
2006 APPRAISAL INFORMATION NEEDS

SURVEY FINDINGS

PRESENTED TO

**THE NATIONAL ASSOCIATION OF REALTORS®
BUSINESS SPECIALTIES**

BY

**THE NATIONAL ASSOCIATION OF REALTORS®
MARKETING RESEARCH DEPARTMENT**

SEPTEMBER 2006

PURPOSE AND SCOPE

During August 2006, the NATIONAL ASSOCIATION OF REALTORS® (NAR) Marketing Research Department invited 86,777 appraiser members and recipients of the Appraisal Section of the weekly NAR ListServe message to participate in an online survey. Findings reflected in this report were collected from responses received between August 10th and 25th, 2006.

A total of 858 respondents participated in this survey. This number is a large enough response rate for answers to be considered statistically significant. At the 95% level of confidence, the statistical error is +/-3.33%.

The goal of the survey was to understand how Appraiser members conduct their business, obtain appraisal industry information, and make decisions on their appraisal education and designations.

Findings are presented in a **SUMMARY OF KEY FINDINGS** followed by details in the **KEY FINDINGS** section. A copy of the survey is included in appendix A and lists of respondents' answers to open-ended questions are included in appendix B.

Sample Size Terminology

The confidence interval is the plus-or-minus figure usually reported in survey results. For example, if you use a confidence interval of 3.33 and 47% percent of your sample picks an answer, it is highly likely that if you had asked the question of the entire relevant population between 43.67% (47%-3.33) and 50.33% (47%+3.33) would have picked that answer.

The confidence level provides a percentage of likelihood that the entire relevant population will respond within the percent range of the confidence interval. The 95% confidence level means you can be 95% certain; the 99% confidence level means you can be 99% certain.

When you put the confidence level and the confidence interval together in this report, you can say that you are 95% sure that the true percentage of the entire relevant population who would provide the same response is +/-3.33%.

Therefore, when interpreting the survey results which indicate that 47% of the survey respondents said “yes” to a question, you can confirm that you are 95% certain that between 43.67% and 50.33% of the entire relevant population would also say “yes” to that same question.

SUMMARY OF KEY FINDINGS

APPRAISER STATUS

More than half (55%) of respondents are State Certified Residential Appraisers. Thirty percent (30%) are State Certified General Appraisers and six percent (6%) are trainees who are working on a state license or certification.

REVISIONS TO THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA

Eighty-nine percent (89%) of respondents *are* aware of the revisions to the Real Property Appraiser Qualification Criteria that were adopted by the Appraiser Qualifications Board (AQB) and that will be effective on January 1, 2008. Eleven percent (11%) of respondents first heard of the revisions while taking this survey.

Of those who have heard of them, ninety percent (90%) of respondents understand the revisions to the Real Property Appraiser Qualification Criteria. Ten percent (10%) *do not* understand the revisions.

Three-quarters (76%) of respondents who are aware of the revisions to the Real Property Appraiser Qualification Criteria indicated that they are receiving enough information on the revisions. Twenty-four percent (24%) are *not* receiving enough information.

Respondents who are aware of the revisions to the Real Property Appraiser Qualification Criteria get most information on the Appraisal Standards Board (ASB) and AQB issues from the Appraisal Institute, the Appraisal Foundation, continuing education courses, the Internet, ASB, AQB, state boards and other state agencies, industry publications, NAIFA (National Association of Independent Fee Appraisers), NAR and USPAP (Uniform Standards of Professional Appraisal Practice). Information from these sources comes via their web sites, newsletters and other publications, courses and email.

2006 EDITION OF USPAP

The 2006 Edition of USPAP includes changes such as the elimination of the *Departure Rule* and introduction of the *Scope of Work Rule*. The vast majority of respondents (93%) are aware of these particular changes while seven percent (7%) are not aware of them.

Ninety-one percent (91%) of respondents who are aware of the USPAP changes understand the changes regarding the elimination of the *Departure Rule* and the introduction of the *Scope of Work Rule*. Nine percent (9%) do not understand these changes.

Among respondents who are aware of the USPAP changes, seventy-six percent (76%) are receiving enough information on USPAP such as those changes identified earlier. Twenty-four percent (24%) are *not* receiving enough information.

Respondents who are aware of the USPAP changes get most of their information on USPAP issues such as these recent changes to the 2006 Edition of USPAP from the Appraisal Institute and the Appraisal Foundation, ASB, continuing education courses, ICAP, the Internet, NAIFA, NAR, online sources, publications, state organizations and USPAP.

OPINIONS REGARDING REGULATIONS

Forty-seven percent (47%) of respondents believe the Federal Role in the regulation of appraisers is just right. Twenty-seven percent (27%) believe the Federal Role is too limited and a slightly lower twenty-five percent (25%) believe it is too intrusive.

Seventy-three percent (73%) of respondents believe there should be Federal or State regulation of Appraisal Management Companies. Eleven percent (11%) believe this regulation should *not* exist and sixteen percent (16%) are not sure.

The following are respondents' primary thoughts on the NAR Code of Ethics and how it relates to appraiser members:

- The Code of Ethics is acceptable and good. It is necessary.
- While the guidelines are good, not everyone follows them.
- The provisions in the Code of Ethics are an important aspect of business and they are beneficial for the industry however, they are not followed as well as they should be and the provisions should be enforced more strictly.

- With the exception of general business practices, the Code of Ethics is not applicable to anyone but REALTORS®; it should be changed in order to be more applicable to appraisers.
- The USPAP guidelines are more intensive and more specific to appraisers.
- Appraisers need to be able to do their jobs accurately without feeling pressure from REALTORS® and mortgage brokers regarding the information they provide.
- Ethics comes down to the people; they should follow the Code provisions with or without the specific Code of Ethics.

APPRAISAL ORGANIZATIONS AND DESIGNATIONS

The appraisal organizations to which respondents most often belong are the NATIONAL ASSOCIATION OF REALTORS® (58%) and the Appraisal Institute (27%). Twenty-three percent (23%) of respondents do not belong to any appraisal organizations (these are likely to be individuals who receive Appraisal news via the weekly NAR ListServe messages.)

Fifty-eight percent (58%) of respondents do *not* hold any appraisal designations while forty-two percent (42%) do.

The appraisal designations most often held by respondents include:

- Residential Accredited Appraiser (RAA) – 38%
- General Accredited Appraiser (GAA) – 27%
- Senior Residential Appraiser (SRA) – 18%

When seeking out an appraiser designation, the considerations which respondents most often rated very important are professionalism (70%), educational offerings (57%) and industry-peer recognition (40%). The consideration which respondents most often rated as not at all important is cost (20%).

Respondents' primary motivations when pursuing an appraisal designation are:

- Education – in order to expand their knowledge, become better qualified and rise above the norm
- To be recognized as an expert in their field
- To increase their level of professionalism
- To enhance their credibility
- Accomplishment and achievement
- To improve their professional status and distinguish themselves from others

- To increase business and grow their income

The benefits offered by an appraisal organization that hold the most value for respondents are:

- Education
- Networking
- Prestige and recognition
- Current, up-to-date information on USPAP regulations, changes and trends
- Discounts on, among other things, E&O insurance, courses, and products
- Access to health and E&O insurance
- Local meetings
- Lobbying and governmental representation
- Publications and newsletters
- Increased business and referrals

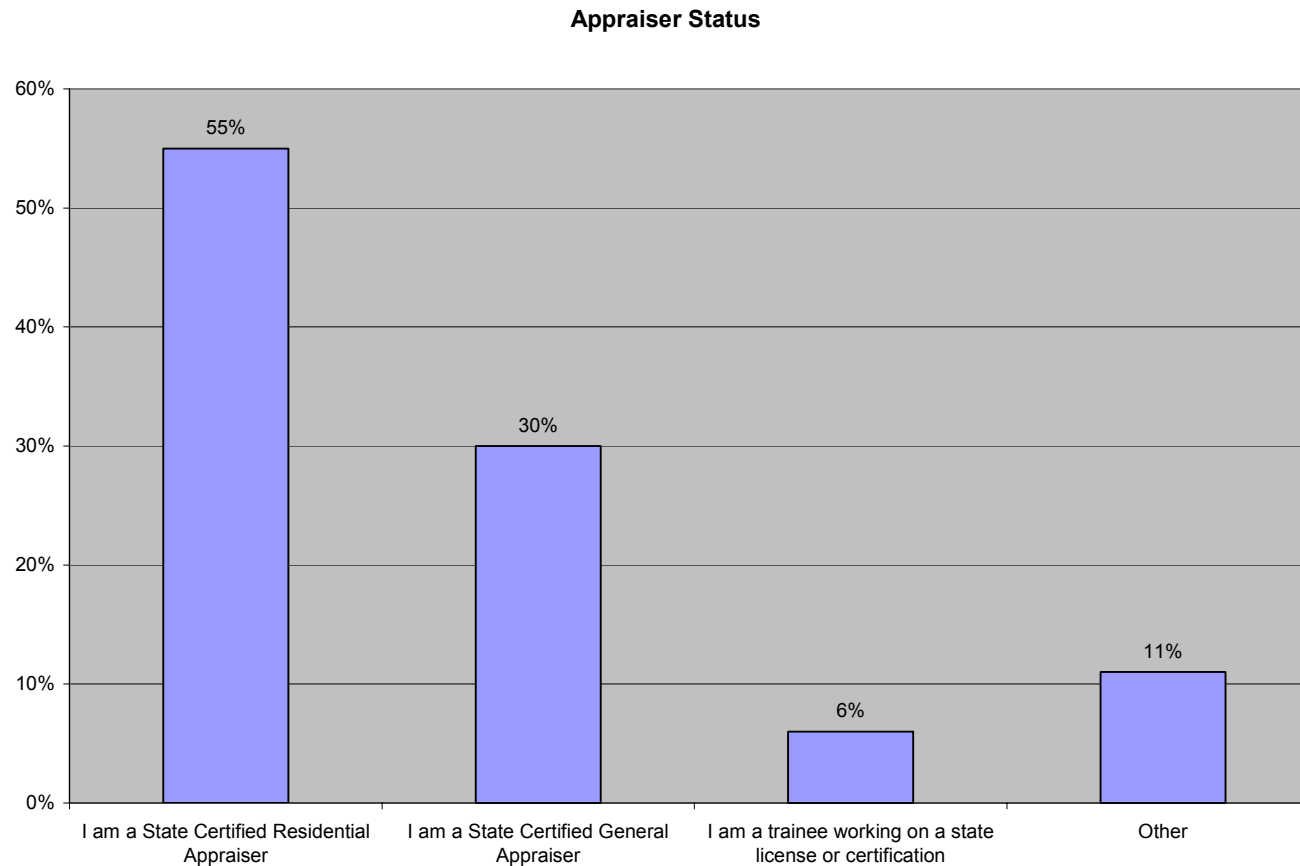
Sixty-eight percent (68%) of respondents are aware that the NATIONAL ASSOCIATION OF REALTORS® (NAR) offers the Residential Accredited Appraiser (RAA) and the General Accredited Appraiser (GAA) appraisal designations. Thirty-two percent (32%) of respondents were not aware that NAR offers these designations.

After reading about the NAR Appraisal Designations, nearly half (49%) expressed some level of interest in the RAA and GAA designations. Twenty-seven percent (27%) are not at all interested and twenty-four percent (24%) already have the designations.

KEY FINDINGS

APPRAISER STATUS

More than half (55%) of respondents are State Certified Residential Appraisers. Thirty percent (30%) are State Certified General Appraisers and six percent (6%) are trainees who are working on a state license or certification.

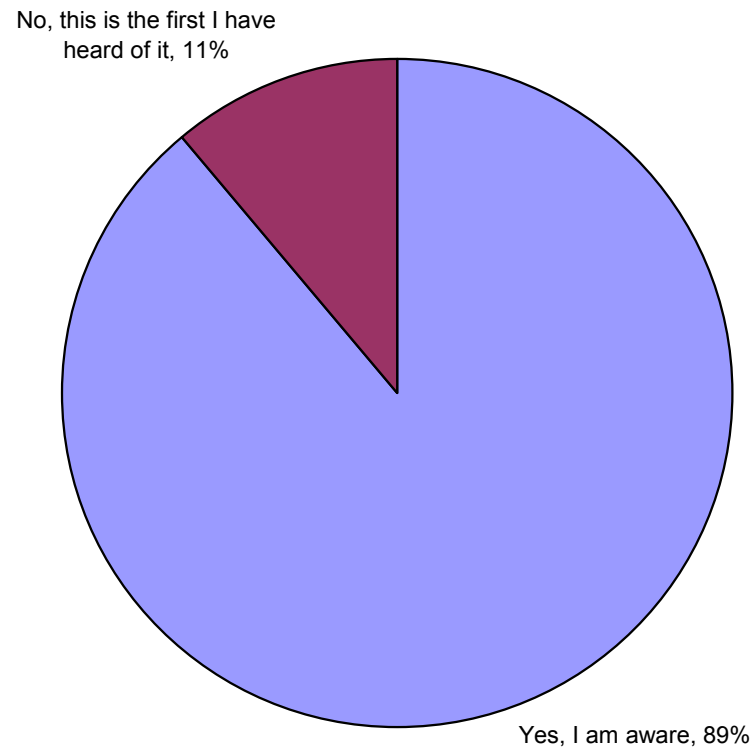


Respondents who chose “other” indicate that they are state licensed appraisers, REALTORS®, brokers, or agents. Several indicated an interest in appraisals. A complete list of the other responses provided by respondents is included in appendix B.

REVISIONS TO THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA

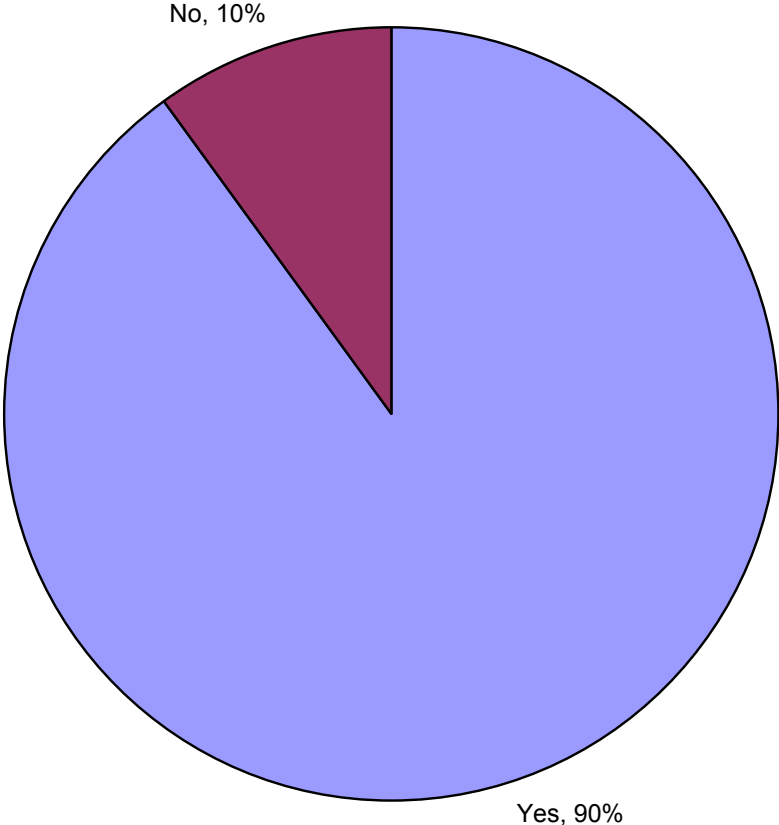
Eighty-nine percent (89%) of respondents *are* aware of the revisions to the Real Property Appraiser Qualification Criteria that were adopted by the Appraiser Qualifications Board (AQB) and that will be effective on January 1, 2008. Eleven percent (11%) of respondents first heard of the revisions while taking this survey.

Awareness of Revisions to the Real Property Appraiser Qualification Criteria



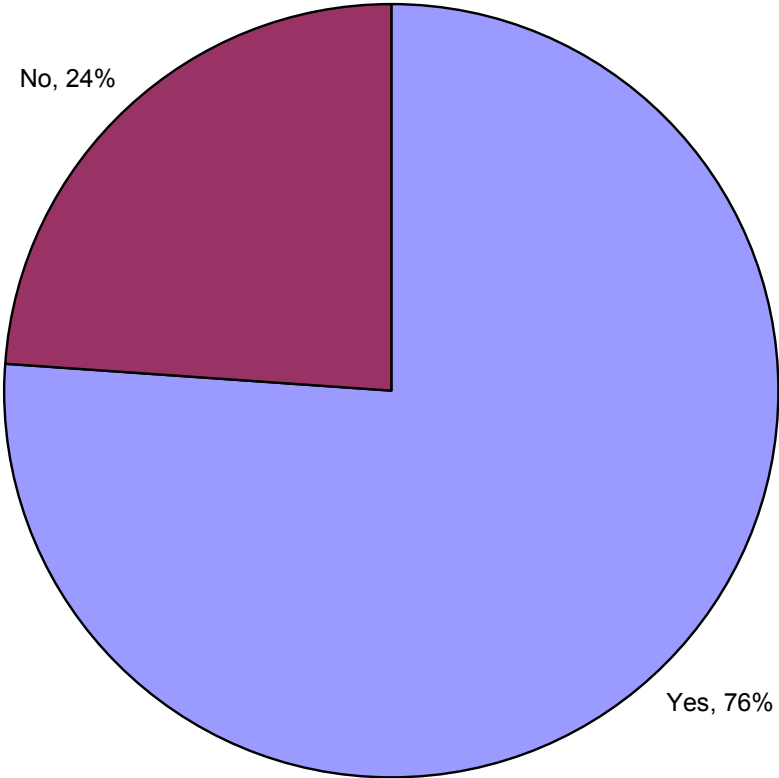
Of those who have heard of them, ninety percent (90%) of respondents understand the revisions to the Real Property Appraiser Qualification Criteria. Ten percent (10%) *do not* understand the revisions.

Understanding of the Real Property Appraiser Qualification Criteria Revisions



Three-quarters (76%) of respondents who are aware of the revisions to the Real Property Appraiser Qualification Criteria indicated that they are receiving enough information on the revisions. Twenty-four percent (24%) are *not* receiving enough information.

Quantity of Information on the Revisions to the Real Property Appraiser Qualification Criteria



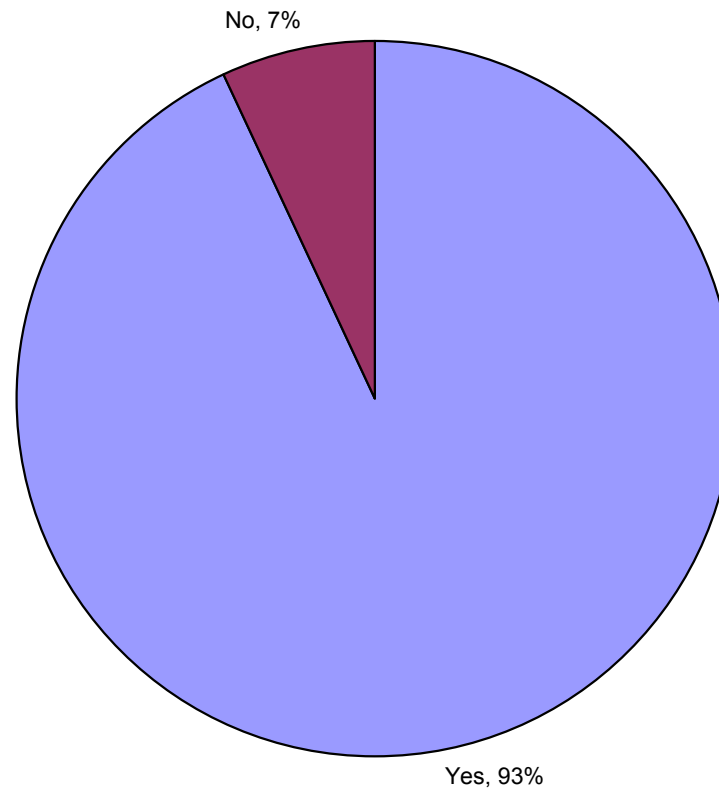
Respondents who are aware of the revisions to the Real Property Appraiser Qualification Criteria get most information on the Appraisal Standards Board (ASB) and AQB issues from the Appraisal Institute, the Appraisal Foundation, continuing education courses, the Internet, ASB, AQB, state boards and other state agencies, industry publications, NAIFA (National Association of Independent Fee Appraisers), NAR and USPAP (Uniform Standards of Professional Appraisal Practice). Information from these sources comes via their web sites, newsletters and other publications, courses and email.

A complete list of the information sources identified by respondents is included in appendix B.

2006 EDITION OF USPAP

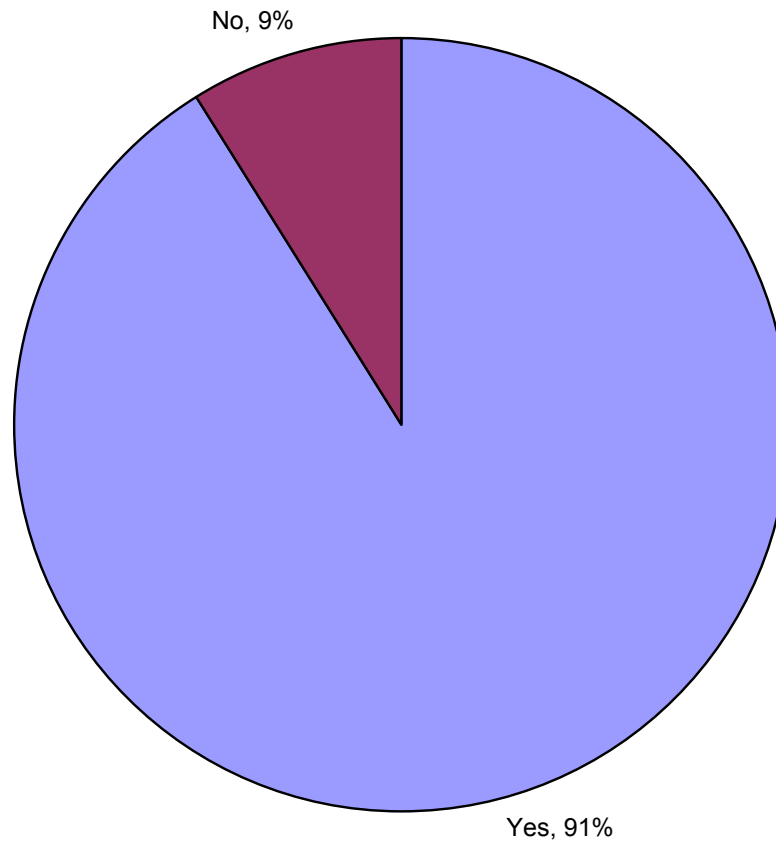
The 2006 Edition of USPAP includes changes such as the elimination of the *Departure Rule* and introduction of the *Scope of Work Rule*. The vast majority of respondents (93%) are aware of these particular changes while seven percent (7%) are not aware of them.

Awareness of USPAP Changes



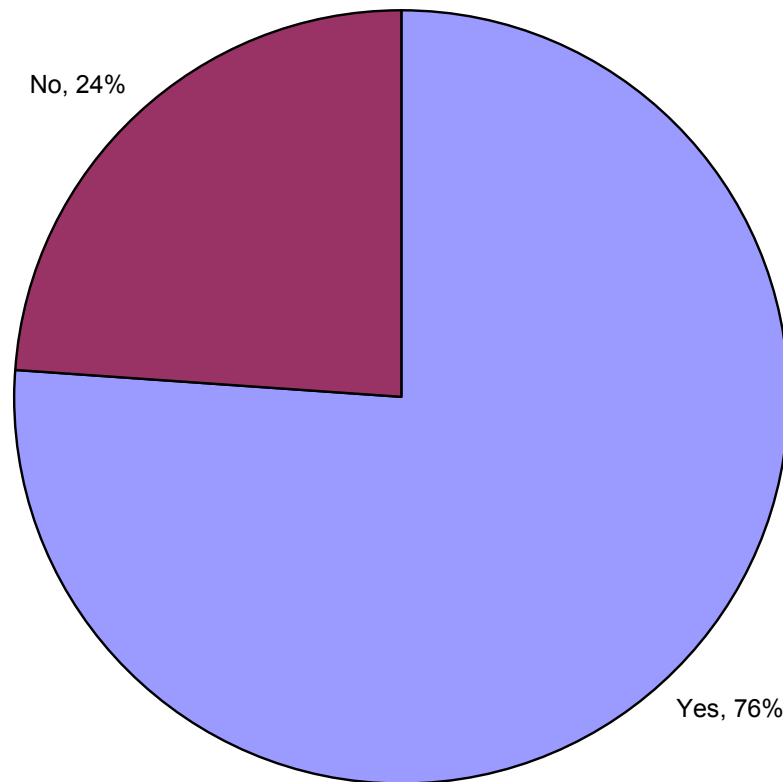
Ninety-one percent (91%) of respondents who are aware of the USPAP changes understand the changes regarding the elimination of the *Departure Rule* and the introduction of the *Scope of Work Rule*. Nine percent (9%) do not understand these changes.

Understanding of the USPAP Changes



Among respondents who are aware of the USPAP changes, seventy-six percent (76%) are receiving enough information on USPAP such as those changes identified earlier. Twenty-four percent (24%) are *not* receiving enough information.

Satisfaction with the Level of Information on USPAP



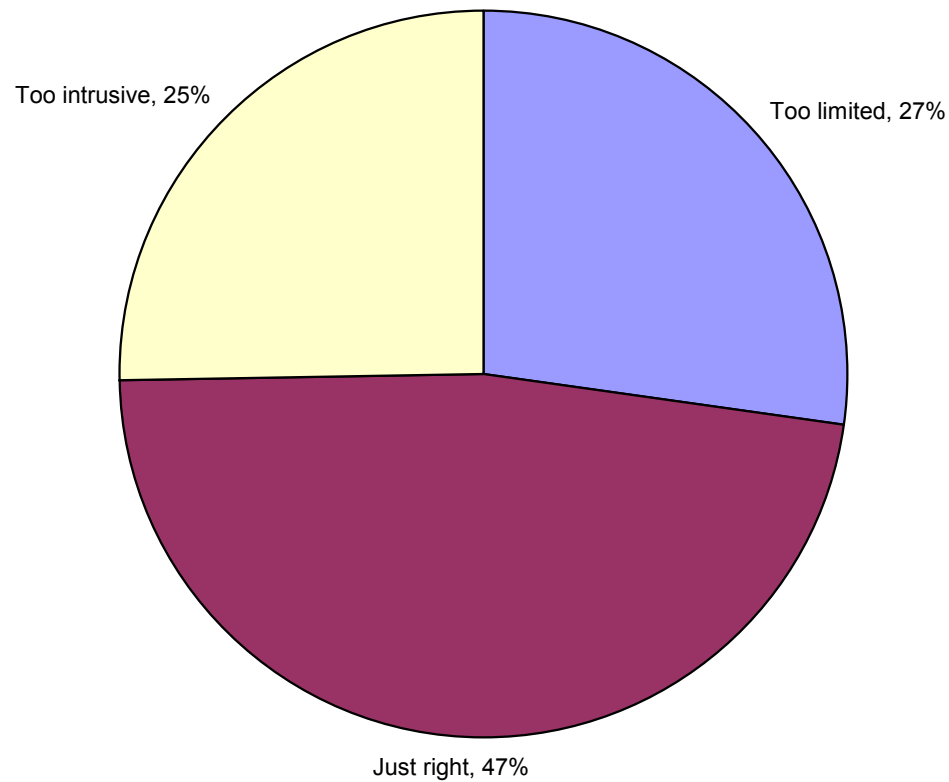
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OPINIONS REGARDING REGULATIONS

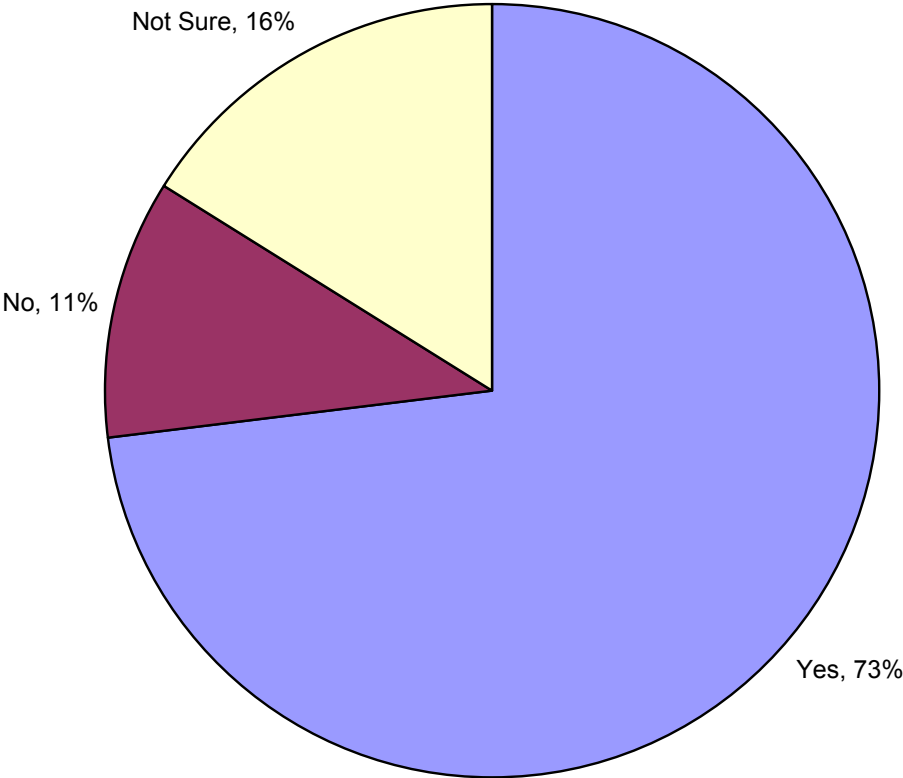
Forty-seven percent (47%) of respondents believe the Federal Role in the regulation of appraisers is just right. Twenty-seven percent (27%) believe the Federal Role is too limited and a slightly lower twenty-five percent (25%) believe it is too intrusive.

Opinion of the Federal Role in the Regulation of Appraisers



Seventy-three percent (73%) of respondents believe there should be Federal or State regulation of Appraisal Management Companies. Eleven percent (11%) believe this regulation should *not* exist and sixteen percent (16%) are not sure.

Opinions Regarding Federal or State Regulation of Appraisal Management Companies



The following are respondents' primary thoughts on the NAR Code of Ethics and how it relates to appraiser members:

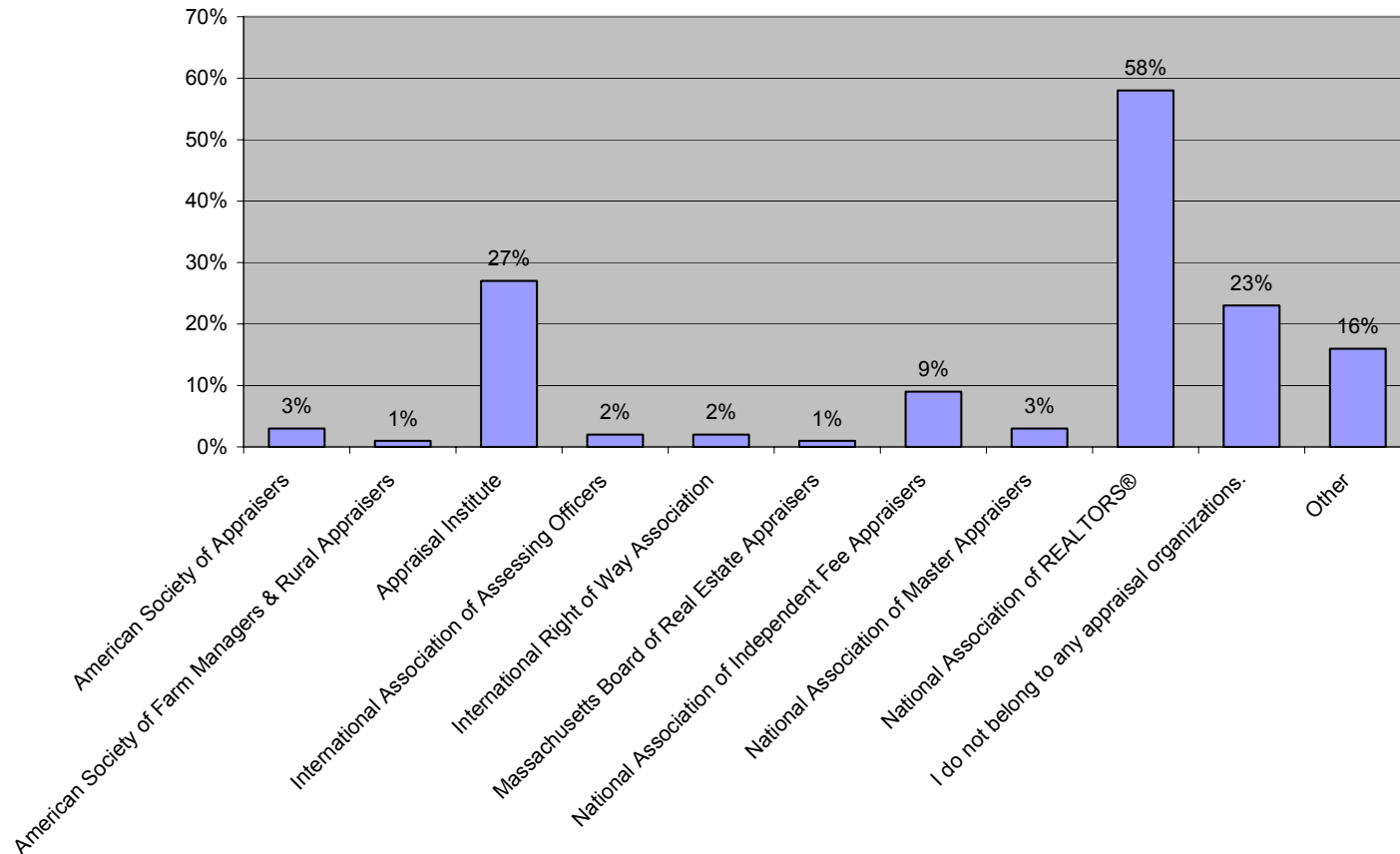
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- Appraisers need to be able to do their jobs accurately without feeling pressure from REALTORS® and mortgage brokers regarding the information they provide.
- Ethics comes down to the people; they should follow the Code provisions with or without the specific Code of Ethics.

A complete list of the comments provided by respondents regarding the Code of Ethics is included in appendix B.

APPRAISAL ORGANIZATIONS AND DESIGNATIONS

The appraisal organizations to which respondents most often belong are the NATIONAL ASSOCIATION OF REALTORS® (58%) and the Appraisal Institute (27%). Twenty-three percent (23%) of respondents do not belong to any appraisal organizations.

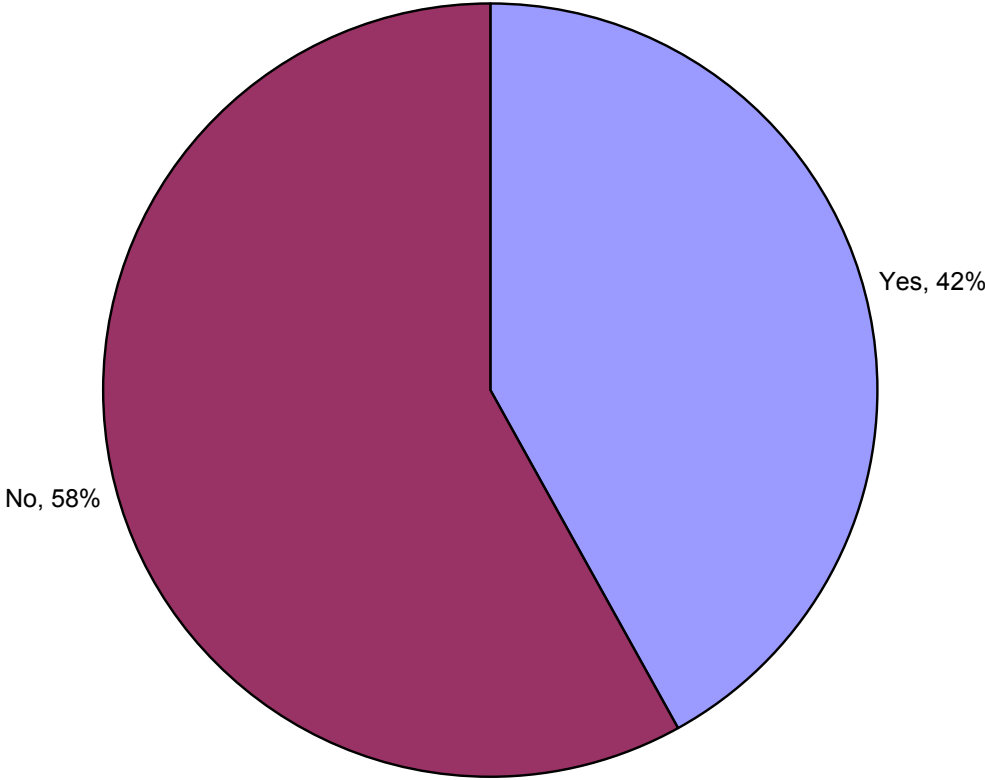
Memberships in Appraisal Organizations



Other appraisal organizations to which respondents belong include state organizations, the Employee Relocation Council, the Foundation of Real Estate Appraisers, the NAR Appraisal Section and the National Association of Real Estate Appraisers. A complete list of the organizations identified by respondents is included in appendix B.

Fifty-eight percent (58%) of respondents do *not* hold any appraisal designations while forty-two percent (42%) do.

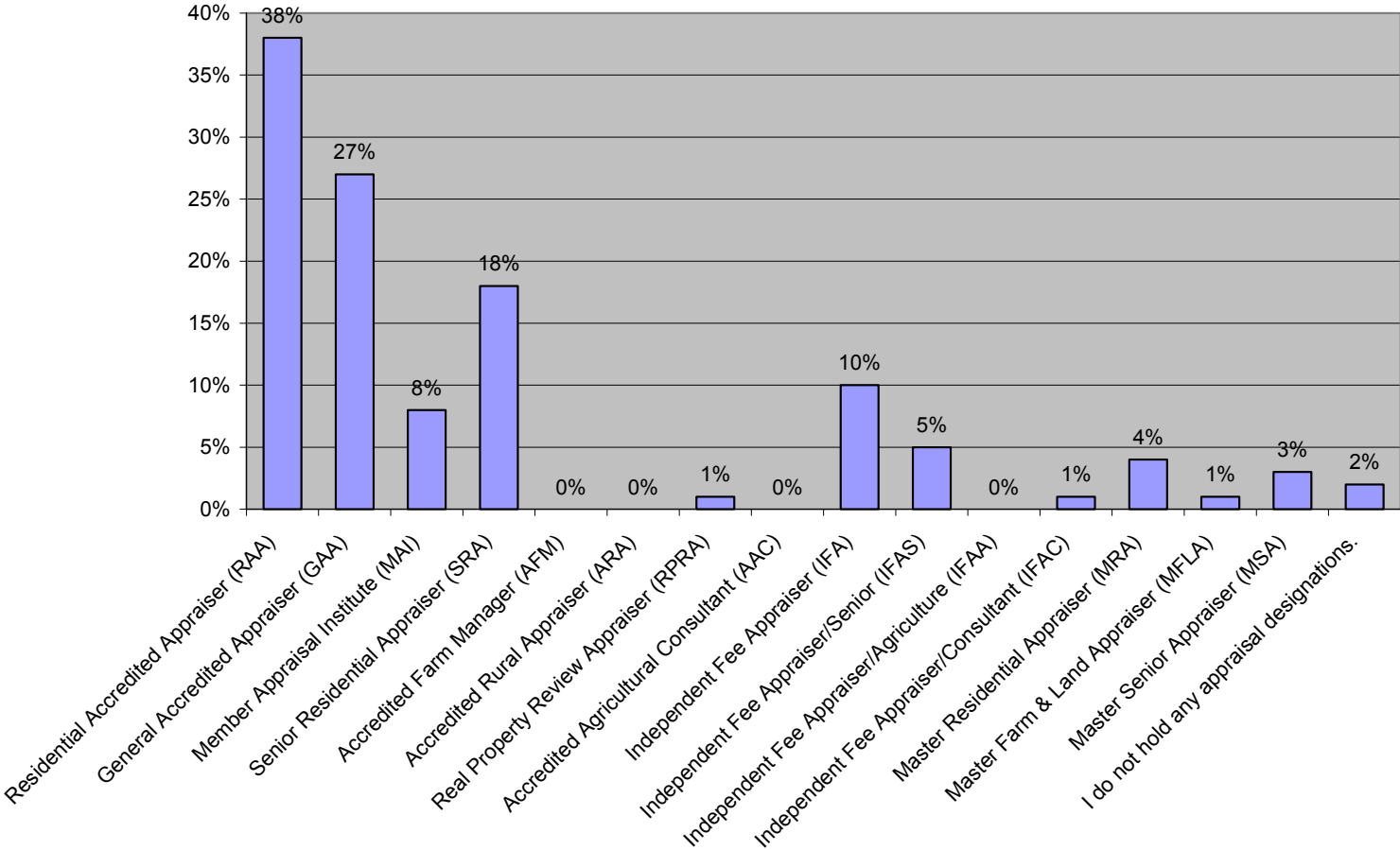
Incidence of Appraisal Designations



The appraisal designations most often held by respondents include:

- Residential Accredited Appraiser (RAA) – 38%
- General Accredited Appraiser (GAA) – 27%
- Senior Residential Appraiser (SRA) – 18%

Appraisal Designations Held by Respondents



Other designations held by respondents include ASA, CRA (Certified Review Appraiser), CREA (Certified Real Estate Appraiser), CRP (Certified Relocation Professional), CCIM, RM and SRA. A complete list of the designations identified by respondents is included in appendix B.

When seeking out an appraiser designation, the considerations which respondents most often rated very important are professionalism (70%), educational offerings (57%) and industry-peer recognition (40%). The consideration which respondents most often rated as not at all important is cost (20%).

Considerations When Seeking an Appraiser Designation

	Very Important	Important	Somewhat Important	Not at all Important	N/A
Cost	14%	27%	38%	20%	1%
Amount of time that must be committed to program	23%	43%	25%	8%	1%
Educational offerings	57%	34%	7%	2%	0%
Networking opportunities	25%	32%	31%	12%	1%
Opportunity to grow your appraisal business	34%	36%	20%	8%	1%
Industry/Peer recognition	40%	35%	16%	8%	1%
Professionalism	70%	23%	4%	1%	1%

Respondents' primary motivations when pursuing an appraisal designation are:

- Education – in order to expand their knowledge, become better qualified and rise above the norm
- To be recognized as an expert in their field
- To increase their level of professionalism
- To enhance their credibility
- Accomplishment and achievement
- To improve their professional status and distinguish themselves from others
- To increase business and grow their income

Respondents indicated that they want to pursue a designation that is recognized and respected by their peers and their clients. This will result in greater recognition within the industry.

According to respondents, achievement of a designation may also demonstrate a greater dedication to the profession and professional improvement.

Also important to respondents are the cost to obtain a designation and the criteria for achieving it.

Finally, respondents suggested that while designations may not hold as much weight today as they have in the past, many mortgage lenders prefer to work with appraisers who hold a designation.

A complete list of the respondents' motivations for pursuing an appraisal designation is included in appendix B.

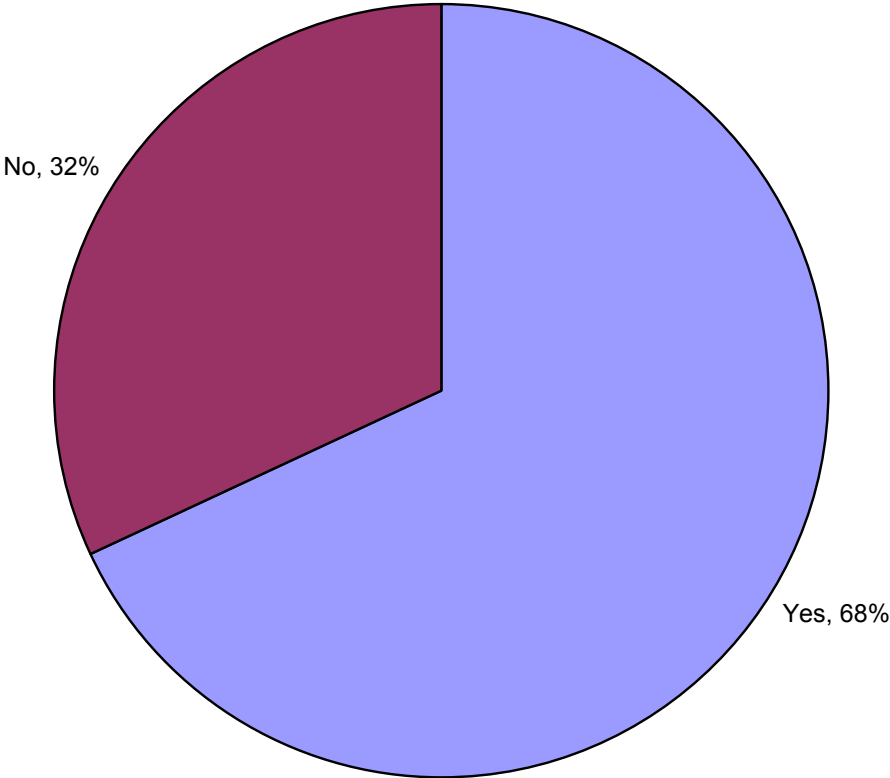
The benefits offered by an appraisal organization that hold the most value for respondents are:

- Education
- Networking
- Prestige and recognition
- Current, up-to-date information on USPAP regulations, changes and trends
- Discounts on, among other things, E&O insurance, courses, and products
- Access to health and E&O insurance
- Local meetings
- Lobbying and governmental representation
- Publications and newsletters
- Increased business and referrals

A complete list of the benefits that respondents identified as holding the most value is included in appendix B.

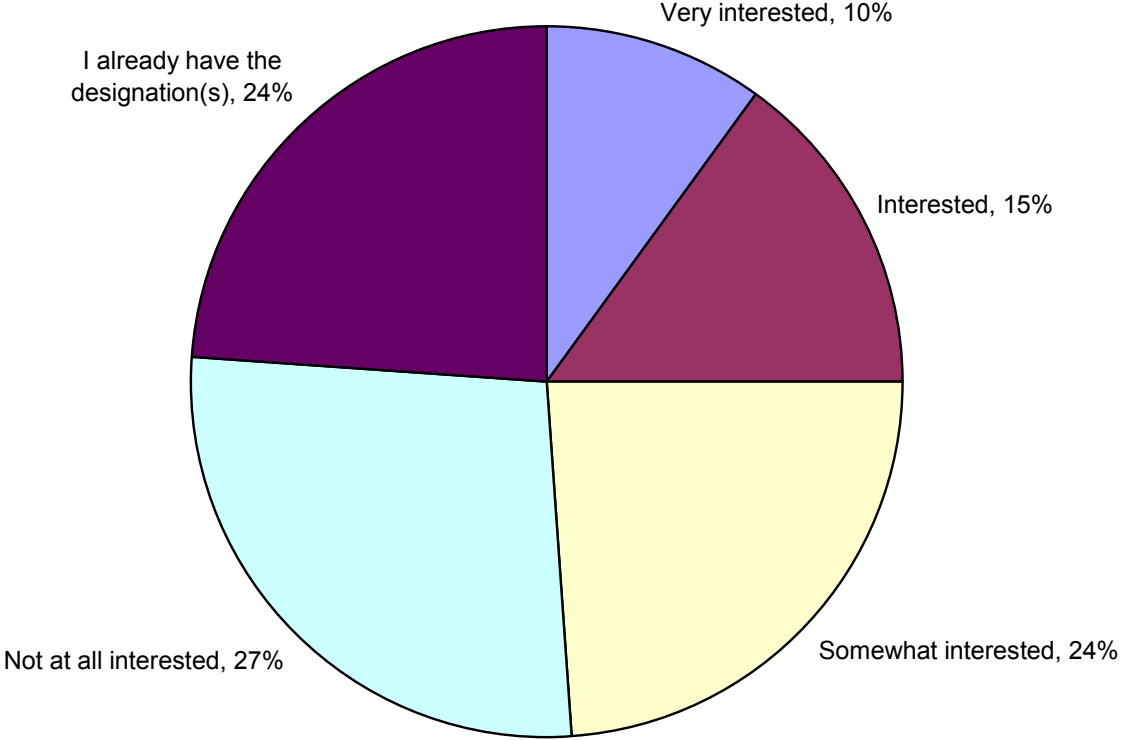
Sixty-eight percent (68%) of respondents are aware that the NATIONAL ASSOCIATION OF REALTORS® (NAR) offers the Residential Accredited Appraiser (RAA) and the General Accredited Appraiser (GAA) appraisal designations. Thirty-two percent (32%) of respondents were not aware that NAR offers these designations.

Awareness of the NAR Appraisal Designations



After reading about the NAR Appraisal Designations, nearly half (49%) expressed some level of interest in the RAA and GAA designations. Twenty-seven percent (27%) are not at all interested and twenty-four percent (24%) already have the designations.

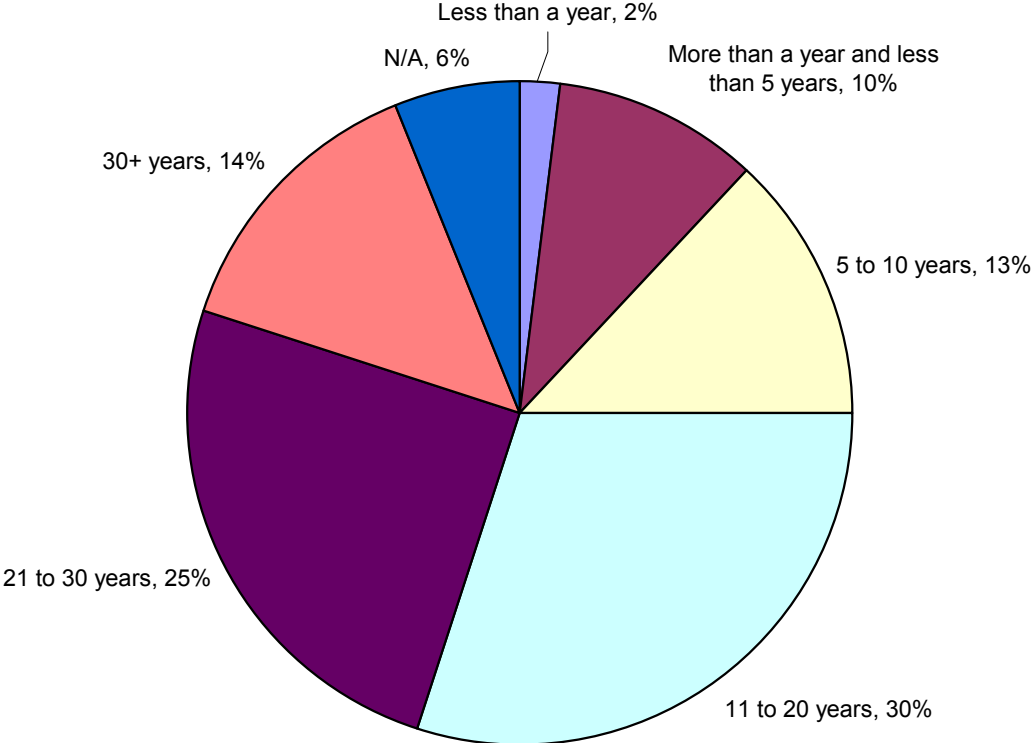
Level of Interest in the RAA and GAA Designations



DEMOGRAPHIC INFORMATION

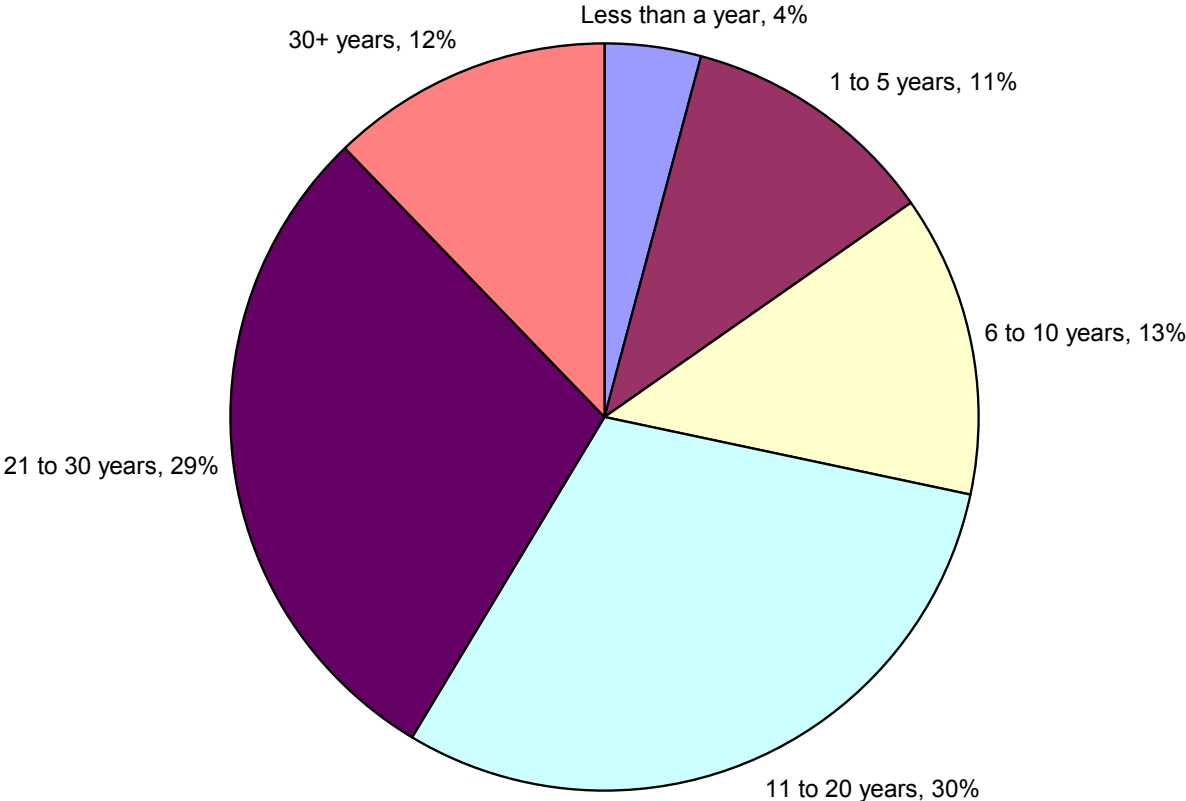
Thirty percent (30%) of respondents have been in the *residential* appraisal business for 11 to 20 years and twenty-five percent (25%) have been in it for 21 to 30 years. Merely two percent (2%) of respondents have been in the business for less than a year and six percent (6%) are not in the residential appraisal business.

Length of Time in the Residential Appraisal Business



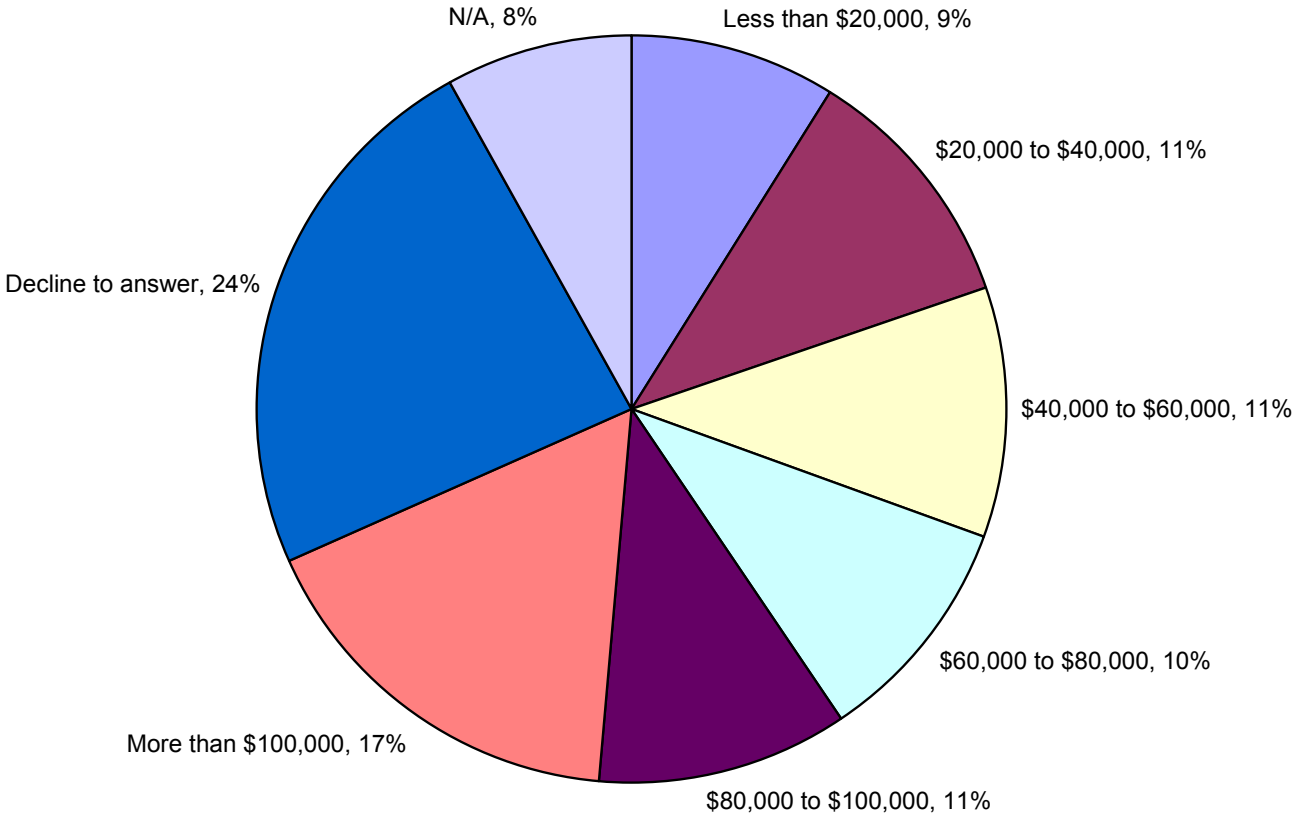
Forty-two percent (42%) of all respondents indicated involvement in the *commercial* appraisal business. Among those, thirty percent (30%) of respondents have been in the commercial appraisal business for 11 to 20 years while twenty-nine percent (29%) have been in it for 21 to 30 years. Four percent (4%) have been in the commercial appraisal business for less than a year.

Length of Time in the Commercial Appraisal Business



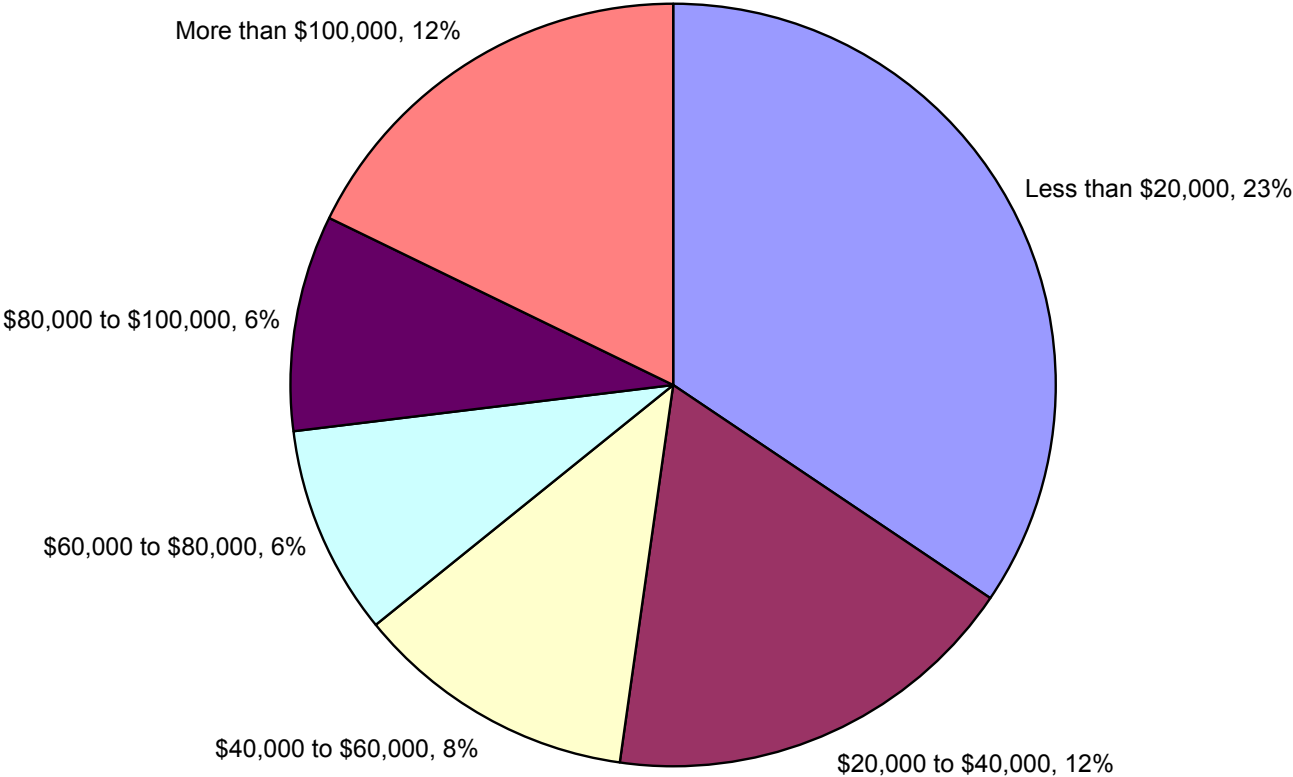
Seventeen percent (17%) of respondents earn more than \$100,000 per year from *residential* appraisals. Roughly half of the respondents (52%) are somewhat evenly divided in their income ranges, from less than \$20,000 up to \$100,000 annually. Eight percent (8%) of respondents are not involved in residential appraisals and twenty-four percent (24%) declined to answer the question.

Annual Income from Residential Appraisals



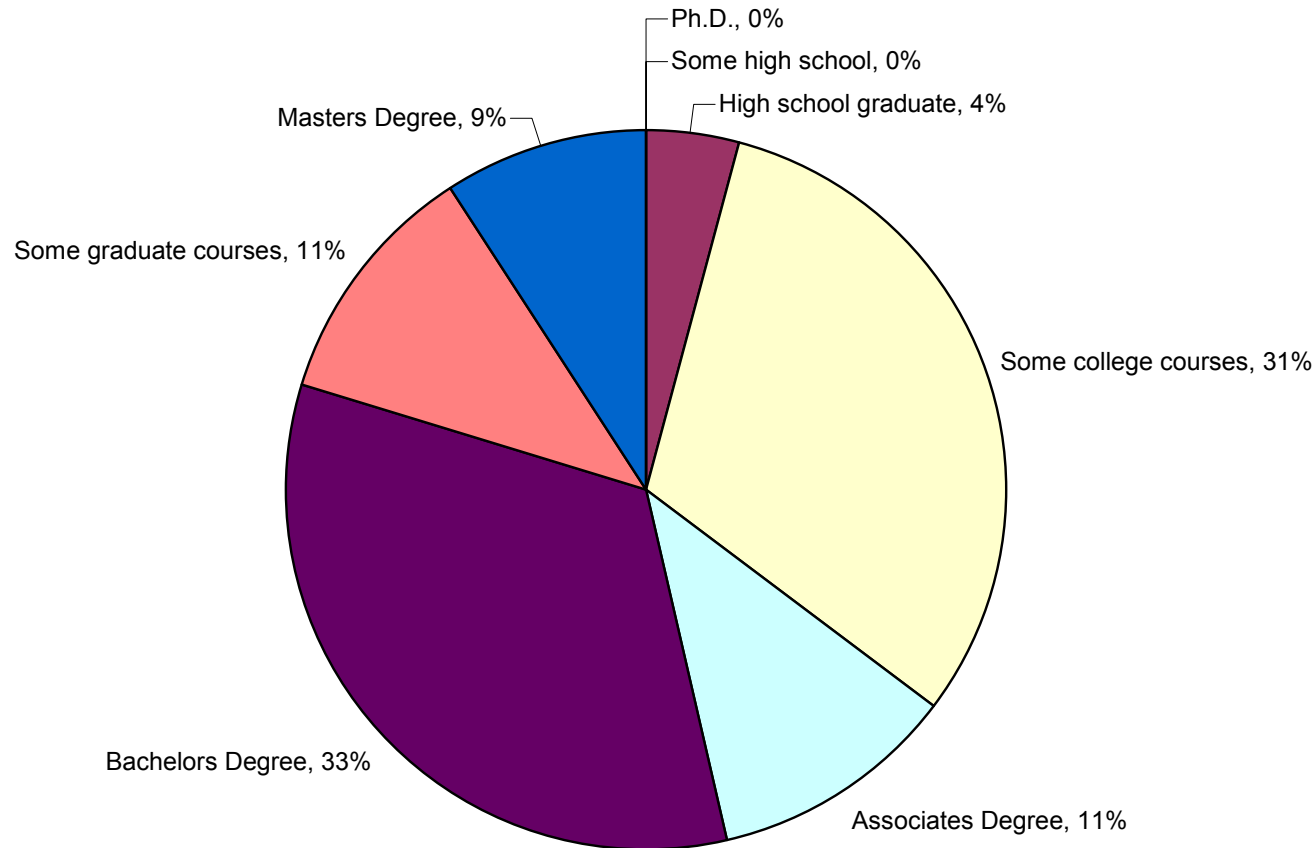
Thirty percent (30%) of respondents indicated that they generate income from commercial appraisals. Among those, twenty-three percent (23%) earn less than \$20,000 per year from commercial appraisals and twelve percent (12%) each earn \$20,000 to \$40,000 annually or more than \$100,000 annually.

Income from Commercial Appraisals



One-third (33%) of respondents have earned a Bachelor's Degree. Thirty-one percent (31%) have completed some college courses and another eleven percent (11%) have earned an associate's degree. Four percent (4%) of respondents are high school graduates.

Level of Education



Slightly more than one third (34%) of respondents complete more than 20 appraisals per month using the Fannie Mae (FNMA) 1004 form. One third (33%) complete between 10 and 20 per month. The question did not apply to twenty-one percent (21%) of respondents.

Monthly Appraisals Completed Using the Fannie Mae 1004 Form

