

Appraisal Performance Index: 2022 Insights

Presented by Brian Zitin and Ken Dicks

With the immense change that rippled across the mortgage industry in 2022, it has become more important than ever for lending institutions to ensure they are operating at top efficiency. Lenders need to impress borrowers at every stage of the lending process, including one of the most visible and stressful parts—the appraisal.

Leveraging aggregated data from the orders placed through Reggora's appraisal management platform, we are pleased to introduce our **Appraisal Performance Index**, which contains trending data on turn times, fees, and revision rates from lenders doing business across the continental United States.

The following is an analysis of the 2022 monthly averages and trends we're seeing in the following areas:

- **Appraisal fees**
- **Fee escalations**
- **Turn times**
- **Revision rates**

While we're showing regional and state averages in this report, the full Appraisal Performance Index is granular to the county level. If you're interested in taking a personal tour of the dataset to see trends and averages in your geographic region or industry segment, **request a private benchmarking meeting at www.reggora.com/index.**

Meet the Experts



Brian Zitin is the co-founder and CEO of Reggora. Brian is named on Forbes 30 under 30 and is a HousingWire Tech Trendsetter. He has become a sought out industry expert on the topics of appraisal innovation and modernization.



Ken Dicks is the director of appraisal compliance and initiatives for Reggora and has been a practicing Real Estate Appraiser since 1984. He serves on the Collateral Risk Network board of directors and has been appointed to the Massachusetts Board of Real Estate Appraisers.



Appraisal Fees



The main variables that can create variations in appraisal fees include property and market complexity, appraisal services demand, appraiser capacity, and lender allocation efficiency. In 2022, we saw the national average appraisal fee peak in March and then drop steadily throughout the year. This decline coincides with the drop in appraisal demand that resulted from rising interest rates.

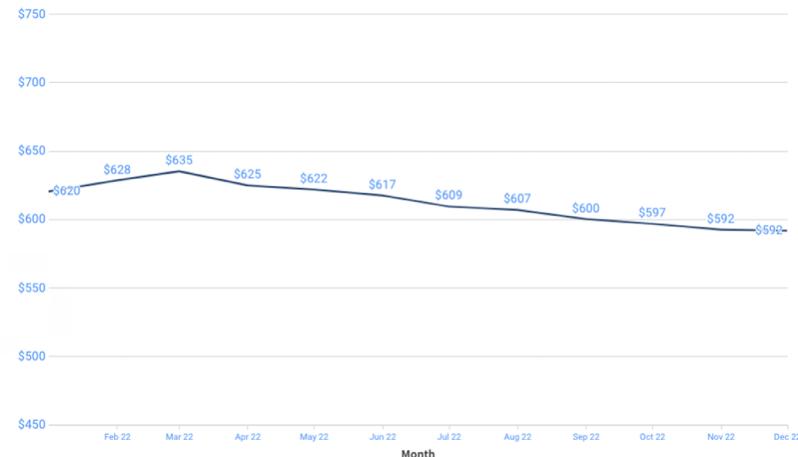
Regional variations are noted as well. The West saw the highest fees in early 2022 and then declined steadily from March to December. Meanwhile, fees in the Northeast and Midwest stayed more consistent, likely due to less volatility in these regions, with market maturity not subject to wide market swings driven by supply and demand.



The national average appraisal fee in 2022 was \$614

Average Total Appraisal Fee Per Month

from Reggora Appraisal Performance Index, 2022



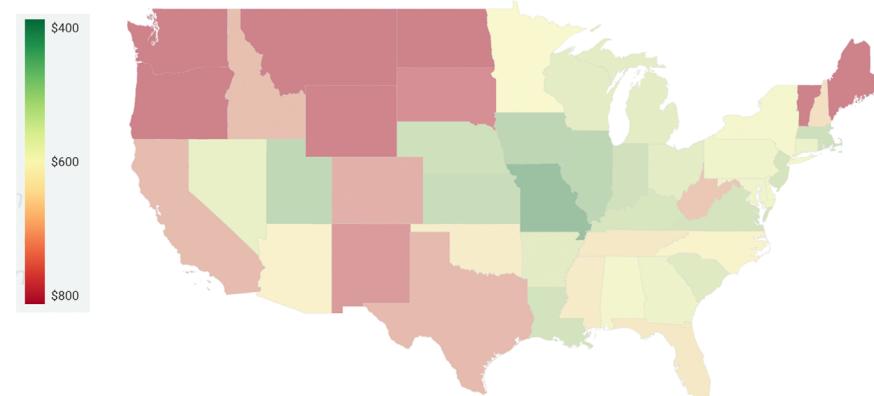
Average Total Appraisal Fee per Month by Region

from Reggora Appraisal Performance Index, 2022



Average Appraisal Fee by State

from Reggora Appraisal Performance Index, January 2022 to December 2022



Fee Escalations

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Fee escalations, as a result of strong demand and the constrained supply of appraisers, became very common and expected during the refinance boom that peaked in 2021. Throughout 2022, as demand for appraisers subsided, we've seen the percentage of fee escalations begin to come down as well after peaking at 9% in April.

The fee escalation amount followed a similar pattern, peaking at \$232 in April and then trending down throughout the rest of the year.

\$194

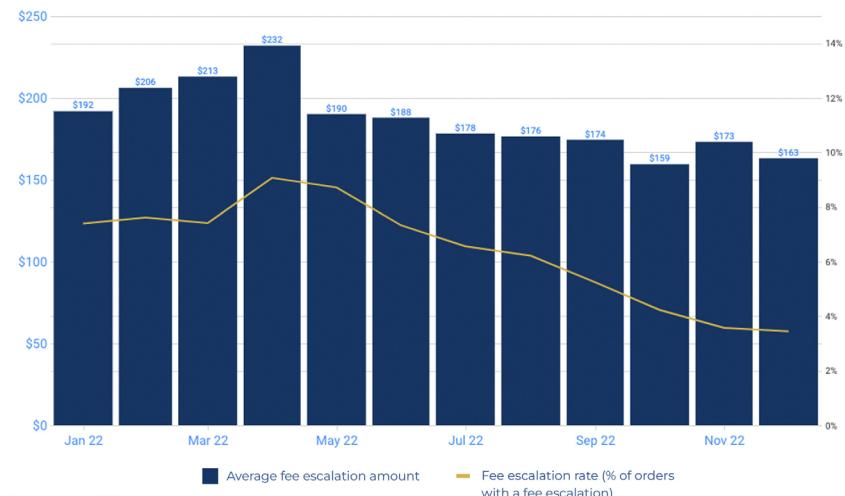
The national average fee escalation amount in 2022 was \$194

7%

The national average fee escalation rate in 2022 was 7%

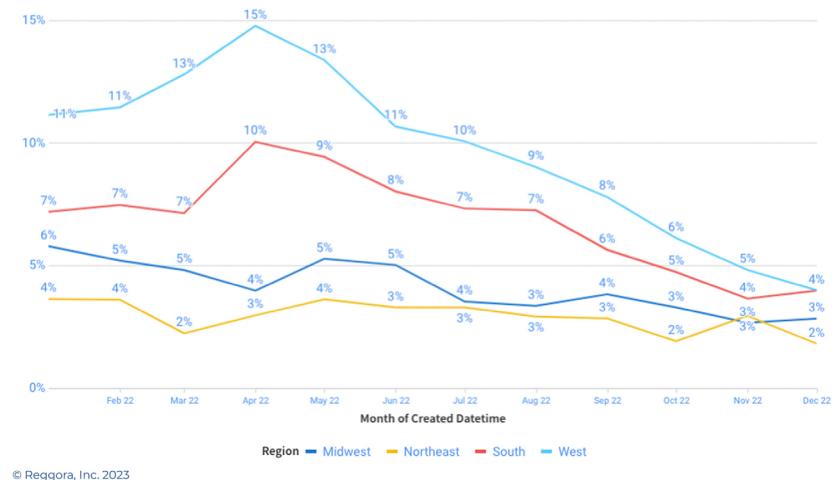
Percent of Orders Requiring a Fee Escalation & Fee Escalation Amount

from Reggora Appraisal Performance Index, 2022



Average Percent of Orders Requiring a Fee Escalation by Region

from Reggora Appraisal Performance Index, 2022



Turn Times



Another hot topic throughout the refinance boom and competitive market of the past couple years is the amount of time between order placement and initial appraisal submission, or turn time. With heightened demand, turn times soared in 2021 as appraisers struggled to keep pace with market demand. Unsurprisingly we've seen turn times drop throughout 2022 coinciding with the drop in lending volume.

From a geographical perspective, the states considered more rural in nature with fewer appraisers per square mile, such as Maine and Vermont have some of the highest turn times in the country, whereas more densely populated areas are likely able to produce and perform at a more consistent level.

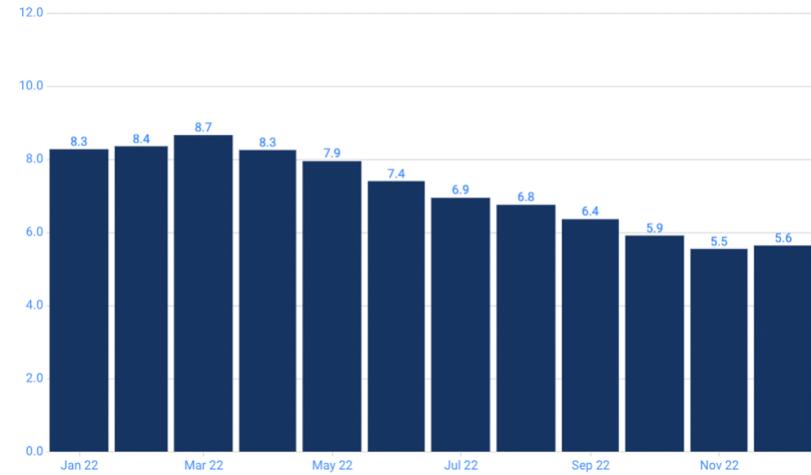
Interested in how your turn times compare within your local markets? Request access to the complete Appraisal Performance Index to see turn times across specific counties, as well as averages for each stage of the appraisal process. Learn more and schedule time at www.reggora.com/index.



The national average turn time in 2022 was 7.3 business days.



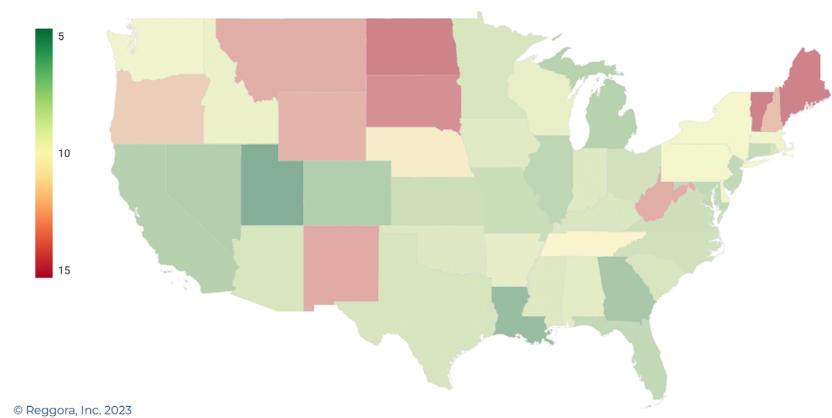
from Reggora Appraisal Performance Index, 2022



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Average Turn Time by State (Business Days)

Average Turn Time by State (Business Days) from Reggora Appraisal Performance Index, January 2022 to December 2022



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Revision Rates



Revision rates are important to pay attention to, as they may impact final decisions and loan closing scheduling and can be a key indicator of market volatility, underwriting and operational effectiveness, and the reliability of the appraisers chosen for your assignments.

While volumes and turn times have decreased steadily over the past year, we've seen the percentage of appraisals requiring a revision increase.

Revision requests generally will come as a result of three sources:

- Appraiser errors relating to completeness or consistency
- Underwriting criteria
- Appraisal content or results disputes

While it is often difficult to effectively measure the exact causes of revision rate due to variations of process on a per lender basis, our experience through analyzing samples of revision activities shows nearly 50% of revisions are due to straightforward appraiser error, with the remaining revision requests driven by lenders passing to the appraiser incorrect or outdated information regarding the property or transaction, product specifications and preferences, collateral-related risk measurements tools such as flood certificates and investor risk scoring systems, and appraisal disputes.

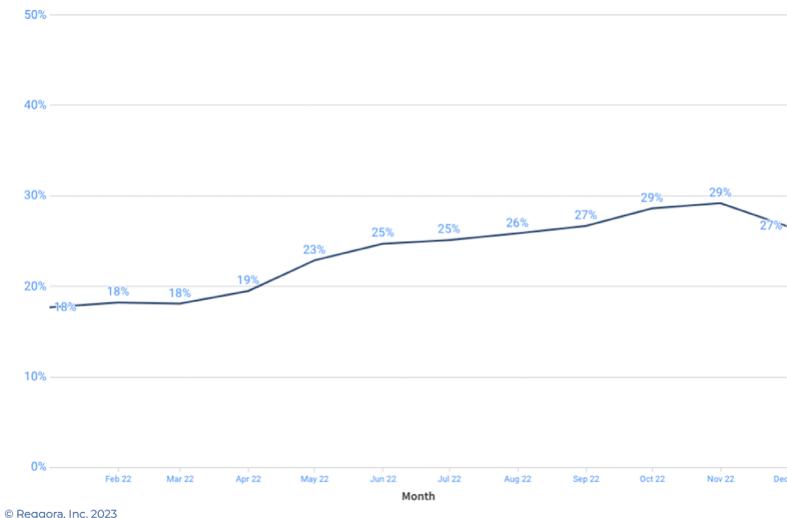
One may also speculate, with time pressures softening, and purchase volumes slowing resulting in reduced comparable sales for the appraiser to analyze, more time is being spent scrutinizing appraisal reports.



The national average revision rate in 2022 was 23%

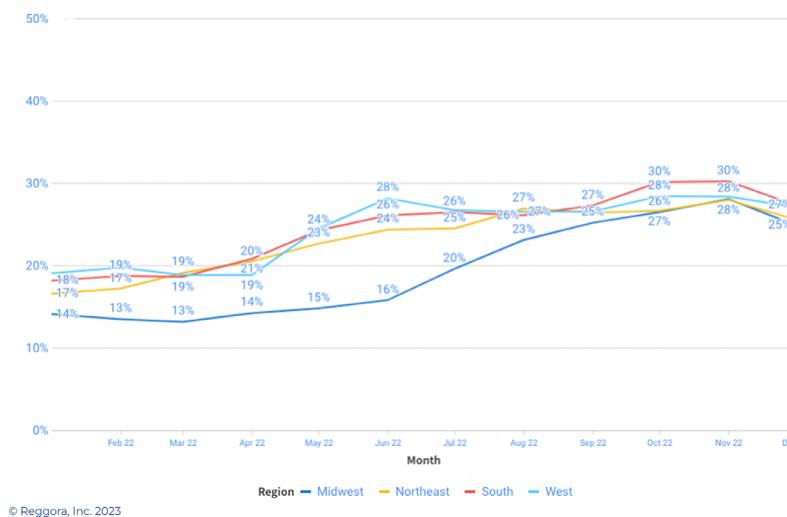
Average Revision Rate by Month

from Reggora Appraisal Performance Index, 2022



Average Revision Rate by Month, per Region

from Reggora Appraisal Performance Index, 2022



What can we expect for 2023?

Given current mortgage rate levels and anticipated purchase sales volumes, the performance measurements seen in the latter part of 2022 are anticipated to continue into 2023. As the market has shifted from refinance to purchase, it is anticipated that there will be continued demand for appraisals and appraisers, as not all demand and home buying activity is solely determined by interest rate levels.

Consumers and other market participants demand high levels of performance from their lenders, and appraisers are key partners that contribute to the overall customer experience. Lenders that partner with appraisal providers that remain focused on providing professional levels of service will add more value to their borrowers and be the most successful in this highly competitive mortgage market.

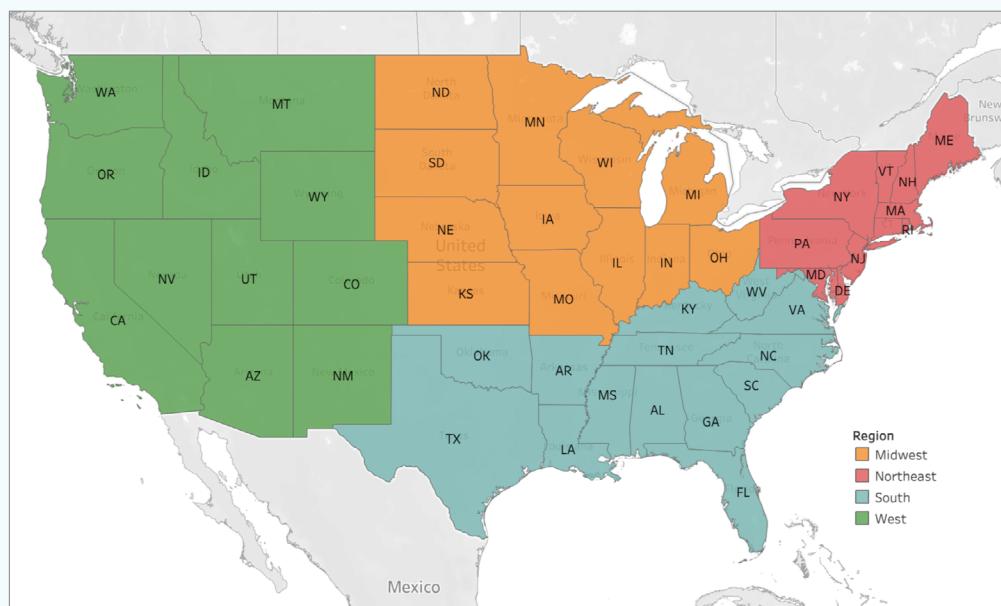
See the Complete Index

Interested in seeing how your appraisal operations are performing within your local market? Contact us to set up a private benchmarking session at
www.reggora.com/index



Data Methodology & Appendix

This dataset is comprised of completed appraisal orders on the Reggora platform, placed between January 1, 2022 and December 31, 2022. Analysis includes orders using Form 1004 and Form 1073 within the continental United States only. As of this publishing, 98% of orders placed in the month of December have been completed. Turn time is defined as the number of business days from the date the order was placed to the date of first appraisal submission. Revision rate is defined as any appraisal with multiple submissions and does not discern between appraiser or lender driven resubmission requests. For questions or more information, please fill out the form at www.reggora.com/index.



West: Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming

Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Ohio, North Dakota, Nebraska, South Dakota, Wisconsin

Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont

South: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, Washington DC, West Virginia

About Reggora

Reggora is driving appraisal innovation with a modern, two-sided platform for mortgage lenders and appraisal vendors. Through advanced and configurable workflows, Reggora streamlines the entire appraisal process for everyone involved to improve the overall borrower experience. Lenders and appraisers benefit from payment processing, automatic appraisal ordering, rule-based reviews, appraisal delivery, status updates, and more, creating unprecedented operational efficiency.



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