schley, MAI, SRA

2021 Appraisal Institute President

Property Records Industry Association Webinar

May 27, 2021

# Highlights

- Appraisal Institute
- Role of appraisals in the mortgage process
- Appraisal components and qualifications
- Automated valuation models
- Myths vs. realities about appraisals
- Diversity, equity and inclusion

# 1. Appraisal Institute

# Appraisal Institute Information

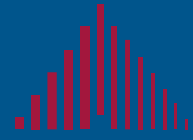
- Appraisal Institute
- AI's mission
- Equal opportunity
- AI designations
- Learn more

# AI Ethics and Standards

- Real estate
- Society and global economy
- Code of Professional Ethics and Standards of Professional Practice
- Peer review system

# AI Designations

- Prestigious designations
- MAI
- SRA
- AI-GRS
- AI-RRS



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BLG Appraisal Group, Inc. President

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## 2. Role of Appraisals in the Mortgage Process



# Mortgage Appraisal Role

- Helpful tips
- Opinions of value
- Real estate appraisal
- Lender's role
- Mortgage appraisals
- Contract price

# Hiring a Qualified Appraiser

- Appraisal problems
- Bank engagement
- Field experience
- Qualified appraiser
- Lender qualifications
- Home purchase

# Appraisal Reports

- Inspection
- Lender policies
- Adequate inspection
- Appraisal report
- Federal regulations
- Real estate appraisal
- Appraisal review

# Appealing the Appraisal

- Appeal the appraisal
- Comparable sale
- Second appraisal
- Qualified appraiser
- File legitimate complaints
- Federal law

# 3. Appraisal Components and Appraiser Qualifications

# Components of an Appraisal

- Appraisal process
- Role of appraisers
- Appraisal component
- Important valuation considerations
- Appraisal services

# Appraiser Qualifications

- Appraiser qualifications
- Education requirements
- Hiring an appraiser
- Designated Member
- Continuing education programs

## 4. Automated Valuation Models



# COVID-19 Impact on Appraisals

- COVID-19 and appraisals
- Public records
- Algorithms
- AVM reliability
- Volatile environments
- AVM uncertainty

# What is Left?

- Technology resulting in big changes
- Micro level
- Key watchwords

# Asking the Right Questions

- In-house data
- Tools
- Humans
- Questions

# What is Digitization?

- Preparation of information for processing or storage
- Advantages of data in digital form:
  - Electronic data processing systems
  - Automatic reproduction of data
  - Long-term archiving
- Mortgage lending appraisals

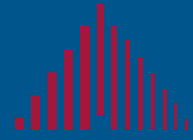
# 5. Myths vs. Realities About Appraisals

# Myths vs Reality

- Assessed value
- Appraised value
- Market value
- Value appreciation
- Property value

# Myths vs Reality (continued)

- Appraisal ownership
- Appraised document
- Appraisal services
- Appraisal fees



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# 6. Diversity, Equity and Inclusion

# AI's Reaction to Diversity, Equity and Inclusion

- Appraisal values
- Objective source
- Policymakers and scholars
- Approaches to value
- Unintended consequences
- Unconscious bias
- Appraisal circumstances
- Appraisal ecosystem
- Appraisal groups

# AI's Diversity, Equity and Inclusion Efforts

- Broader efforts
- Advance equity
- Brookings Institution challenge
- Working with Congress
- Ethics, education and training
- 5-hour seminar

# AI's Diversity, Equity and Inclusion Efforts

(continued)

- Code of Professional Ethics
- Guide Note
- Additional seminars
- The Appraisal Foundation
- Continuous education
- Project team
- Appraisal methodology

# AI's Diversity, Equity and Inclusion Efforts

(continued)

- Recruiting appraisers
- Diversity in communities
- AI's efforts
- Cultural awareness
- Consumer rights
- Valuation profession
- Fair housing agency or state authority

# 7. Where are Things Now?

# Current State of Diversity, Equity and Inclusion

- Associations and companies
- Ongoing scrutiny
- Real estate challenges
- Racial home ownership differences
- Studies and stories
- New solutions

# What's at Stake for Appraisers and the Profession?

- Legislators and regulators
- Educate the public
- Real estate ecosystem
- Younger professionals
- Longtime appraisers
- Consumer advocates
- DE&I efforts



# Q&A