

Appraisal Turn Times: Can We Speed Them Up?



This post is based on a TMConnect webinar featuring Triserv President Joe Bryant. It can be viewed [here](#).

Real estate appraisal turn times got longer in 2020, and they're nowhere near returning to "normal" levels yet. It seems everyone involved in a real estate transaction is frustrated by this. Why is it happening, and can we speed them up?

Hot Market & Low-Hanging Fruit

The real estate market exploded in 2020, driven by record-setting low interest rates as well as COVID causing millions to work from home. Many people decided to

move out of expensive city centers to more affordable locations since they no longer needed to commute, or they moved to a larger house in order for every family member to have their own space to work or attend school remotely.

While interest rates have increased a bit in 2021, housing demand is still startlingly high. Everyone has heard the stories of homes getting 20 or 30 offers above list price on the day they hit the market.

An appraiser can only handle three appraisal orders in a day, maybe four at the most. But they're getting around eight requests a day. So they do one of two things. Some appraisers will only take on the three or four orders they can handle in a day, which means they can afford to be choosy. They'll select the low-hanging fruit - the properties that are nearby and on which they can do quick research on where there's plenty of data on comps. This means it's going to be hard to find an appraiser willing to take on the properties that are farther away geographically or are unusual homes that'll take extra time to research and do comps for. If you can find an appraiser willing to accept that kind of order, there's going to be an upcharge.

On the other hand, some appraisers will bite off more than they can chew and try to handle six or eight appraisals in a day. Inevitably, they can't do it, and this is when they start to miss deadlines.

There have always been certain states and areas with slower turn times, such as Washington, Oregon, Colorado, Iowa, and parts of Texas. There may not be a lot of appraisers in those areas, or it may be so spread out geographically that an appraiser can only fill one order in a day. Right now, though, it's not geography that's the big challenge; it's simply the sheer volume of orders.

Every appraisal management company is struggling with this. There's a limited number of appraisers out there and we all use the same pool of them. Most appraisers have signed up with a large number of AMCs. Our national panel has over 12,400 appraisers in it, and in any given year, we'll use around 8,000 of them. We're doing 18,000 appraisals a month right now (as compared to 8,000-10,000 pre-pandemic) and unfortunately, many are taking longer than we'd like. It's an industry-wide problem.

Less Obvious Challenges

The requirements to become an appraiser have limited the number of appraisers in the market. It's a rewarding career - a good appraiser can easily make a nice, six-figure income working on their own schedule. But currently, appraisers are required to have a four-year college degree, which is overkill and unnecessary.

New appraisers also have to spend about a year serving as a trainee under the supervision of a more experienced appraiser. Many established appraisers don't have the time to oversee trainees nor do they want to take on that responsibility.

Also, there are two types of appraisers. A licensed appraiser is step one. A certified appraiser is subject to much more robust testing and generally will get paid more. Most secondary market transactions require a certified appraiser, so that cuts down on the availability of appraisers even more.

Every appraisal is different, and sometimes there are issues that extend turn times that you wouldn't have thought of. You wouldn't believe how hard it is sometimes to get ahold of the contact person for entry to the property. We had one last week where the seller wouldn't let the appraiser come into the house until after seven

o'clock in the evening for some reason. The appraiser had an elderly parent they had to take care of, so it took a number of days to even schedule the appraisal.

Are There Any Repercussions?

We have lenders and real estate agents asking what are we doing about appraisers when they fail to meet deadlines - what are the repercussions? This is a tough one. First of all, we abide by the Appraiser Independence Requirements (AIR) as well as the AMC licensing laws in each state. Even if the appraisal is late or one of the parties doesn't like the valuation, we are still required to pay the appraiser. If an order is behind, the only thing we can really do is place a new order on a rush basis and pay for it ourselves, which we have done.

Technically, we can file a complaint with the state board, but in reality, we're not likely to do that. The majority of seats on these boards are filled with appraisers and we can't afford to alienate them. We strive very hard to have a good reputation with appraisers - paying them fairly and frequently, among other things. This is a good faith-based business, and when we're on good terms with appraisers, that benefits us and therefore benefits our customers.

That said, we do score every appraisal order and if we see a trend analysis where turn times are increasing for a particular appraiser, we have a conversation. Our system automatically geocodes orders on a map and rotates appraisers within a 10 mile radius of each order. We automatically assign orders to the highest scoring appraisers. So there are rewards built into our system for appraisers that perform well.

For our lender partners that want it, we provide a very detailed monthly report on all the orders that were done, who the appraiser was, the turn time, what the

appraiser was paid, what the AMC fee was, etc. We've heard this is helpful and allows lenders to see what's going on in their local market.

Overall, all the parties involved in a real estate transaction need to remember we're all on the same team, with the same end goal in mind. Everyone needs to be on their toes, do the best job they can, and extend a little grace to each other.

Together, we'll make it through.

Potential Solutions

Given all these challenges with appraisal turn times, there is hope. As much as everyone in the real estate business is enjoying the bounty of huge volumes right now, realistically, the market will cool off eventually. When the number of appraisals required slows down, this will naturally better match the number of orders to the number of appraisers able to fulfil them.

Educating real estate agents that they shouldn't write 30 day contracts is also necessary. Loans are not going to close in 30 days, at least not right now. We all - including real estate agents - need to underpromise so we can overdeliver. We all need to add two or three days to every due date so we can delight our customers when we deliver early, or at least meet their expectations if we come in on time.

Changing the education requirements for appraisers and offering incentives for established folks to take on trainees would go a long way towards filling the void in the market that we're experiencing now. Relatedly, we've created a whole department focusing on recruiting new appraisers for our own pool.

In some circumstances, alternative valuation solutions are allowed, or appraisal waivers may be available. If these can be taken advantage of, it's one less appraisal that needs to be forced through an already jam-packed system.

Overall, all the parties involved in a real estate transaction need to remember we're all on the same team, with the same end goal in mind. Everyone needs to be on their toes, do the best job they can, and extend a little grace to each other. Together, we'll make it through.