

A Declaration of War on BPOs

The appraisal industry and residential appraisers in particular are under siege!

Month after month you read stories of alternative valuations such as BPOs replacing appraisals. Here is the latest one published in the Appraisal Institute's Appraiser News Online:

"The Federal Reserve has proposed a new rule addressing... Home Equity Lines of Credit. Among other things, the proposed rule contains several changes in appraisal policy, including an elimination of an appraisal requirement and an allowance for the use of appraisal alternatives - such as automated valuation models and broker price opinions"

In November, NAR announced an initiative to develop the Realtors Property Resource (RPR), a parcel centric database of more than 147 million property parcels. Out of this effort comes the Realtor Valuation Model (RVM) which NAR hopes will become the "Gold Standard" for establishing a property's fair market value.

HVCC was introduced last year. The New York attorney general decided that appraisers needed to be protected because they couldn't say "no" when asked to inflate values. So for half their fee, appraisers are now protected from mortgage brokers by AMCs.

Why is this happening? Why are lenders pressuring the Fed to allow BPOs for HELOCs? Why does NAR think it can create the "gold standard" for property valuation? Why was HVCC implemented? Why were two conferences held last year on fixing the industry? Why are solution white papers written on "Reengineering the Appraisal Process"?

It's simple. Appraisers are not delivering the valuation services that the financial industry is requesting. The 1004 may be today's gold standard in valuation, but only to Fannie and Freddie. The rest of the financial industry wants something else. And they don't care who provides it.

At Bradford Technologies, as a member of the appraisal industry for 24 years, we take this threat to the industry very seriously.

Today, we are issuing a Declaration of War against BPOs

This is a war that will not be won overnight, but it is a war that can be and must be won. Appraisers are the valuation experts. No one else is! Appraisers can and should be the only "gold standard" in property valuations. Please note the distinction: The appraiser should be the "gold standard". Not the 1004; not the Realtor's RVM and definitely not a BPO.

We have developed a battle plan for creating an elite fighting force to wage this war. We understand that the stakes are high, and to win, you need allies. We have enlisted and received the help of some of the largest appraisal firms in the nation in this fight.

Every fighting force needs weapons to wage war; they need training to fight effectively and the infrastructure and leadership to fight as a cohesive unit.

In this effort, we have developed a new class of weapon for the appraiser - Computer-Aided Appraisal software that can analyze markets and assist in producing reliable valuations in record time. We have developed training programs needed to use this new capability effectively and with precision. With our allies, we have developed the key command and control infrastructure needed to produce a cohesive, focused fighting force.

The Battle Plan

Wars require a strategic battle plan to achieve victory. Fortunately for all of us, the battle plan has already been drawn up and approved by leaders in the industry.

Two conferences were held last year to identify and address the key issues and challenges facing our industry. The first was the ***Collateral Risk Network Conference***; the second was the ***Collateral Matters Congress*** sponsored by the Appraisal Institute. A white paper titled "***Reengineering the Appraisal Process***" by Joan Trice summarized the findings of the CRN Conference; the AI has produced the ***Collateral Matters Congress Final Report***. Some of the best people, thought leaders, stakeholders, and clients from the industry participated in the conferences. We strongly encourage all appraisers to read the papers. Here's the essence of their conclusions:

- Appraisers must instill **trust** in their profession.
- Appraisers must instill **reliability** in their services.
- Appraisers must **develop competitive services**.
- Appraisers must **ensure federal and state regulations are maintained**.

The findings and recommendations described in these papers are the battle plan the industry must follow to successfully wage war against the forces threatening it.

Bradford Technologies takes these findings very seriously. We took those recommendations and developed technology, programs and processes and turned them into reality. We have implemented the industry's battle plan.

The system we have developed ensures the person is a trusted appraiser; the report is not fraudulent; the appraiser is qualified for the job; the appraiser has local market experience; and the valuation is supportable and reliable. We have developed different report formats so appraisers can compete at all

levels. And we have combined all these services into one platform, providing the client with a transparent and supportable valuation and valuation process. The result? The client can trust the person, the report, and the valuation.

We Are Recruiting Appraisers

The next step is to recruit, train and equip our "Appraisal Special Forces". We are actively recruiting appraisers who will take on the task of learning new skills and using new tools to analyze markets and produce supportable valuations in record time. This is the group of appraisers that will set the "gold standard" in property valuation.



We just completed a new training facility at AppraisalWorld.com. It is a rigorous, 30 step program lead by a drill instructor who keeps saying "The only easy day was yesterday". The program combines self-paced course work with one-on-one training sessions to ensure each individual receives the necessary instruction to be successful. Appraisers who complete this training will acquire the confidence and skill to use the new analytical tools with precision. Each appraiser who successfully completes the course will be awarded a Certificate of Achievement and a certification of ***Collateral Valuation Specialist***.

Our message to all appraisers interested in joining the War on BPOs and becoming one of the elite appraisers in this country is simply:

We have also begun to recruit the generals of this war, the people who can direct the battle and lead the troops. Our first is Tim Forsythe, CEO of **Forsythe Appraisal**, the largest independent appraisal firm in the country. With over 40 offices nationwide, Forsythe Appraisal is leading the charge. They will soon deploy a national force of ***Collateral Valuation Specialists*** and are reinforcing it with other appraisers who have also completed the certification training successfully.

We are making our technology and services available to all "generals" who want to fight for a slice of the billion dollar alternative valuation market.

In the coming weeks and months, we will be announcing new alliances and new fronts in the war. Visit **AppraisalWorld.com** for the latest updates on the **War on BPOs**.

Jeff Bradford, CEO

[Bradford Technologies](#)

[Sign Up Today at www.AppraisalWorld.com!](http://www.AppraisalWorld.com)

P.S. Here is a brief description of our system approach to fulfilling the recommendations outlines in the industry papers. Note that each service is integral to strengthening the trust and reliability that needs to

be inherent in every valuation performed. This system brings transparency and opportunity to the appraisal industry and every appraiser.

IDENTITY AUTHENTICATION

TRUST in the [Person](#). The appraiser must be a trusted professional. Each appraiser's identity is authenticated. We have partnered with a third party to authenticate the appraiser's identity using "out of pocket" information. Appraisal license information is also verified at the same time.

TRANSPARENCY OF QUALIFICATIONS

TRUST in the [Appraiser's Qualifications](#). Verify the appraiser's qualifications for the job. We have developed a service for storing an appraiser's credentials online. It is a private storage area. The appraiser can easily send a time-sensitive key so clients can view their credentials and verify their qualifications.

TRANSPARENCY IN GEOGRAPHIC COMPETENCE

TRUST in [Local Market Experience](#). The appraiser must have local area competence. We have developed a unique service for ranking an appraiser's geographic experience relative to the subject property.

EDUCATION IN ANALYTICS

TRUST in the [Market Analysis Skills](#) of the Appraiser. We have developed a 30-step program to train each appraiser and ensure they have the skill and confidence to apply regression analysis to collateral valuation.

TECHNOLOGY TO APPLY THE ANALYTICS

TRUST in the [Value Conclusion](#). The valuation must be supportable and reliable. We have developed new Computer-Aided Appraisal software (CompCruncher™) to assist the appraiser in market and regression analysis to produce a supportable value conclusion. Using the software, valuations can be performed in record time.

FRAUD PREVENTATION

TRUST in the [Report](#). Clients must have confidence the report is not fraudulent. We have partnered with a third party to prevent appraisal report fraud. It's called "On Document Verification". It's the same idea used by the postal service to prevent postage fraud. As an additional measure, we have also developed a service to store your original appraisal report for up to five years in case there is any question on its authenticity.

NEW BUSINESS OPPORTUNITIES

Develop new report formats that [meet and exceed](#) the needs of clients. We have developed a new report format called the Collateral Valuation Report™ (CVR). It can be one to six pages plus addendums allowing the appraiser to compete at all levels of the valuation spectrum. Deploy the software such that all appraisers (irregardless of the form filling software they use) can take advantage of these opportunities.