



# Navigating the Cheese Maze

Exploring New Avenues for Appraisers in the Modern Era

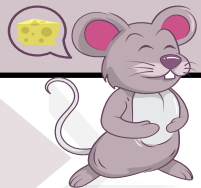
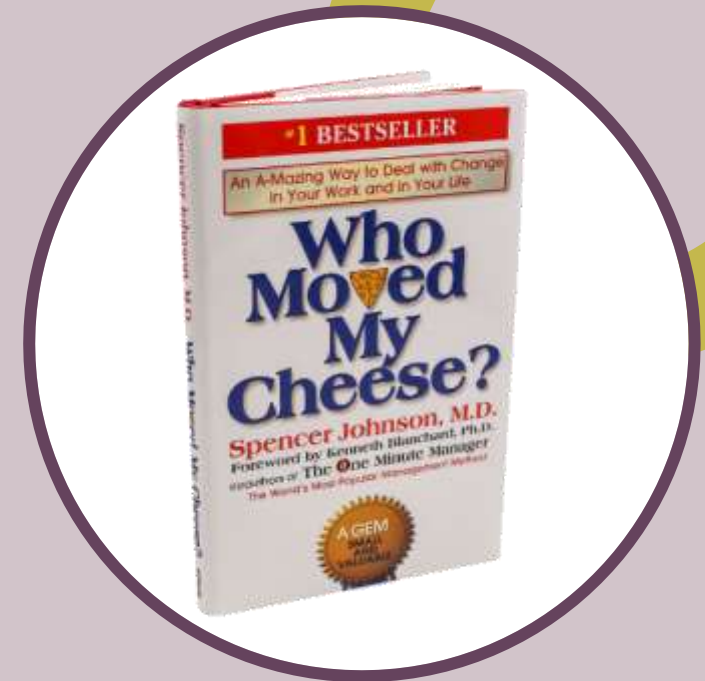
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Must read:

# *Who Moved My Cheese?*

By Dr. Spencer Johnson



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# Cheddar

## DEFINITION:

- Money, riches, wealth
- If a person has “cheddar” they have money. Cheddar is a noun symbolizing wealth.

## EXAMPLE:

*That real estate appraiser is rolling in so much cheddar, they're practically living in a cheese castle!*

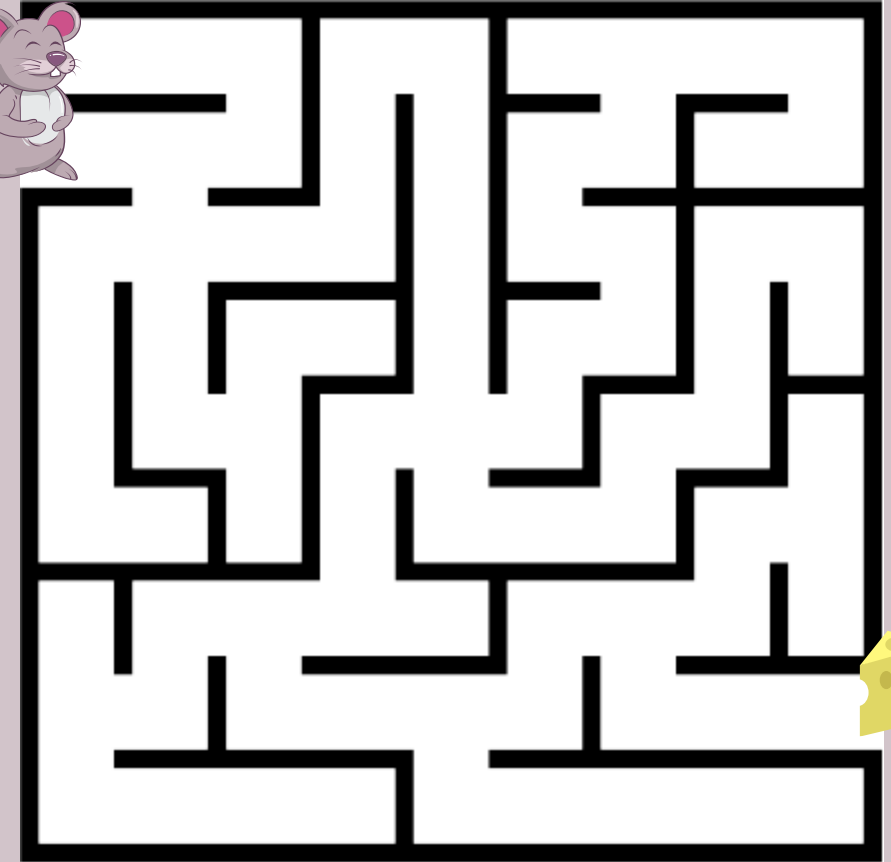


# The Maze

DEFINITION:

The maze is where you look for what you want in life.

- organization you work in
- family or community you live in



# Our Cheese, Our Maze!



# A powerful lesson...

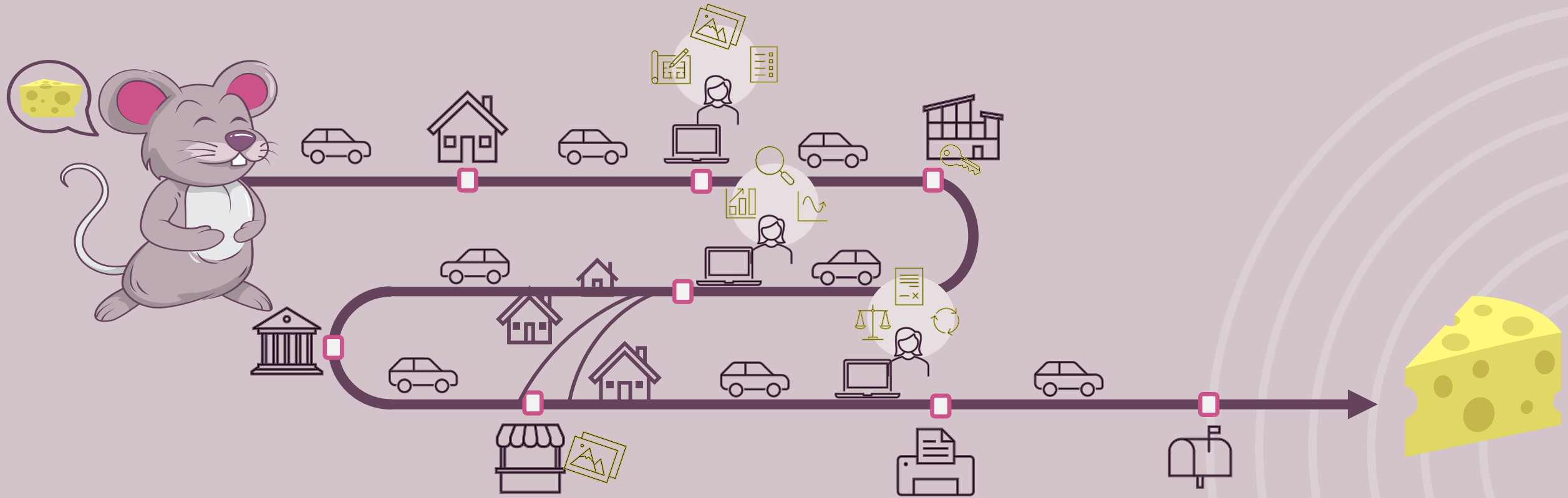
1. Change is Inevitable
2. Adaptability is Key
3. Anticipate Change
4. Embrace Uncertainty
5. Take Action
6. Don't Cling to the Past
7. Learn from Experience
8. Stay Positive
9. Share Your Cheese
10. Continual Improvement



Has our cheddar  
moved before? **YES!**

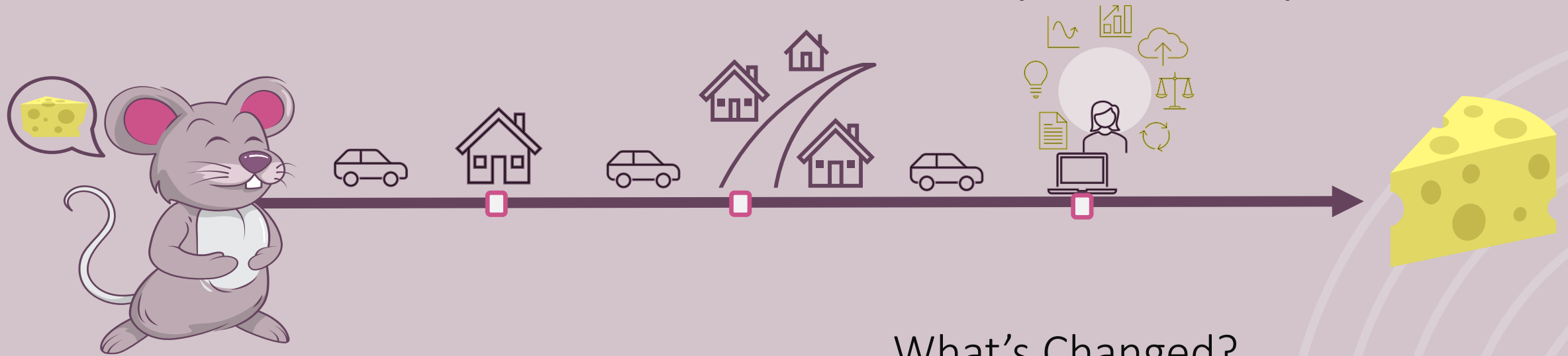


# This is how we found cheese when I started...





# This is how we found cheese yesterday...



## What's Changed?

- Accessibility to data
- Technology

Has our cheddar  
moved again? **YES!**



# This is how we find cheese today...

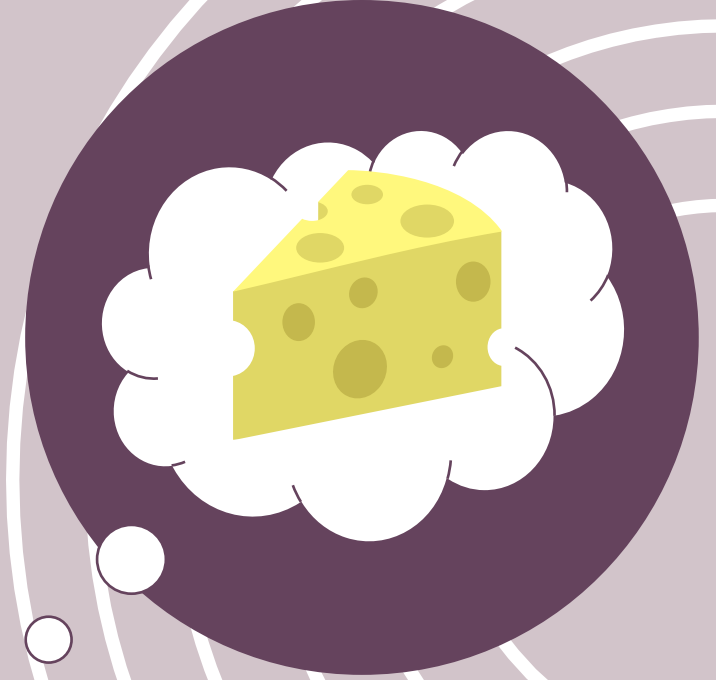


## What's Changed?

- Reliability of Data
- GSE policies
- Image and scanning technology
- Monitoring and testing

# What is causing us to change now?

- Technology
- Clients Needs
- Demand for our Services



Opportunities

# Current ~~Challenges~~

Data Collection



Rigid Appraisal Forms



Appraisal Consistency



Appraisal Production Time



Appraiser Demographics



Appraiser's Role



Appraiser Business Model



*Opportunity*

# Constant State of Improvement (a.k.a., ~~Change~~)

**Client's Goal**

To shorten the distance and time between a service and its consumption.

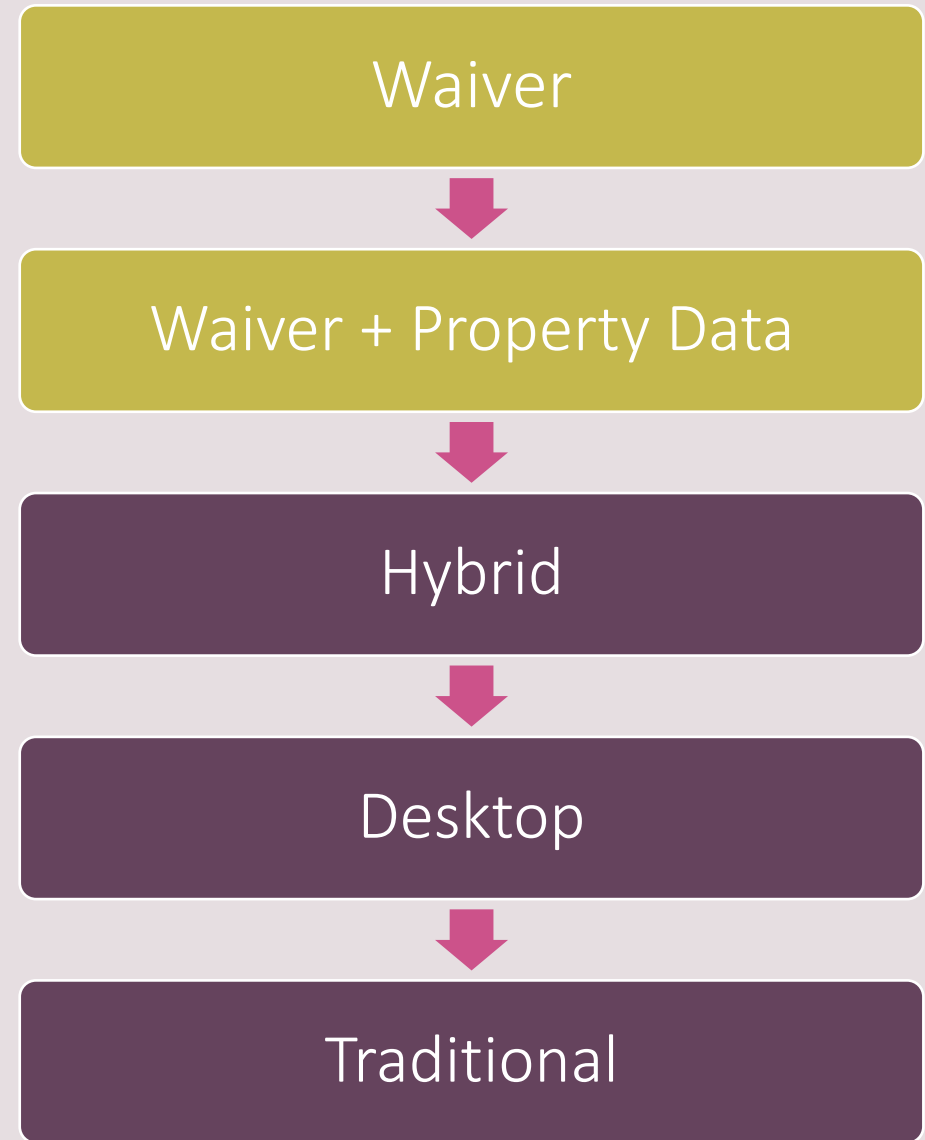
**Your Goal**

To shorten the distance and time between a service and its consumption.

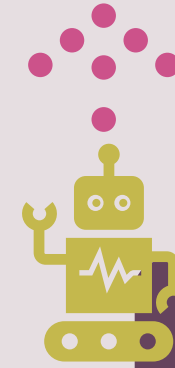


# Modernization Initiatives

- New Valuation Modernization Programs
  - Waiver + Property Data
  - Data Standardization
  - Data Collection Processes
- Appraisal Modernization
  - Freddie Mac Appraisal Modernization
  - Fannie Mae Appraisal Modernization
- UAD and Forms Redesign
  - Freddie and Fannie United Effort



This is how we'll find cheese tomorrow...



Appraiser Guided Automated Appraisals



Artificial Intelligence



Image Analysis Technology



More Advanced Analytics



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# Aloft's Appraiser Toolkit

**Depreciated Cost**
Paired Sales

3919 Candle Gate Ln Katy, TX 77494

[Send feedback](#)
?
HS

Properties
Market Adjustments
Replacement Cost
**Depreciation & Site**
Adjustments
Commentary
Cost Approach

**Subject**  
2919 Candle Gate Ln  
Katy, TX 77494  
Price: -

Indicated Value	\$553,187	^
Improvement Value	\$403,187	73%
Site Value	\$150,000	27%

**Comp 1**  
27019 Cliff Pointe Ln  
Katy, TX 77494  
SP: \$537,000

Indicated Value	\$548,000	^
Improvement Value	\$395,900	72%
Site Value	\$151,900	28%

**Comp 2**  
26722 Wylie Valley Ln  
Katy, TX 77494  
SP: \$551,000

Indicated Value	\$562,000	^
Improvement Value	\$405,533	72%
Site Value	\$156,567	28%

**Comp 3**  
26630 Godfrey Cove Ct  
Katy, TX 77494  
SP: \$555,000

Indicated Value	\$566,000	^
Improvement Value	\$412,672	73%
Site Value	\$153,528	27%

**Comp 4**  
26735 Wulfs Hill Ln  
Katy, TX 77494  
LP: \$578,000

Indicated Value	\$560,000	^
Improvement Value	\$413,617	74%
Site Value	\$146,583	26%

**Depreciate Cost New & Extract Site Value**

Replacement Cost New															
Feature	SF	Cost/SF	Cost	SF	Cost/SF	Cost	SF	Cost/SF	Cost	SF	Cost/SF	Cost	SF	Cost/SF	Cost
Dwelling Cost	3,598 sf	\$136.92	\$492,638	3,285 sf	\$137.96	\$453,199	3,322 sf	\$140.62	\$467,140	3,287 sf	\$140.13	\$460,607	3,680 sf	\$136.12	\$500,922
Attached Garage Cost	577 sf	\$48.13	\$27,771	484 sf	\$48.87	\$23,653	695 sf	\$47.20	\$32,804	590 sf	\$48.03	\$28,338	380 sf	\$49.69	\$18,882
Carpport Cost													114 sf	\$29.16	\$3,324
Cvd Patio / Gazebo Cost	150 sf	\$26.77	\$4,016	303 sf	\$26.15	\$7,923	265 sf	\$26.31	\$6,972	237 sf	\$26.42	\$6,262	382 sf	\$25.83	\$9,867
Deck Cost	120 sf	\$12.26	\$1,471										152 sf	\$12.20	\$1,854
<b>Total Est. Cost New</b>			<b>\$525,896</b>			<b>\$484,775</b>			<b>\$506,916</b>			<b>\$495,207</b>			<b>\$534,849</b>

Depreciation															
Condition   Age   Quality	C3	14	Q4	C3	11	Q4	C3	12	Q4	C3	16	Q4	C3	13	Q4
Rec. Condition	UNAVAILABLE			UNAVAILABLE			UNAVAILABLE			Not run			Not run		
Straight Line Age-Life	Effective Age	Eco. Life (yrs)		Effective Age	Eco. Life (yrs)		Effective Age	Eco. Life (yrs)		Effective Age	Eco. Life (yrs)		Effective Age	Eco. Life (yrs)	
Dwelling	14	60		11	60		12	60		10	60		13	60	
Physical Obsolescence			-\$122,709			-\$88,875			-\$101,383			-\$82,535			-\$115,884
Functional Obsolescence		%	\$0		%	\$0		%	\$0		%	\$0	1	%	-\$5,348

Back
Next

**HAR # 98630222**  
3919 Candle Gate Lane  
Katy, TX 77494

Last Modified at 7/31/20... AM

# Pilot Testing



Mobile Apps



Artificial Intelligence



3D Scanning



Image Analysis



Appraisal Analysis



New Appraisal Workflows



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# Coming Soon!

*A single dynamic reporting structure for all assignments*

- all residential property types
- all GSE, VA, FHA, USDA assignment types

Uniform Residential Appraisal Report Page 12 of 18

**Sales Comparison Approach**

	Subject Property	Comparable #1	Comparable #2	Comparable #3
<b>General Information</b>				
Property Address	700 1st Ave, NW Unit 1206 Washington, DC 20001	700 1st Ave, NW Unit 1211 Washington, DC 20001	700 1st Ave, NW Unit 1103 Washington, DC 20001	1350 Riverside Ave, NW Unit 1627 Washington, DC 20001
				
Data Source		MLS 23412-D   Tax Records	MLS 32481-D   Tax Records	MLS 12438-D   Tax Records
Proximity to Subject		0.0 Miles	0.0 Miles	0.13 Miles NW
List Price	\$585,000	\$600,000	\$615,000	\$570,000
Listing Status	Pending	Settled Sale	Settled Sale	Settled Sale
Contract Price	\$585,000	—	—	—
Sale Price	—	\$600,000	\$421,000	\$370,000
Sales Concessions	No	\$6,000	\$5,000	No
Contract Date	08/23/2019	08/07/2019	07/20/2019	06/28/2019
Sale Date	08/12/2019	08/12/2019	08/04/2019	07/14/2019
Days on Market	30	10	25	40
Attached/Detached	Attached	Attached	Attached	Attached
<b>Project Information</b>				
Project Name   Same Project as Subject	XYZ Apartments	XYZ Apartments   Yes	XYZ Apartments   Yes	MNO Apartments   No
Monthly Fee	\$2,631	\$2,631	\$2,631	\$2,096
Common Amenities/Services	Inground Pool   Theater	Inground Pool   Theater	Inground Pool   Theater	Clubhouse   Fitness Area   Inground Pool
<b>Site</b>				
Property Restriction	Historic Preservation	Historic Preservation	Historic Preservation	—
View   Range	Parking Lot   Full City Street   Partial	Residential   Full City Street   Full	Residential   Full City Street   Full	Residential   Full Park   Full
<b>Dwelling(s)</b>				
Year Built	1971	1971	1971	1963
Structure Design	High-rise	High-rise	High-rise	High-rise
Heating	Forced Warm Air   Natural Gas	Forced Warm Air	Forced Warm Air	Forced Warm Air
<b>Unit(s)</b>				
Floor Number	12	12	11	16
Bedrooms	1	1	1	1
Baths - Full   Half	1   0	1   1	1   1	1   1
Finished Area Above Grade	1,209 Sq. Ft.	1,209 Sq. Ft.	1,360 Sq. Ft.	1,070 Sq. Ft.
Finished Area Below Grade	0 Sq. Ft.	0 Sq. Ft.	0 Sq. Ft.	0 Sq. Ft.
<b>Quality and Condition (Ratings: 1-6, 1 is highest)</b>				
<b>Interior Quality and Condition</b>				
Quality	Q3	Q3	Q3	Q3
Condition	C3	C3	C3	C3
<b>Overall Quality and Condition (Ratings: 1-6, 1 is highest)</b>				
Quality	Q3	Q3	Q3	Q3
Condition	C3	C3	C3	C3
<b>Vehicle Storage</b>				
Type   Spaces   Detail	Parking Garage   1   Owned	Parking Garage   1   Owned	Parking Garage   1   Owned	Parking Garage   1   Owned

- Single Family
- Multifamily
- Condominium
- Cooperative
- Manufactured
- Traditional
- Desktop/Hybrid
- Exterior Only





# Sections of the Appraisal Report

## Always Displays

- Summary
- Assignment Information
- Subject Property
- Site
- Sketch
- Dwelling Exterior
- Unit Interior
- Functional Obsolescence
- Vehicle Storage
- Subject Property Amenities
- Overall Quality and Condition
- Highest and Best Use
- Market
- Subject Listing History
- Prior Sale and Transfer History
- Reconciliation
- Certification and Scope of Work

## Displays When Applicable

- Disaster Mitigation
- Energy Efficient and Green Features
- **Manufactured Home**
- **Outbuilding**
- Project Information
- Sales Contract
- Sales Comparison Approach
- Rental Information
- Income Approach
- Cost Approach
- Revision History
- Supplemental Information

# New URAR Functionality

- ✓ Summary Page
- ✓ Topic Driven Clusters
- ✓ Photos and Exhibits Placed in Relevant Sections
- ✓ No More General Addenda
- ✓ New and Expanded Data Requirements
- ✓ Dynamic Sales Comparison Grid
- ✓ Expanded Cost Approach
- ✓ Dynamic Certification

## Certifications *(continued)*

23. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

24. I am aware that any disclosure or distribution of this appraisal report or any of its contents by me or by the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

25. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions. Any of the foregoing persons or entities who receive this appraisal report may choose to store, copy, reproduce, analyze, use and distribute the data in the appraisal report for internal or external purposes without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media). A person or entity who receives a copy of an appraisal report does not become an intended user, unless the appraiser identifies such person as an intended user. The appraiser and supervisory appraiser (if applicable) shall have no liability for any use of this appraisal report not related to the mortgage finance transaction and related activities for which this appraisal report was prepared.

26. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may choose to rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties. A person or entity who receives a copy of an appraisal report does not become an intended user, unless the appraiser identifies such person as an intended user. The appraiser and supervisory appraiser (if applicable) shall have no liability for any use of this appraisal report not related to the mortgage finance transaction and related activities for which this appraisal report was prepared.

27. If this report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this report containing a copy or representation of my signature, I agree that my electronic signature has the same force and effect as my manual handwritten signature, and that the report is enforceable and valid as a paper version of this report would be if delivered containing my manual handwritten signature.

28. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

29. I have performed services regarding the subject property within the three years preceding the agreement to perform this assignment.

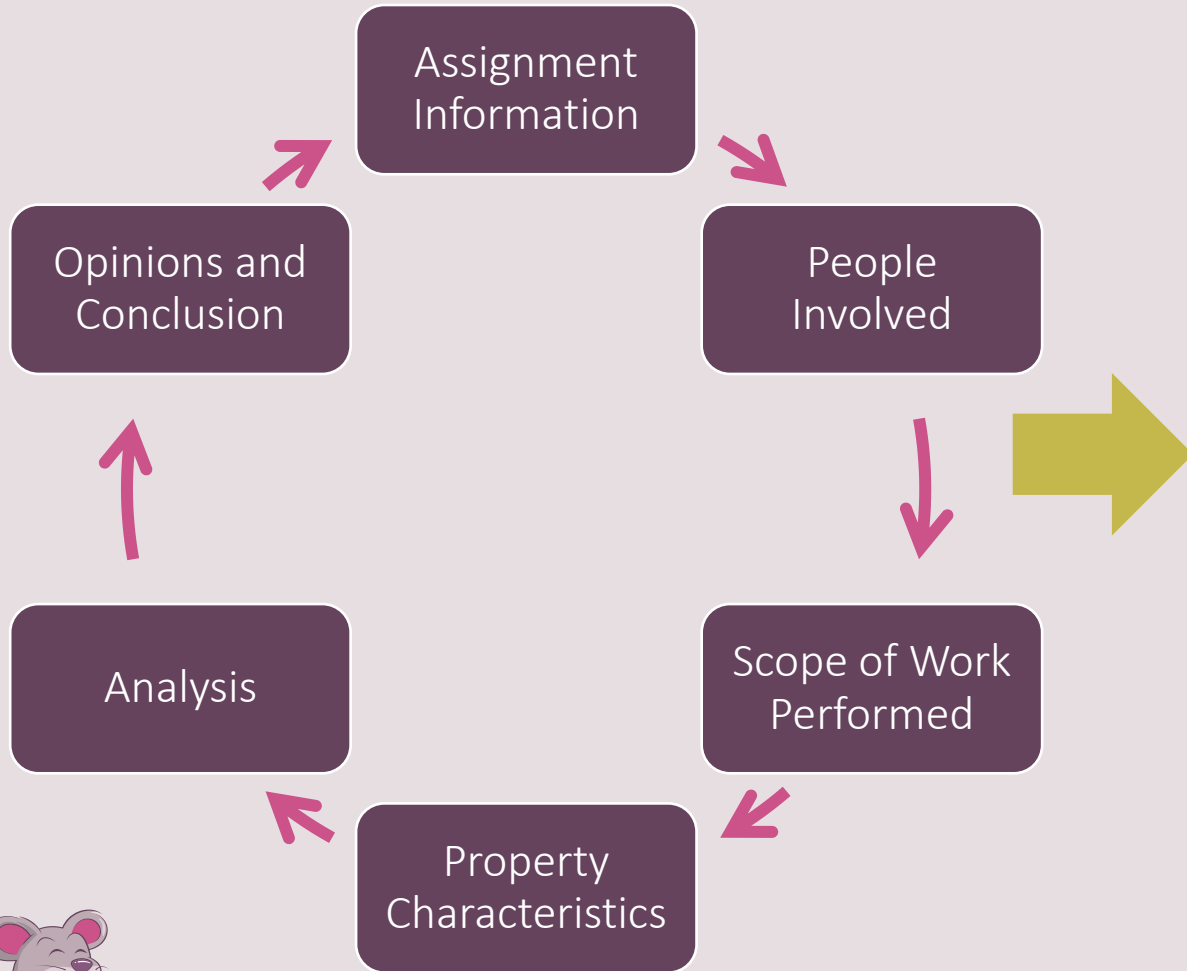
**Description of Prior Services:** Performed an appraisal for refinance purposes in 2017.

### Signature

<b>Appraiser</b>		<b>Level</b>	Certified Residential
<i>Bill Smith</i>	09/08/2019	<b>ID</b>	319721784
Bill Smith	Date of Signature and Report	<b>State</b>	CA
		<b>Expires</b>	09/01/2021



# So, how does this work?



### Uniform Residential Appraisal Report

700 1ST AVE, NW, UNIT 1206, WASHINGTON, DC 20001

**SUMMARY**

Opinion of Market Value	\$548,999 (Cooperative Interest)	Market Value Condition	As Is
Effective Date of Appraisal	08/28/2019	Property Valuation Method	Traditional Appraisal
Assignment Reason	Purchase	Appraiser Name	Annie Appraiser
Borrower Name	John Jones		
	Mary Jones		
Current Owner of Public Record	Harry Smith		
	Bill Smith		
Contract Price	\$585,000		
Listing Status	Pending		

**Property Description**

Attachment Type	Attached	Overall Quality	G3
Structure Design	High-rise	Overall Condition	C3

**Planned Unit Development (PUD)**

Condominium	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	<input checked="" type="checkbox"/>
Cooperative	<input checked="" type="checkbox"/>				
Condo	<input checked="" type="checkbox"/>				
Observed Project Deficiencies	<input checked="" type="checkbox"/>				
Subject Site Owned in Common	<input checked="" type="checkbox"/>				

Units Excluding ADUs: 1  
 Accessory Dwelling Units: 0

Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use?  
 Yes  No

Property Restriction: Historic Preservation  
 Zoning Compliance: Legal

**Apparent Defects, Damages, Deficiencies Requiring Action**  
 None

Summary Page

Custom URAR

Dynamic Certification



Stakeholders	2018-2023	2024			2025		2026+	
All Stakeholders	Gathered Stakeholder input. Developed new UAD specifications. Published specs and supporting docs.	Q4 Training available (appraiser and lender)			Q3-Q4 Limited production		Q1 Broad production begins (current UAD v2.6 or new v3.6 will be accepted)	TBD New UAD v3.6 required (current v2.6 retired)
Appraisal Software Vendors	UAD Compliance API Dates							
	Q1 GSE-specific implementation guides available on websites	Q2 Connectivity testing (request/response) available (limited UAD v3.6 rules)	Q4 URAR testing available (full rules)	Q1 Appraisal Update testing available (full rules)	Q2 Completion report testing available (full rules)			
Lenders/LOS Providers	Q2/2023 – Q1/2025 Develop UAD v3.6 and new URAR				Q4/2024 – Q4/2025 Testing UAD v3.6 and new URAR			
	Q4/2023 – Q1/2025 Develop and ensure processes in place (i.e., ordering without form number and training)					Q4/2024 – Q4/2025 External testing with all third-party vendors		
UCDP Direct Integrations	Q1 Technical Guides available on GSE website							
	Q1/2024-Q1/2025 Develop integration with UAD v3.6				Q4/2024 – Q4/2025 External testing with GSEs			



# Resources

Be proactive and get informed!

- [fanniemae.com/uad](https://fanniemae.com/uad)
- [sf.freddiemac.com/uad](https://sf.freddiemac.com/uad)

URAR  
Report

Restricted  
Appraisal  
Update Report

Completion  
Report

Appendix C: Report Layouts

Appendix D: Sample Scenarios

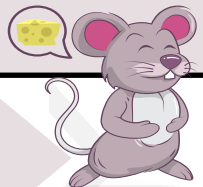
Appendix F: Reference Guides

Coming Soon: 7-hr Appraiser's Guide to the New URAR

Coming Soon: Appraisal Software Provider Training



Will it move again? **YES!**



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Thank you!  
Now, find your Cheddar!

