

“Hybrid Appraisals—Safe or Sorry?”

A Real Estate and Appraiser CE Course by
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Learning Objectives:

- *Define a hybrid appraisal*
- *Revisit concepts of inspection and credible results in USPAP*
- *Review AVMs in use in the industry*
- *Collateral Underwriter, RPR*
- *Lending industry influence*
- *Areas of risk*
- *Discuss pros and cons*
- *E & O insurance: are you covered?*
- *Limiting conditions*
- *Risk/reward*

Definitions: Hybrid, Desktop, Bifurcated: All names for products other than a traditional interior inspection that ends up with a 1004 URAR report.

This course: Researched data, tried to be objective, will share ‘good, bad and ugly’

What is a hybrid appraisal? A hybrid appraisal is a valuation completed by a Licensed/Certified appraiser that mirrors a desktop appraisal in that it has a shorter appraisal form and is performed by an appraiser who typically never visits the property.—Working Real Estate Magazine

Divided Job

Some companies provide software, other tools

Often uses an online form (digital file)

What is driving this?

What are the concerns for appraisers?

How are Desktop Appraisals done?

Property eligibility: not every property is eligible.

One appraiser's viewpoint:

- **Time is money**
- **Can do these reports quickly**
- **Don't have to leave my desk**
- **Can comply with USPAP**
- **Good income stream**
- **Great way to train an assistant**

Assignments Vary, can be qualitative, quantitative

Basic requirements:

Additional requirements:

What can you find out about a property without leaving your desk?

Truth or Dare? How many times do you have a pretty good idea about house, neighborhood, etc. *before* you go?

Field Person: What do they do?

Time is money!

How long does this take?

Lender's Side:

- ✓ **Many users of appraisal reports**
- ✓ **Many uses for appraisal reports**

- ✓ One size does not fit all
- ✓ Not every property needs a full URAR

Lender: Time

- ✓ Time frame for a 'traditional, interior URAR' is still several days

Risk

- ✓ "Minimal risk loans do not require maximal valuation products"

Third Party inspection

- ✓ You may not know who they are

Risk:

First of all, does your insurance cover this????

Why do we inspect?

Extraordinary assumptions and Special assumptions related to a service

Who has to decide?

YOU DO!

Remember forms are not USPAP compliant—appraisers are the ones who comply with USPAP.