

APPRAISER SURVEY

NAVIGATING THE EVOLVING MARKET

A LOOK BACK AND FUTURE INSIGHTS

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This white paper presents the findings of a survey conducted by NAN in Q4 2022. The survey was sent to our appraiser partners in order to better understand their perceptions of the appraisal process and their experience in 2022.

Overall, we are grateful for the participation of our appraisers in this survey, and are committed to using their feedback to strengthen our partnerships across the country.

2022 Appraiser Survey

In November 2022, NAN sent a survey to over 12,000 of our appraisers across the country.

Objective

- Gather feedback from appraisers about their areas of expertise and their experience.
- Gauge overall thoughts on industry trends.
- Identify areas for improvement.
- Review the current demographics of respondents.
- Gather information on their 2023 expectations.
- Pinpoint interest and expectation for emerging Appraisal Modernization and Alternative Valuation solutions.

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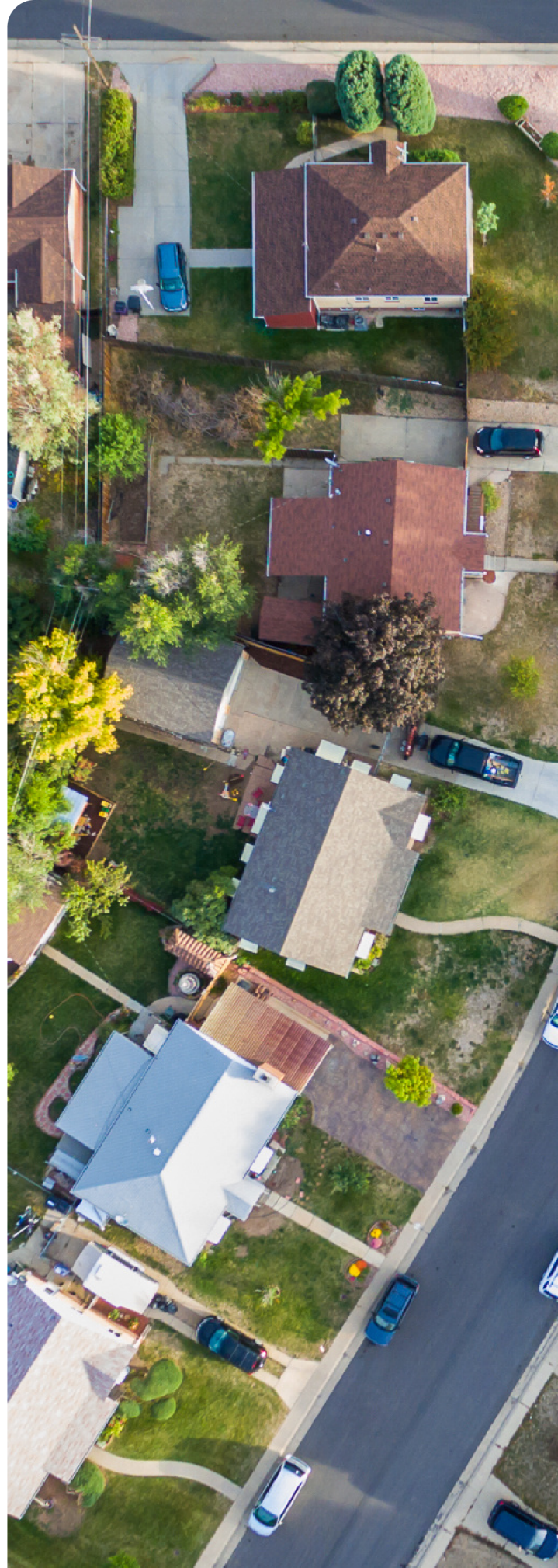
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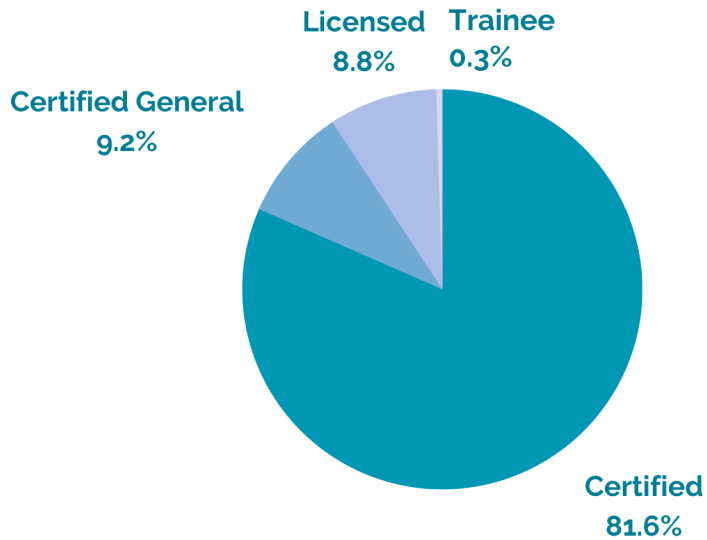


Demographics

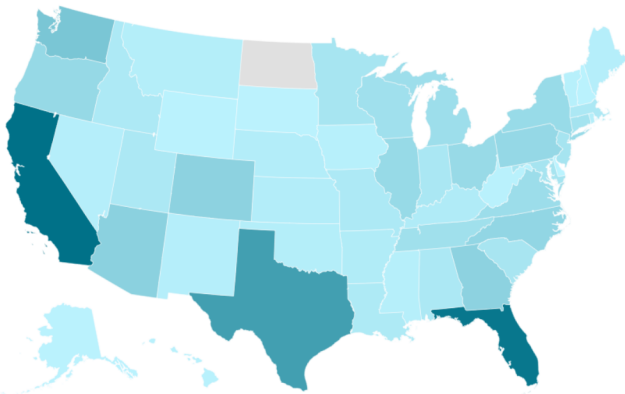
The survey was sent via email to all appraisers on November 30th, 2022 with a deadline of December 15th to submit responses.

License Types

The virtual respondents were composed of the following license types:



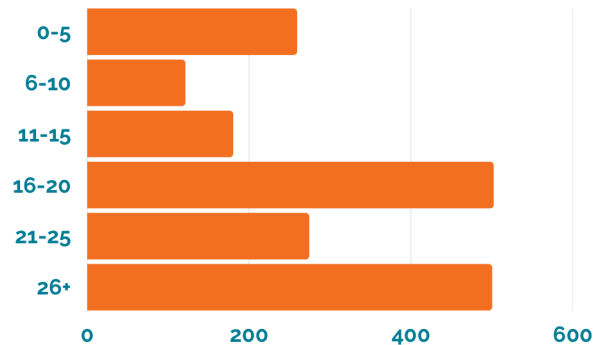
Footprint



Thousands of NAN appraisers responded to the survey. Most responses came from appraisers in CA, TX, and FL. However, we had at least one respondent from almost every state.

Years of Experience

We asked our appraisers how long they have been appraising, and an overwhelming 79% have been in the industry over 10 years.



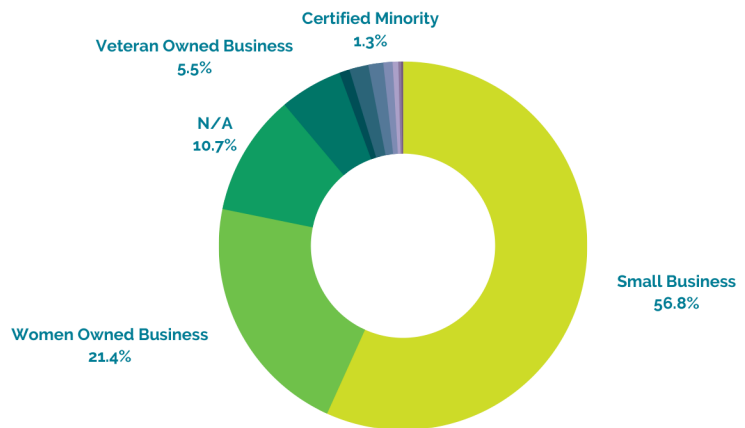
Qualifications

Our survey results revealed that NAN's diverse panel of appraisers is qualified in all valuation and property types. As such, we seek to make sure they are always getting the assignments that fits their qualifications.



Business Type

We asked our appraisers to select which business type best describes them. Small business was the clear majority, but we also saw a good percentage of women-owned and veteran-owned businesses as well.



Languages

NAN launched a Spanish-speaking division in 2022, as we recognized a true need to service Spanish-speaking borrowers across the U.S. To further this effort, we asked our appraisers what languages they speak fluently. Below are the results:

- English 99%
- Spanish 7%
- French 1%
- German 1%
- Korean 1%
- Other 3%



WHAT ADVICE WOULD YOU GIVE TO A BORROWER OR REALTOR TO HELP PREPARE FOR A SMOOTH APPRAISAL PROCESS?

1. Access/ Home Ready for Inspection

Preparing for the appraisal ahead of time is a key component of ensuring a smooth appraisal process. For starters, preparation is a time saver, as the appraiser can complete the inspection quickly and get you to the closing table faster. Part of this preparation includes making sure all doors are unlocked and open, lights are on, space is cleared for easy access, making sure broken items are repaired and access to attic is available.

2. Documentation/ List of Improvements

The appraiser is the eyes and ears for the lender. An important part of the appraiser's job is to identify any major issues with plumbing, electrical, construction, etc. If the homeowner has documentation available of any repairs or improvements completed in the last 10 to 15 years, in addition to floor plans or surveys, they should provide this information to the appraiser.

3. Understanding of the Market and Loan Requirements

Borrowers should ask their realtors questions about their current market. They should also have a good understanding of the loans they qualify for and the loan that they are moving forward with as well as the requirements for that loan. An informed borrower will be at ease and have realistic expectations of the current market value versus an unrealistic expectation which could result in poor customer experience. Knowledge and information are key to a successful transaction.

4. Open Communication & Flexibility

Open communication and flexibility came up as a theme across the board with our appraiser partners. They want to be able to reach whom they need to for the appraisal process to go smoothly. They encourage homeowners to be present during the appraisal in case any property questions emerge.

5. Understanding of the Appraisal Process

As intuitive as it might seem, some realtors and borrowers may not fully understand the appraisal process as well as they could. Once the appraiser sets the appointment, they will visit the property at the scheduled appointment time to conduct the inspection. This does not take a long time as the appraiser has done most of the work prior to arrival by researching the public records, MLS data and surrounding comps. After the inspection, they will take the comparable photos and head back to the office to start typing up the report. This can take about 2-3 days on average. Final report is then delivered to the lender. The total turn time is about 5-7 days depending on the market.



What's the #1 pain point you encounter as an appraiser in today's market?

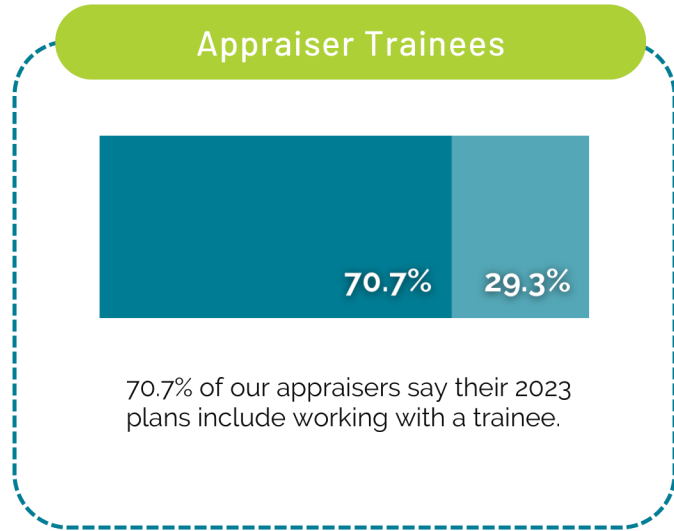


INFOGRAPHIC SLIDE REPORT

- **FEES**
25% of appraisers named fees.
- **MARKET CHALLENGES**
22% of appraisers cited market challenges.
- **BIDDING**
21% of appraisers listed the bidding process as a pain point.
- **NOT ENOUGH WORK**
21% of appraisers listed not enough work.
- **SCHEDULING**
11% of appraisers named scheduling as a pain point.

Appraiser Trainees

As the appraisal industry continues to evolve, NAN is committed to continuing to keep appraiser trainees and the future generations in mind. We asked our appraisers about their 2023 plans and if they included working with a trainee.



Appraisal Modernization



Appraisal Modernization represents an effort to move the current appraisal process into the future while continuing to ensure the integrity of the appraisal process. It involves leveraging technologies, data, and analytics to enhance the management of collateral risk, making the process more efficient for everyone, including lenders, borrowers, appraisers, and realtors.



Forward-Looking Statement

As we look ahead to what comes next for the appraiser community, we at NAN believe that while there are going to be some continued short-term challenges, the future is bright as long as we embrace change and evolving best practices.

In the short term, we expect the market recovery to happen slowly, as a combination of low inventory, economic uncertainty, and unfavorable interest rates will provide continued headwind well into 2024 and perhaps beyond. At NAN, we are using technology and data to identify our strongest performing appraisers, and we are doing everything we can to provide them with as many assignments as possible. In this market, high quality reports, fast turn times, and robust communication win the day, and just as the lenders are paring down AMCs to only the very best, the AMCs can only afford to work with the very best appraisers.

Appraisal modernization and alternative valuations are here to stay, and we believe that they will slowly gain traction until the next mortgage boom cycle, at which time they will rapidly grow in popularity. Regardless of when the substantive shift occurs, we believe that an embrace of technology will ultimately be a clear net benefit to the appraiser community, as it will allow appraisers to be more efficient, complete more assignments in less time, and focus their efforts on the most skilled aspect of the craft (valuations) rather than the photographs and measurements that can be handled by lesser trained individuals. Those who choose to dismiss new technology risk falling behind and ultimately being unprepared for the inevitable changes that are coming.

The topic of bias in the appraisal world will remain at the forefront of legislative, agency, and lender priorities. At NAN, we believe that 'intentional bias' is only a very small fraction of the underlying issue, and that outdated policies/regulations and unconscious bias are of far greater concern. It is our hope to work closely with the appraiser community as partners in an endeavor to improve processes/procedures and ensure equitable treatment for all valuations. Rather than deny the issue exists or simply take offense at the notion of bias being prevalent in the industry, we believe that there is a valuable window of opportunity here for the appraiser community to participate in the national discussion, help guide policy, and dispel any incorrect notion that intentional bias is at the heart of the problem. However, this can only be achieved if the appraiser community is willing to take an introspective look at what can be done differently or be improved upon, and engage in dialogue with the agencies, legislators, and AMCs to help move our industry forward.

In all, we believe that the appraiser community is approaching a fork in the road, where one path leads to evolution, modernization, and greater equality, while the other path leads to negative perception, unwanted legislation/regulation, and a greater sense of urgency at the federal level to further automate the valuation process. At NAN, we believe that appraisers are vital to providing accurate valuations and it is our great hope that the appraiser community can and will embrace positive change for the betterment of both the individual and the industry as a whole.



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