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The Independent Fee Appraiser: A Survey of the Appraisal Profession

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THE INDEPENDENT FEE APPRAISER

A Survey of the Appraisal Profession

FACULTY

RICHARD F. RICKERT, PhD, CHAIRMAN
ERNEST DEMBA, MBA, MAI, FACULTY SPONSOR
CRIS KUKUK, PhD, FACULTY SPONSOR

Roger P. Durkin
Culminating Project
Lindenwood College
June 15, 1989

Submitted in partial fulfillment of the requirements for the Master of Science Degree, Valuation Sciences. Richard F. Rickert, PhD, Chairman. Ernest Demba, MBA, MAI, Faculty Sponsor, Cris Kukuk, PhD, Faculty Sponsor.

Thesis
D935i
1989

OUTLINE

THESE: A STUDY OF THE PROFESSION OF APPRAISAL
A Descriptive Profile of the Profession

CENTRAL HYPOTHESIS

OBJECTIVES OF THE RESEARCH

FACULTY

BACKGROUND: RICHARD F. RICKERT, PHD, CHAIRMAN
ERNEST DEMBA, MBA, MAI, FACULTY SPONSOR
CRIS KUKUK, PHD, FACULTY SPONSOR.

A STATEMENT OF THE MAIN FINDINGS

THE SURVEY QUESTIONS AND RESPONSES

PLAUSIBLE HYPOTHESES ABOUT APPRAISERS

OPPOSING POSITIONS

RESEARCH METHODOLOGY

SURVEY QUESTIONNAIRE

CENSUS POPULATION DISTRIBUTION OF SAMPLE

WORKS CONSULTED

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A descriptive profile of the appraisal profession. A

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BACKGROUND THESIS STATEMENTS

A study of the profession of appraisal. A descriptive profile of the independent fee appraiser. It is in a struggle to find itself. Organized groups of appraisers who value personal

CENTRAL HYPOTHESIS

The majority of people who hold themselves out to the public as independent fee appraisers of personal property are part-time and have the lowest earnings of the appraisal disciplines.

OBJECTIVES OF THE RESEARCH STUDY

The objective of the research study was to provide evidence to support the stated hypotheses. An empirical objective survey of a random sample of the national appraisal population was conducted.

The purpose was to determine characteristics relative to appraisers such as the full-time status, earnings, education level, sex, age and the importance of appraisal designations among appraisers. The intent of this inquiry was to provide a theoretical source to help understand the field of appraisal.

BACKGROUND OF THE ISSUE

The appraisal profession in many respects is an unknown entity -it is in a struggle to find itself. Organized groups of appraisers who value personal property, machinery, jewelry, real estate and businesses have formed various associations which are attempting to establish public respect and an image of professionalism. The effort is directed toward improving an ill-perceived past performance with "new" standards. The sought after result is professional recognition by the public they serve.

Important issues are being discussed among the various appraisal disciplines and improved programs of training, study, and examination are proposed. There is a movement toward regulation and licensing of all appraisers. To some established in the field of appraisal, licensing will help protect established territory. To others, particularly the government agencies that regulate and insure lending institutions, the concern is with the reliability of appraisals. Regulation and licensing, they ponder, will protect that reliance.

It may be true that the majority of appraisers in all disciplines are well educated, employed full-time. There are some within the leadership of appraisal organizations who see professionalism coming from regulation and licensing. Appraisal and those who practice appraisal are the subject of concern, but there is little information about the group as a whole. A systematic study made of the general profession of appraisal. This would infer that the most information available about appraisers is either centered on real estate appraisers or has been unscientifically obtained through limited personal observation, conversation, and experience. It is, for example, generally accepted that this group of people, under the general title appraiser, is diverse in the property they appraise, the fees they charge, the qualifications they claim, and the clients they serve. The multi-discipline field of appraisal has not been researched. Yet, personal opinions based on limited observation of, and experience with, a small portion of the appraisal population have become the weak foundation on which the various issues relating to appraisers have been discussed. Whether, that he/she is educated, designated, full-time, or earns or does not earn a living at

It may be true that the majority of appraisers in all disciplines are well educated, employed full-time and earn a professional wage. In terms of analysis, common sense does not prevent one from making invalid generalizations.

To the author's knowledge, there has not been a formal, systematic study made of the general profession of appraisal. This would infer that the majority of conclusions about appraisers are based only on personal opinion. Some people engaged in appraisal work have formed opinions based on occasional conversations and used this limited study as the primary source of information concerning the types of people engaged in appraisal. An opinion based on an intuitive and non-formal interpretation of individual professional status. Although traditional unsystematic observation. The arguments about issues and activities of appraisers are supported not on data obtained from empirical studies, but, rather, on theoretical or logical analysis of appraisal practice is being debated by educators, individual observation. As one argues the positive and negative aspects of the appraisal practitioner, that he/she is educated, designated, full-time, or earns or does not earn a living at vocation that requires learning rather than work

appraisal, one finds a lack of specific information on the population of appraisers. To date, there has not been a relevant empirical investigation of the general population of appraisers which could provide observations under controlled conditions. The term is widely accepted. For example, the term is commonly used in sports such as basketball. The author too, had formed opinions and made generalizations on limited personal observation. In the field of appraisal, due-diligence to performing proper research is a matter of accepted form. Why not then apply the same principles to shed light on the subject of such concern? Appraisal, however, describing and assigning such a concept.

The various organized appraisal associations claim a unique understanding of appraisal practice, on the basis of which they seek to establish professional status. Although traditional methods of appraisal are well established, gross errors sometimes surface which inflame the debate about what is proper in appraisal practice. While appraisal practice is being debated by educators, so too is the very idea of professional status. For membership is actually employed full-time in the

Webster's Dictionary defines a "profession" as "a vocation that requires learning rather than work

are actually full-time, gainfully employed appraisal practitioners? Are most appraisers employed full-time or part-time?

with the hands." Thorndike Barnhart Dictionary refers to it similarly as "an occupation requiring an education." It could be argued that the use of the word "professional" is widely accepted. For example, the term is commonly used in sports such as boxing; yet, a "professional" boxer is often uneducated and always uses his hands. The term is also commonly used to refer to someone who does something in return for money. Although the various meanings of the term "professional" are widely accepted, in the field of appraisal, however, ascribing and assigning such a concept does not make it a profession in the learned sense. How do we determine whether the majority of appraisers are formally educated?

On another debated issue, most appraisal organizations require a candidate for membership to have had full-time experience. Although full-time status is often vaguely defined, this common requirement infers that the person applying for membership is actually employed full-time in the practice of appraisal. In reality, how many people who hold themselves out to the public as appraisers

are actually full-time, gainfully employed, appraisal practitioners? Are most appraisers employed full-time or part-time?

Another aspect of the debate among appraisers is the potential for gainful employment in private appraisal practice. Most informed people have seen reports on the potential of other professions such as CPAs, Medical Doctors, Lawyers, Dentists and even Podiatrists. Has the earning power of the appraiser in private practice been seriously explored and/or documented?

The fact that there is a lack of general knowledge relating to the identity of appraisers, how they acquired their knowledge and expertise, the amount of money they earn, and how they conduct their practice leads many who debate the issues to erroneous conclusions. How can we research and obtain data about those involved in appraisal work?

We know that there are many more "appraisers" than the number which has been accounted for in formal associations. There are merchant/appraisers who are not associated with, trained by, or guided by

any appraisal fraternity. A great many merchants, auctioneers, oriental rug dealers, business brokers, coin dealers, and stamp dealers, appraisal tertiary part of their business. These merchant/service is used as a marketing tool to obtain appraisers include jewelers, antique dealers, merchandise. But, how many appraisers do this? Is Oriental rug dealers, coin and stamp dealers, real estate brokers, business brokers, art dealers, and necessary ally to appraisal practice? How many of an array of others engaged in the sale of property the appraisal practitioners participate in this that has value. Merchants find that, by also practice? Is appraisal or merchandising the providing appraisal services, it enables them to primary employment activity? buy or broker the property brought to them for

valuation. The author knows from personal Although it is known that appraisers advertise experience and years of observation that many their services, some would argue that they build an jewelers, for example, value used jewelry for an appraisal practice through referrals. Appraisal estate settlement and, in turn, also buy the theorists debate these issues. Do most appraisers jewelry for the "appraised" value and then sell it advertise or build their practice based on as "estate jewelry." The author learned through referrals? Where are appraisers found in the personal experience that some machinery and marketplace? Is the majority self-employed or is equipment appraisal firms, which have auction it employed as part of a larger service affiliates, actually guarantee the value in an organization? How do most appraisers charge for appraisal report. It is common practice for real estate appraisal service they provide? Who are the estate broker firms to seek listings (exclusive appraiser's principal clients? agreements to act as agents in the sale of the property in question) by offering a free

There are many areas in the field of appraisal that "market analysis" or free "appraisal". This is are worthy of exploration. Numerous questions have also common practice among antique dealers, arisen to which no pertinent research has been

auctioneers, oriental rug dealers, business brokers, coin dealers, and stamp dealers. Appraisal service is used as a marketing tool to obtain merchandise. But, how many actually do this? Is it an isolated activity? Is this practice a necessary ally to appraisal practice? How many of the appraisal practitioners participate in this practice? Is appraisal or merchandising the primary employment activity?

Although it is known that appraisers advertise their services, some would argue that they build an appraisal practice through referrals. Appraisal theorists debate these issues. Do most appraisers advertise or build their practice based on referrals? Where are appraisers found in the marketplace? Is the majority self-employed or is it employed as part of a larger service organization? How do most appraisers charge for the appraisal service they provide? Who are the appraiser's principal clients?

There are many areas in the field of appraisal that are worthy of exploration. Numerous questions have arisen to which no pertinent research has been

addressed. It seems therefore appropriate to probe some of these questions in a research survey. Such a survey would provide others with an overview of appraisal practice that might prompt an earnest effort for a more factual understanding of the field of appraisal. Furthermore, others who are equally concerned with the issues relating to appraisal practice might further the effort and continue the research.

On the basis of these unanswered questions, the author began a research study to profile a description of the persons who hold themselves out to the public as independent fee appraisers. There were several sources that were investigated to obtain a random sample of all appraisal types. One source that was researched and rejected was a Yellow Pages Listing.

According to Karen Kirsch, President of Best Mailing Lists, Inc., there are approximately 17,181 appraisers listed in the national Yellow Pages under the heading "Appraiser." In addition, there is a subheading of "Real Estate Appraiser" in the

Commerce Standard Industrial Classification system, Real Estate section of the Yellow Pages which lists using a classification code commonly referred to as 29,800 names. However, the total number of people who hold themselves out to the public as appraisers in published form is estimated to be less than 40,000. One reason for this discrepancy in numbers, according to Best Mailing Lists, is that some of their names have double listings under the titles "Appraiser" and "Real Estate Appraiser." In addition, Best's lists may have a proportion of appraisers who have closed their businesses after the publication of the Yellow Page Directories.

According to Marlene Cortell of the R. L. Polk Company, the actual population of appraisers who list their occupations in census directories, cross-checked with other credit data bases, is much smaller than that estimated by the Best Mailing Lists, Inc. R. L. Polk, which publishes regional census directories of residence, employment and population size is inconclusive. Based on the streets, claims its lists are more accurate than others.

The business categories, according to Cortell, are listed according to the United States Department of

Commerce Standard Industrial Classification system, who do not hold themselves out directly as appraisers, but who might provide appraisal services as a part of another activity. The S.I.C. example, is #6531; under SIC #6531A, which is real estate appraisers, there are only 4930 Real Estate Appraisers whose names have been checked and cross referenced against other credit list data banks. Under General Business Services, SIC number 7399, there is a separate SIC number for appraisers, SIC #7399A, which lists only 6860 names. According to Cortell, these names are cross-referenced against credit reporting sources, and other listings to prevent duplication. The resulting list is said by Polk to be a reasonable list of the population of self-advertised appraisers. The actual R.L. Polk total then is 11,790. It is assumed that a phone listing under the title "appraiser" would indicate one is in business as an appraiser. Because the number of phone listings is higher, estimating the population size is inconclusive. Based on the facts one could conclude that there are between 12,000 to 40,000 people who hold themselves out to the public, in census lists and self-advertising, as independent fee appraisers. There may be more real estate appraiser population. Harrison reported his research in the Winter 1989 issue as follows:

1. ACADEMY OF APPRAISERS AND CONSULTANTS
 New York, New York. Membership unknown.
 who do not hold themselves out directly as appraisers, but whomight provide appraisal services as a part of another activity. The R.L. Polk Company's list was chosen as a reasonable representative list of the population of independent fee appraisers. The section of this report on Research Methods describes in greater detail the process used to ensure a representative random sample.

2. ACADEMY OF RESIDENTIAL ESTATE APPRAISERS
 Colorado. Membership unknown.
 3. ACCREDITED REVIEW APPRAISERS COUNCIL
 San Antonio, Texas. 200 members.
 4. AMERICAN ASSOCIATION OF CERTIFIED APPRAISERS
 Cincinnati, Ohio. 2700 members.
 5. AMERICAN FRATERNITY OF REAL ESTATE APPRAISERS
 Camp Hill, Pennsylvania.
 800 members.
 Many appraisers belong to one or more appraisal associations. According to Marvin Shaw, author of Group Dynamics, one reason many appraisers belong to associations is that they derive basic psychological rewards or benefits from others who validate, support, and sustain the same set of beliefs and attitudes. There are many appraisal organizations which do this for the general appraisal population.

6. AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS
 Chicago, Illinois. 2247 members and 15809 candidates.
 7. AMERICAN REAL ESTATE APPRAISERS GUILD
 Detroit, Michigan. Membership unknown.
 8. AMERICAN REAL ESTATE SOCIETY
 Lexington, Kentucky. Membership unknown.
 9. AMERICAN SOCIETY OF APPRAISERS
 Washington, D.C. 2600 members.
 10. AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS.
 Denver, Colorado. Membership unknown.
 According to the latest account by Henry Harrison, publisher of Residential Valuation, there are thirty-three appraisal organizations serving the real estate appraiser population. Harrison reported his research in the Winter 1989 issue as follows:

11. AMERICAN SOCIETY OF PROFESSIONAL APPRAISERS
 Inc. Atlanta, Georgia. 2057 members.

1. ACADEMY OF APPRAISERS AND CONSULTANTS
New York, New York. Membership unknown.
2. ACADEMY OF RESIDENTIAL ESTATE APPRAISERS
Colorado. Membership unknown.
3. ACCREDITED REVIEW APPRAISERS COUNCIL
San Antonio, Texas. 200 members.
4. AMERICAN ASSOCIATION OF CERTIFIED APPRAISERS
Cincinnati, Ohio. 2700 members.
5. AMERICAN FRATERNITY OF REAL ESTATE APPRAISERS.
Camp Hill, Pennsylvania.
800 members.
6. AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS
Chicago, Illinois. 6947 members and 15809 candidates.
7. AMERICAN REAL ESTATE APPRAISERS GUILD
Detroit, Michigan. Membership unknown.
8. AMERICAN REAL ESTATE SOCIETY
Lexington, Kentucky. Membership unknown.
9. AMERICAN SOCIETY OF APPRAISERS
Washington, D.C. 5500 members.
10. AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS.
Denver, Colorado. Membership unknown.
11. AMERICAN SOCIETY OF PROFESSIONAL APPRAISERS
Atlanta, Georgia. 2057 members.

12. APPRAISERS COMMON CAUSE

Scottsdale, Arizona. Membership unknown.

13. CALIFORNIA STATE ASSOCIATION OF REAL ESTATE

APPRAISERS. Sacramento, California.

Membership unknown.

14. COLOMBIA SOCIETY OF REAL ESTATE APPRAISERS,

Inc. West Islip, New York. Membership

unknown.

15. FEDERATION OF UNDERWRITERS/ APPRAISERS,

INC. Covington, Kentucky. Membership

unknown.

16. INTERNATIONAL ASSOCIATION OF ASSESSING

OFFICERS. Chicago, Illinois. 8000 members.

17. INTERNATIONAL ORGANIZATION OF REAL ESTATE

APPRAISERS. San Francisco, California.

Membership unknown.

18. INTERNATIONAL REAL ESTATE INSTITUTE

Scottsdale, Arizona. 5000 members.

19. INTERNATIONAL RIGHT OF WAY ASSOCIATION

Inglewood, California. Membership unknown.

20. MASSACHUSETTS BOARD OF REAL ESTATE

APPRAISERS. Boston, Massachusetts. 131

members and 574 provisional members.

21. NATIONAL APPRAISAL SYSTEM

Costa Mesa, California. Membership unknown.

21. PROFESSIONAL WOMEN'S APPRAISAL ORGANIZATION
22. NATIONAL ASSOCIATION OF CERTIFIED REAL
PROPERTY APPRAISERS. Winston-Salem, North
Carolina. Membership unknown.
23. NATIONAL ASSOCIATION OF INDEPENDENT FEE
APPRAISERS. St. Louis, Missouri. 5400
members.
24. NATIONAL ASSOCIATION OF MASTER APPRAISERS
San Antonio, Texas. 5000 members.
25. NATIONAL ASSOCIATION OF REAL ESTATE
APPRAISERS. Scottsdale, Arizona. 8000
members.
26. NATIONAL ASSOCIATION OF REVIEW APPRAISERS
AND MORTGAGE UNDERWRITERS. Scottsdale,
Arizona. 7500 members.
27. NATIONAL RESIDENTIAL APPRAISERS INSTITUTE
Amherst, Ohio. 2000 members.
28. NATIONAL SOCIETY OF FEE APPRAISERS
Miami Springs, Florida. Membership unknown.
29. NATIONAL SOCIETY OF REAL ESTATE APPRAISERS,
Inc. Cleveland, Ohio. Membership unknown.
30. ORGANIZATION OF PROFESSIONAL REAL ESTATE
APPRAISERS, Inc. Columbia, Tenn. 500
members.

31. PROFESSIONAL WOMEN'S APPRAISAL ORGANIZATION

Scottsdale, Arizona

32. SOCIETY OF REAL ESTATE APPRAISERS

Chicago, Illinois. 20,000 members.

33. WORLDWIDE PROFESSIONAL REAL ESTATE

APPRAISERS. Cincinnati, Ohio. Membership

unknown.

In order to develop a profile relative to the The combined reported membership of these people in the appraisal profession, the author thirty-three organizations is 96,218. Sixteen of these to conduct a national survey of appraisers. the organizations (approximately 50%) did not have confirmed information pertaining to membership population. The accuracy of the reported membership is difficult to verify without an independent audit of the membership financial records of each organization and a cross-reference check for multiple memberships. The actual number of members of these organizations remains uncertain. In addition to the real estate appraisal groups, there is the International Society of Appraisers, in Chicago, The American Appraisers Association in New York, The New England Appraisers Association in Boston, and others serving the personal property,

appraisers. On the average, the appraiser is

machinery and equipment, gem and jewelry, and business valuation facet of appraising. Are all appraisers associated with such groups? Do appraisers feel that membership in such associations is important? How do they feel about appraisal designations? What appraisal designations are recognized among appraisers?

is important.

In order to develop a profile relative to the people in the appraisal profession, the author chose to conduct a national survey of appraisers. The R. L. Polk list of self-advertised independent fee appraisers was chosen for the study. The list was not pre-segmented according to appraisal discipline. The task at an average of \$400.

Secondarily, some appraisals are done for an hourly fee, averaging \$50 an hour. Those that do the FIMA

type appraiser. **A STATEMENT OF THE MAIN FINDINGS**

The following is a profile of the average general appraiser based on the results of the survey.

the appraiser knows and recognizes the initials MBA. He earns \$300 a year for

Who is the Appraiser?

The results of the survey yield a profile of those advertising themselves as independent fee

appraisers. On the average, the appraiser is

nearly 47 years old, has been in the business of appraisal on a part-time basis for over 15 years, and has other allied business interests that provide the bulk of his income. He has taken several courses on appraisal but did not graduate from college. Although he is not designated by an appraisal association, the idea of being designated is important.

Other findings included an inference that the Yellow Pages and Referrals are the primary source of business advertising. Most appraisers find the general public to be their prime client followed by lending institutions. Appraisals are primarily charged by the task at an average of \$400. Secondly, some appraisals are done for an hourly fee, averaging \$60 an hour.. Those that do the FNMA type appraisals charge an average of \$230. The designation MAI is well known. The appraiser has heard about the designation ASA and SREA. By far, the appraiser knows and recognizes the initials MBA. He earns an average of \$25,800 a year for doing an average of five appraisals a week.

In reviewing the quality and quantity of the

Average can be defined as the best of the worst and the worst of the best; but, the average among appraisers does give a profile on which to build an understanding.

QUESTIONNAIRE SURVEY RESULTS

The questions were formulated to obtain information that would provide data to help describe the appraiser and to give interest to the development of hypotheses for future research regarding the general appraisal profession. The study is in part an appraisal of appraisers. The questions enabled the author to study the industry and the responses gave the author and hopefully the reader an insight into the general appraisal industry.

The order and content of the questions were reviewed and revised several times. There is substantial room for improvement should the questions be considered for use in future surveys. In reviewing the quality and quantity of the

questions and some of their obvious limitations, the reader should keep in mind the motivation and rethinking that was an integral part in developing the questions. Several pilot questionnaires were used initially to determine the general form of the responses and to develop an interview process that would facilitate the survey. Changes were only made to the extent necessary within time constraints. The process of developing the questions began with what the author wanted to know and evolved into what needed to be known to provide data relative to an understanding of the appraiser practitioner. The discrete data was tested for a 99.955 confidence factor using Student's t Test.

Equipment Appraisers. Only 5% were identified as Business Valuation and 2% claimed to appraise. All
The first question: WHAT TYPE OF PROPERTY DO YOU APPRAISE?

personal property or both real property and
The answers ranged through the multi-disciplined nature of appraisal practice, but were restricted to only six general choices: (1) Real Estate, (2) Personal Property, (3) Machinery and Equipment, (4) Business Valuation, (5) Other and (6) All.

responding were men and 35% were women.

In certain instances where the answer was specific within a discipline, such as Farm Land, Antiques, Automobiles, or Jewelry, it was placed under the category which most closely related to a formal discipline. Farm Land, for example, would have been placed under Real Estate; Jewelry would have been placed under Personal Property; and, Automobiles would have been placed under Machinery and Equipment.

The third question: ARE YOU AN INDEPENDENT FEE

Fifty-six percent of those responding were identified as Real Estate Appraisers. Thirty-three percent were Personal Property Appraisers. Eight and a half percent were identified as Machinery and Equipment Appraisers. Only 5% were identified as Business Valuation and 2% claimed to appraise, All of The Above. A small percentage of those responding claimed to appraise both real and personal property or both real property and machinery. 14.8% as employees of independent fee

appraisers. None of the respondents identified

The second question: MALE OR FEMALE? ers of non-fee

for service appraisal organizations. This appears

The answer to this question showed 69% of those responding were men and 30% were women. A

correlation of those involved in personal property appraisals compared to real estate appraisal indicated that among personal property appraisers women represent the majority, 63%, of the sample population; among real estate appraisers, men represent an 80% majority. Graph #1 shows a comparison between men and women in personal property and real estate appraising.

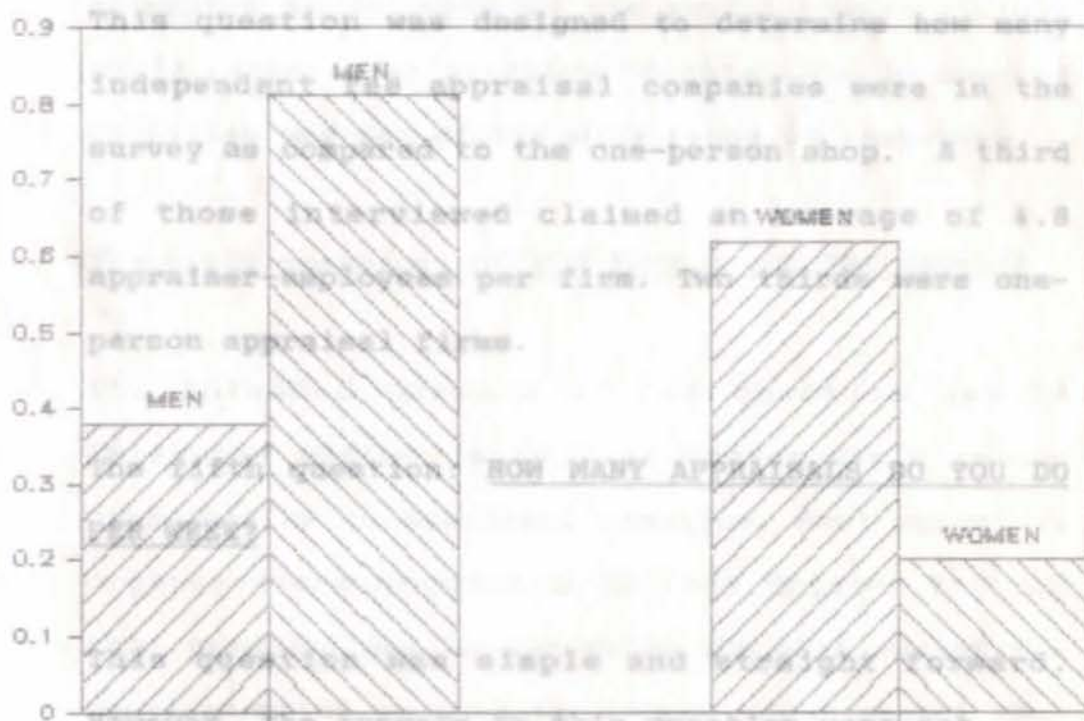
The third question: ARE YOU AN INDEPENDENT FEE APPRAISER OR AN EMPLOYEE OF AN INDEPENDENT FEE APPRAISER OR A STAFF APPRAISER FOR A COMPANY WHOSE INCOME IS NOT DEPENDENT ON FEES?

This question had three potential answers and led to some confusion. The question assumed that if you were an appraiser, you understood what a non-fee appraisal organization was (e.g. insurance company type). The great majority, (84.6%), identified themselves as independent fee appraisers and only 14.6% as employees of independent fee appraisers. None of the respondents identified themselves as salaried staff appraisers of non-fee for service appraisal organizations. This appears accurate as the survey dealt with those independent

appraisers, whether companies or individuals, who hold themselves out to the public as appraisers and not with non-fee company staff appraisers.

The fourth question: HOW MANY EMPLOYEES ARE APPRAISERS?

POPULATION BY WOMEN AND MEN



however, the answers to this question were not quite as clear as the others. Some of the answers may have related to how many appraisals the entire firm performed on a weekly basis. The high extremes of 20 a week would indicate impossible achievements or "windshield," verbal, and scratch-pad type

appraisers, whether companies or individuals, who hold themselves out to the public as appraisers and not with non-fee corporate staff appraisers.

The fourth question: HOW MANY EMPLOYEES ARE APPRAISERS?

This question was designed to determine how many independent fee appraisal companies were in the survey as compared to the one-person shop. A third of those interviewed claimed an average of 4.8 appraiser-employees per firm. Two thirds were one-person appraisal firms.

The fifth question: HOW MANY APPRAISALS DO YOU DO PER WEEK?

This question was simple and straight forward. However, the answers to this question were not quite as clear as the others. Some of the answers may have related to how many appraisals the entire firm performed on a weekly basis. The high extremes of 20 a week would indicate impossible achievements or "windshield," verbal, and scratch-pad type

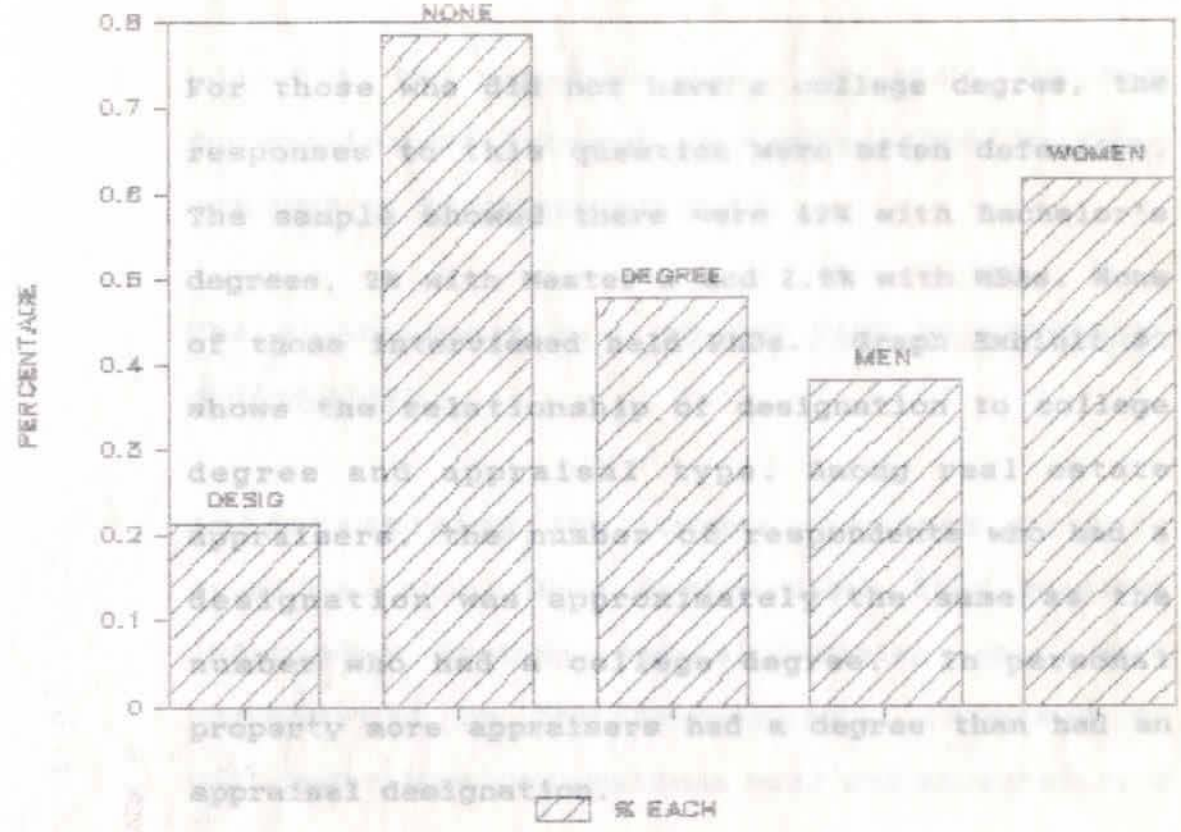
appraisals. Of the 95% who responded, the average number of appraisals performed per week was five. Most, however, reported two as the most common number of appraisals performed within one week's time. It would appear from the responses that some were exaggerating the number of appraisals per week. Some calculated on a monthly basis, or attempted an estimate of the annual number divided by 52 weeks. The accuracy of this data is open to criticism because of the wide range of responses.

The sixth question: DO YOU HAVE A COLLEGE DEGREE?

The intended purpose of the question was to determine whether a college degree was a common prerequisite to appraisal practice. Most appraisal organizations require a college degree. Part of this research was to determine the what extent the requirement of an academic degree might impact the appraisal industry. The survey showed that the majority (53.8%) of appraisers responding did not have a college degree. The data has a plus or minus 3% for a confidence level of 99.9%.

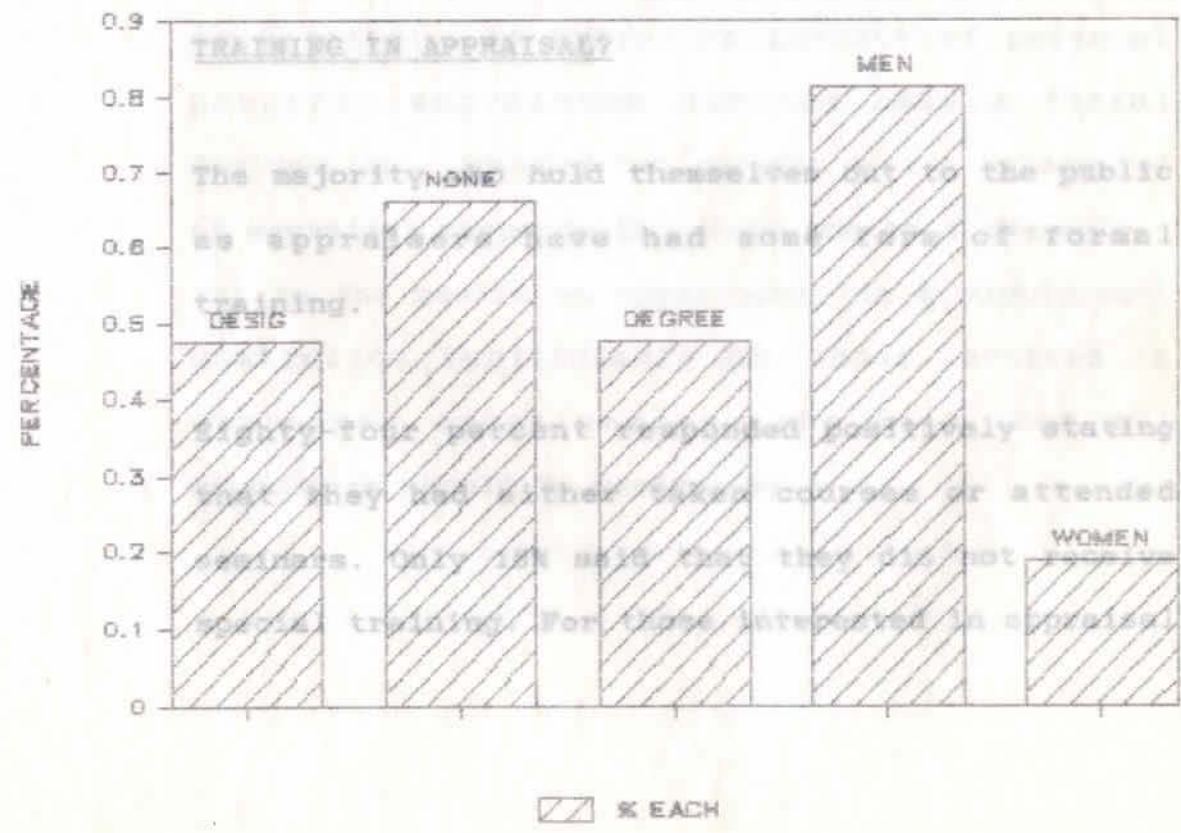
PERSONAL PROPERTY DEGREE/DESIGNATION

26



REAL ESTATE DESIGNATION/DEGREE

The seventh question: DID YOU RECEIVE ANY SPECIAL



For those who did not have a college degree, the responses to this question were often defensive. The sample showed there were 42% with Bachelor's degrees, 2% with Master's and 2.8% with MBAs. None of those interviewed held PhDs. Graph Exhibit #2 shows the relationship of designation to college degree and appraisal type. Among real estate appraisers, the number of respondents who had a designation was approximately the same as the number who had a college degree. In personal property more appraisers had a degree than had an appraisal designation.

The seventh question: DID YOU RECEIVE ANY SPECIAL TRAINING IN APPRAISAL?

The majority who hold themselves out to the public as appraisers have had some form of formal training.

Eighty-four percent responded positively stating that they had either taken courses or attended seminars. Only 15% said that they did not receive special training. For those interested in appraisal

education the responses would indicate a positive recognition and interest in further study by those involved in appraisal practice.

The eighth question: DO YOU HAVE AN APPRAISAL DESIGNATION?

Recognition of the need for an appraisal designation. Fifty-four percent (+/- 3%) said yes. In determining the proper response to this question, only those designations that required independent testing, special training, etc., were considered in the responses. Informal or mail-order type designations were not accepted as a yes response to the question. The response showed that 72% (+/- 3%) did not have an appraisal designation. Seventy-nine percent of personal property appraisers did not have a formal designation. Seventy-two percent of all categories of appraisal respondents, those who hold themselves out to the public as appraisers, is a significant statistic. Particularly for those involved in appraisal organizations who hold that all appraisers should be designated. To determine how the multi-disciplined appraisal organization appeared in profile to the population of

appraisers. There was a great interest on the part of the author in seeking responses to this survey.

The author holds equalities from the American Society of Appraisers in both personal property and real estate.

The ninth question: DO YOU THINK AN APPRAISAL DESIGNATION IS IMPORTANT?

The responses to this question would indicate a Although it was a direct question, requiring a positive recognition of the need for an appraisal simple yes or no answer. The answers may be misleading. Some who said no wanted to say yes, and 45.5% said no. Among personal property respondents 69% (+/- 8%) said an appraisal designation was not important. More people the ones who...? or "yes, I think so", were involved in real estate stated that a designation considered no answer. The survey showed that the was important to their work and income. Only 30% of personal property appraisers thought a majority (73% +/- 2%) were familiar with the American Society of Appraisers. Later in the designation was important to their appraisal work. survey, however, when the respondents were asked if Among personal property appraisers, a substantial they recognized the various abbreviations of majority, 69%, (+/- 8%) did not need a designation certain designations, the designation "ASA" was to practice appraisal.

The tenth question: ARE YOU FAMILIAR WITH THE AMERICAN SOCIETY OF APPRAISERS?

The intent of this question was to determine how the multi-disciplined appraisal organization appeared in profile to the population of

appraisers. There was a self interest on the part of the author in seeking responses to this survey. The author holds designations from the American Society of Appraisers in both personal property and real estate. Although it was a direct question, requiring a simple yes or no answer, the answers may be misleading. Some who said no wanted to say yes, even after they said no. Answers that would indicate a maybe and/or a question: "Aren't they the ones who...?" or "Yes, I think so", were considered no answers. The survey showed that the majority (73% +/- 2%) were familiar with the American Society of Appraisers. Later in the survey, however, when the respondents were asked if they recognized the various abbreviations of certain designations, the designation "ASA" was recognized by only 55% (+/- 3%) of those responding. Among personal property appraisers responding, a high majority, 83%, (+/- 5%) said they were familiar with the American Society of Appraisers but a lesser majority, only 64% (+/- 9%) of the personal property respondents recognized the designation "ASA." of this survey question was to determine the status of the appraisal profession as

The eleventh question: IS APPRAISAL YOUR FULL TIME OCCUPATION (40 HOURS A WEEK)?

The purpose of this survey question was to determine the status of the appraisal profession as a market driven industry or a part time industry. All major appraisal organizations require full-time status as one of the membership requirements. Are most appraisers full-time or part-time employed in the appraisal profession? Some positive answers were often contradictory to later answers relating to questions about other "important services you provide." Only 48% (+/- 3%) of all respondents claimed to be "full-time"; Fifty one percent (+/- 3%) stated they were part-time.

The twelfth question: WHAT OTHER SECONDARY BUSINESS OR OCCUPATION(S) DO YOU HAVE?

Fifty-two percent (+/- 3%) responded by citing other specific business activities. Only 27.5% of the respondents stated "none." Among personal property appraisers only 5% reported appraisal to be their full-time occupation, while 91% (+/- 3%)

reported that they operated a shop or gallery, or operated as a dealer in the buying and selling of the articles they appraised.

The thirteenth question: PLEASE ESTIMATE WHAT PORTION OF YOUR CLIENTS COME FROM THE FOLLOWING:

This question was followed by six choices; Lawyers, Lending Institutions, Insurance Companies, Government, General Public, and Other. For all respondents, see Graph #4, the answer "General Public" had the highest reply with 81%, (+/- 3%) followed by "Lending Institutions" with 63%, Lawyers 41.2%, Government 22.9%. The "Other" category showed 11% and included such answers as "condemnation," relocation services, etc. Graph Exhibit #3 gives a visualization of these responses and clearly indicate that the real estate appraiser is indebted to or dependent upon, lending Institutions as the greatest source of continuing business whereas, the personal property appraiser is dependent upon the general public.

PERCENTAGE

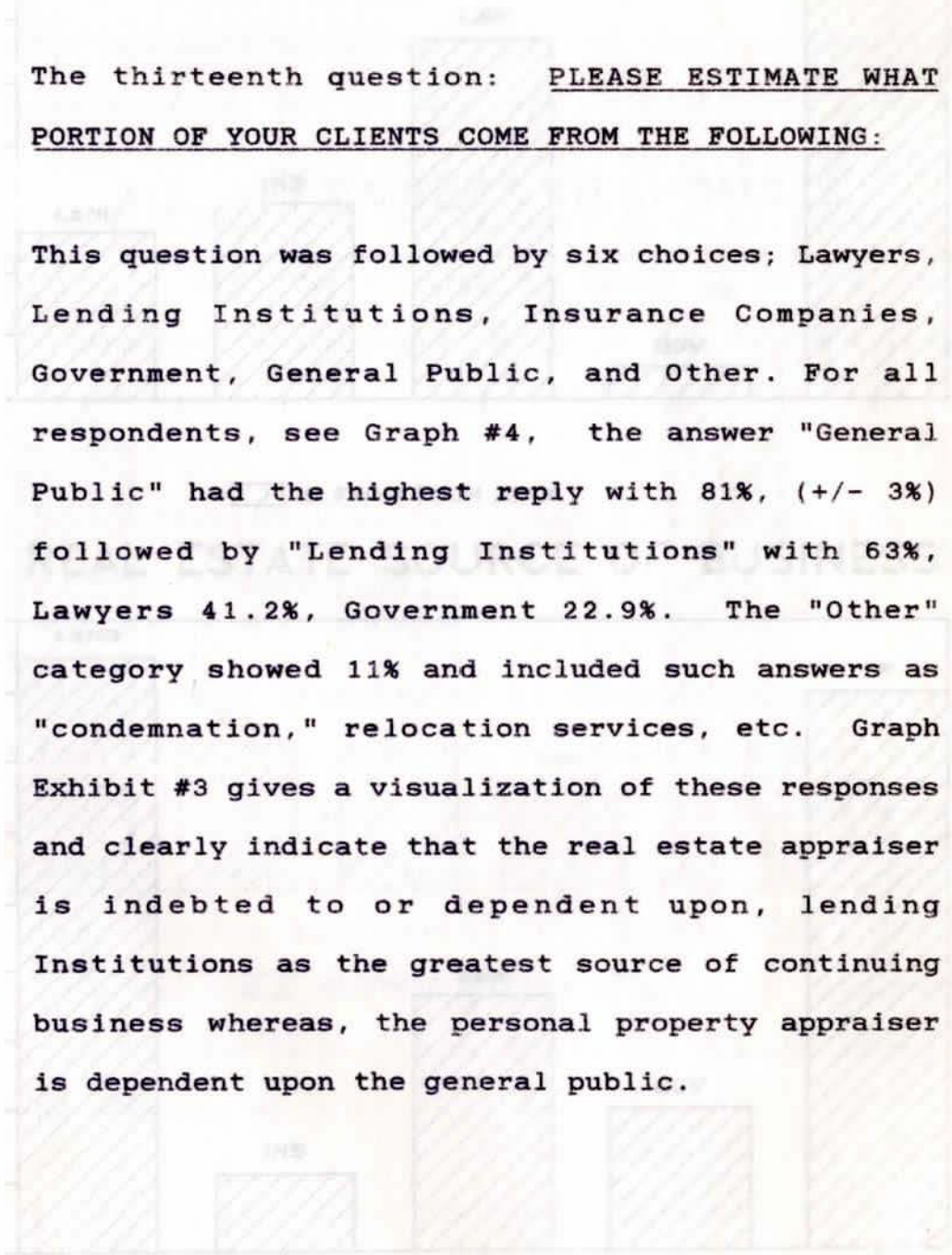
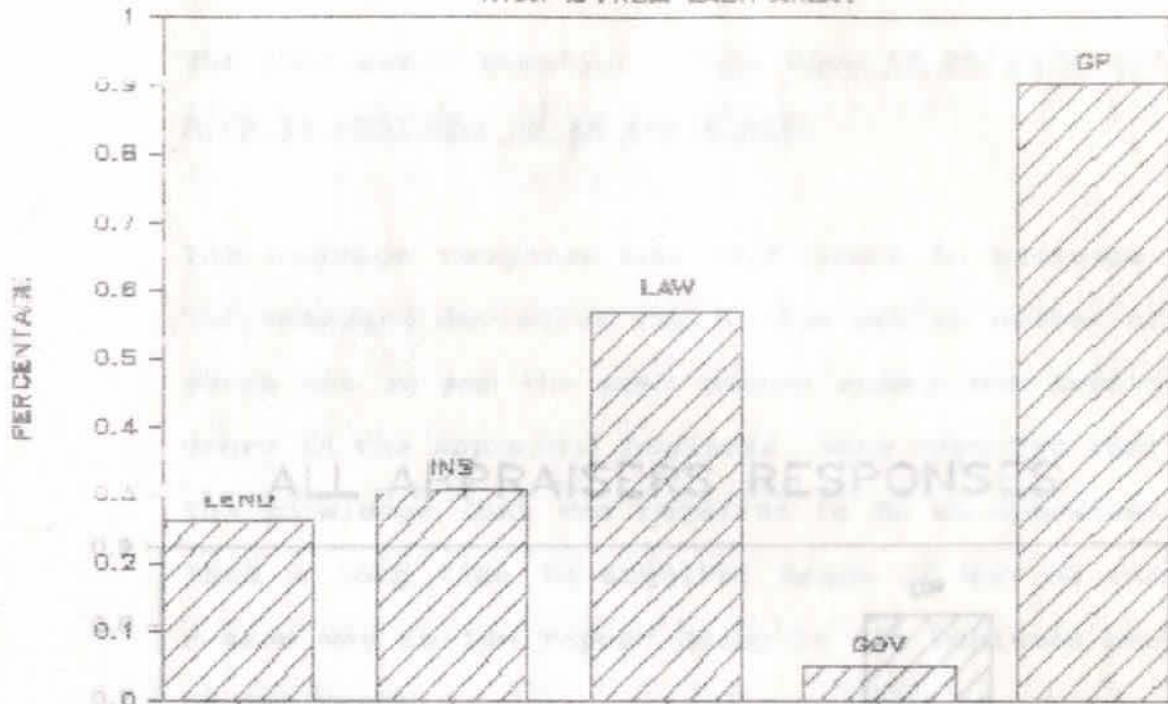


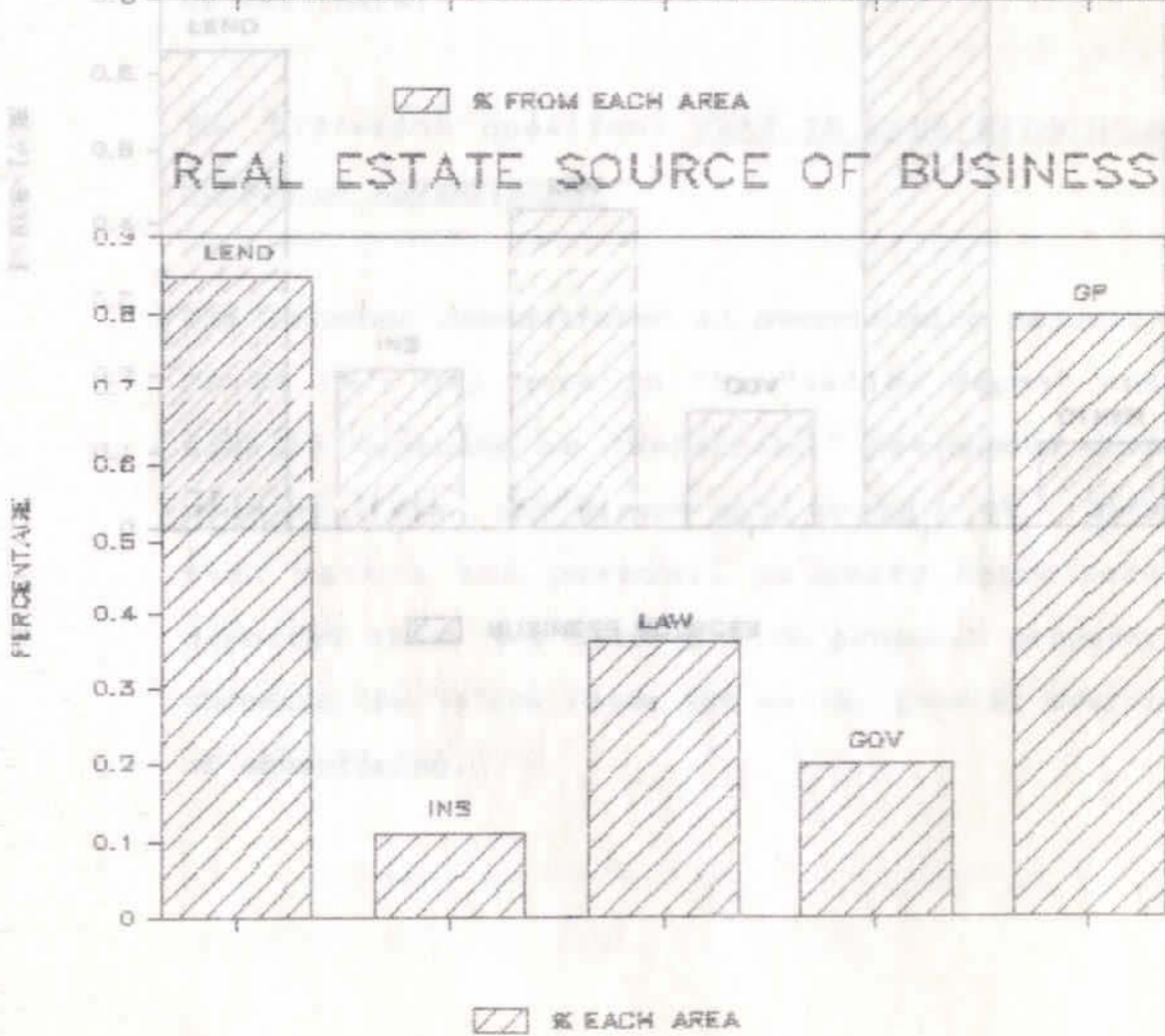
EXHIBIT #3

SOURCES OF BUSINESS PERS. PROPERTY

WHAT % FROM EACH AREA?



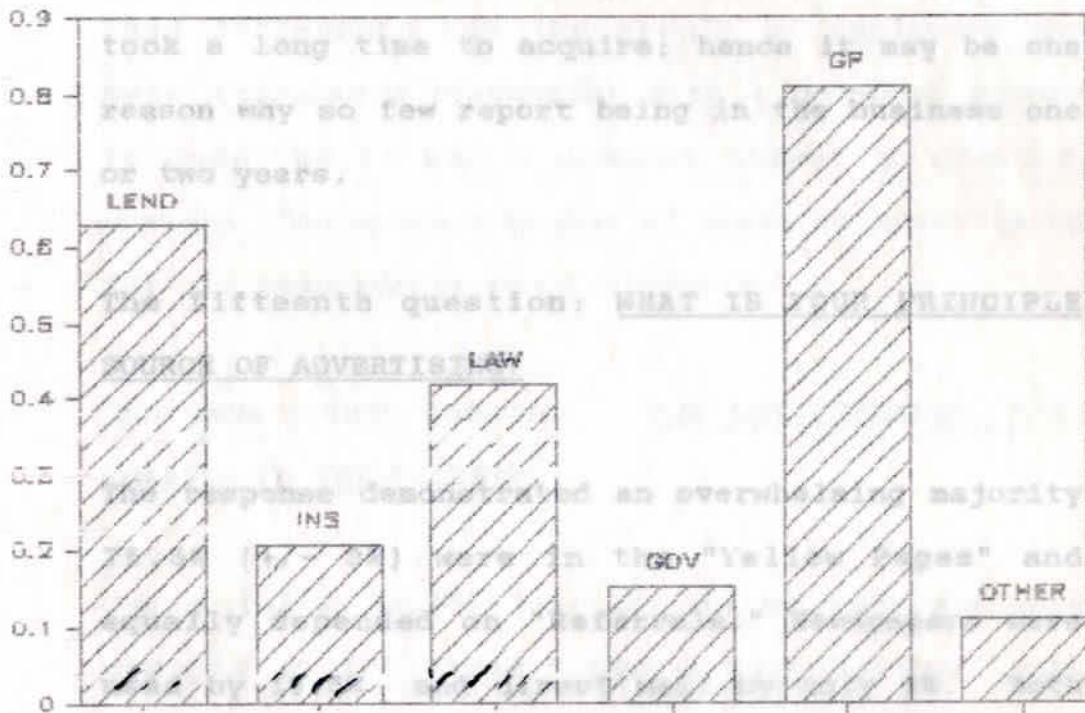
REAL ESTATE SOURCE OF BUSINESS



The fourteenth question: HOW MANY YEARS HAVE YOU BEEN IN BUSINESS AS AN APPRAISER?

The average response was 15.6 years in business. The standard deviation was 8. The median number of years was 16 and the most common answer was twenty years in the appraisal business. Some reported that the knowledge that was required to be an appraiser

ALL APPRAISERS RESPONSES



real estate and personal property appraisers reported that BUSINESS SOURCES in personal property choosing the Yellow Pages BIC as the greater source of advertising.

The fourteenth question: HOW MANY YEARS HAVE YOU BEEN IN BUSINESS AS AN APPRAISER?

The average response was 15.6 years in business. The standard deviation was 5, the median number of years was 18 and the most common answer was twenty years in the appraisal business. Some reported that the knowledge that was required to be an appraiser took a long time to acquire; hence it may be one reason why so few report being in the business one or two years.

The fifteenth question: WHAT IS YOUR PRINCIPLE SOURCE OF ADVERTISING?

The response demonstrated an overwhelming majority 75.5% (+/- 3%) were in the "Yellow Pages" and equally depended on "Referrals." Newspapers were used by 19.5% and direct mail by only 9%. Both real estate and personal property appraisers reported these two sources with personal property choosing the Yellow Pages 86% as the greater source of advertising.

The sixteenth question: WHAT IS THE HOURLY RATE? PER DIEM RATE? AND FIRM FLAT CHARGE?

The data received through the responses proved to be valuable in a gross correlation with total income earned from appraisal. It also provided a

The sixteenth question: HOW MANY YEARS HAVE YOU ADVERTISED AS AN APPRAISER?

This question became confusing, as some answered that the firm had advertised for more years than the respondent had been in the business. The answers did not correspond with years in business. This difference was the result of employees who were appraisers responding with a personal answer to question 14 and a company answer to question sixteen. The average number of years of advertising for all respondents was 12.8 years.

The seventeenth question: HOW ARE APPRAISAL FEES CHARGED TO THE CLIENT?

The majority, 65.3%, (+/- 3%) stated that fees were charged by the "task," Hourly rate followed with 54.6%. Only 2.1% stated that fees were charged on the basis of a percentage of value. For personal property appraisers, 70% of those responding charged by the hour.

The eighteenth question: WHAT IS THE HOURLY RATE? PER DIEM RATE? AND FNMA FLAT CHARGE?

The data received through the responses proved to be valuable in a cross correlation with total income earned from appraisal. It also provided a measure as to the size and type of fees charged by appraisers. Not everyone would respond to this question, feeling it was an invasion into the "secrets" of their business. For the 54% that did respond, the average hourly rate was \$60 with a standard deviation of 25.54. This \$60 rate proved to be the mode and median hourly rate charged. Only 4% responded regarding a Per Diem Rate with an average of \$460. The average FNMA flat fee charged was \$230. The most common FNMA charge was \$200. Among personal property appraisers 70% reported that they charged by the hour as against per task. The average hourly rate for personal property appraisers was \$50, with \$60 an hour the most frequently reported hourly charge.

The nineteenth question: WHAT IS YOUR AGE?

This question was answered by 99% of the respondents. The average age of 46.7 remained relatively constant over the course of time that the data was entered. Personal property appraisers tended to be older.

Total response to this question, forty-three

The twentieth question: WHAT IS THE COST TO A CLIENT FOR AN AVERAGE APPRAISAL REPORT?

took assignments, 10% were auctioneers, 8%

Ninety percent were willing to give an answer. The average cost for a single report was \$400. Some fees were as low as \$15 and some as high as several thousand dollars. Among personal property appraisers the average charge for a single report was \$190. The most common charge among all respondents for an appraisal report was \$200. Question #5 had asked how many appraisals do you do per week. When the most common reported charge of \$200 is taken in consideration with Question #5 common number of appraisals answer of two per week, it would appear from the mathematics that the most common income levels would be \$20,000 plus.

The twenty-second question: DO YOU RECOGNIZE ANY

The twenty-first question: WHAT OTHER IMPORTANT SERVICES DO YOU OFFER YOUR CLIENTS?

This question was designed to determine the

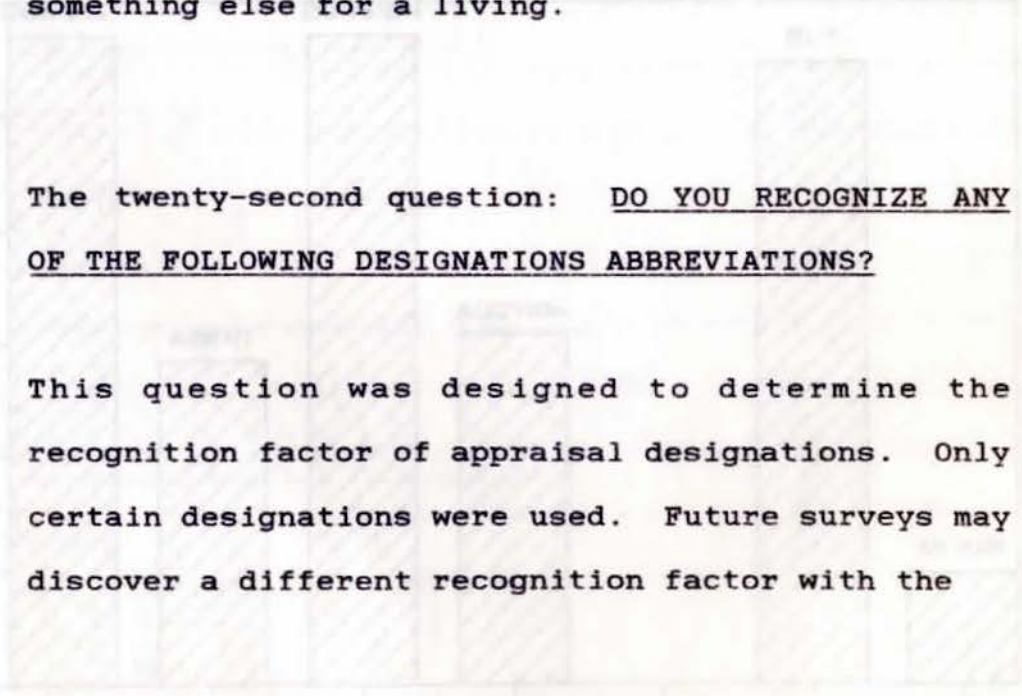
This question was intended to cross check against the full-time status and other business data from earlier questions. See Graph #6 which shows the

REAL ESTATE OTHER BUSINESSES

total response to this question. Forty-three percent (+/- 3%) of all those responding claimed to offer consulting services, 29% were Brokers, 25% took Consignments, 20% were Auctioneers, 8% performed construction and 26% said they "Offer To Buy" the property they appraise. Among personal property appraisers 55% (=/- 10%) reported that they "Offer to Buy" and 31% offered "Auction" services. Among real estate appraisers 40% offered "Broker" services and 16% offered "Auction" services. Graph Exhibit #5 shows the personal property other services and real estate other services in a bar graph form. The findings support the proposition that most appraisers also do something else for a living.

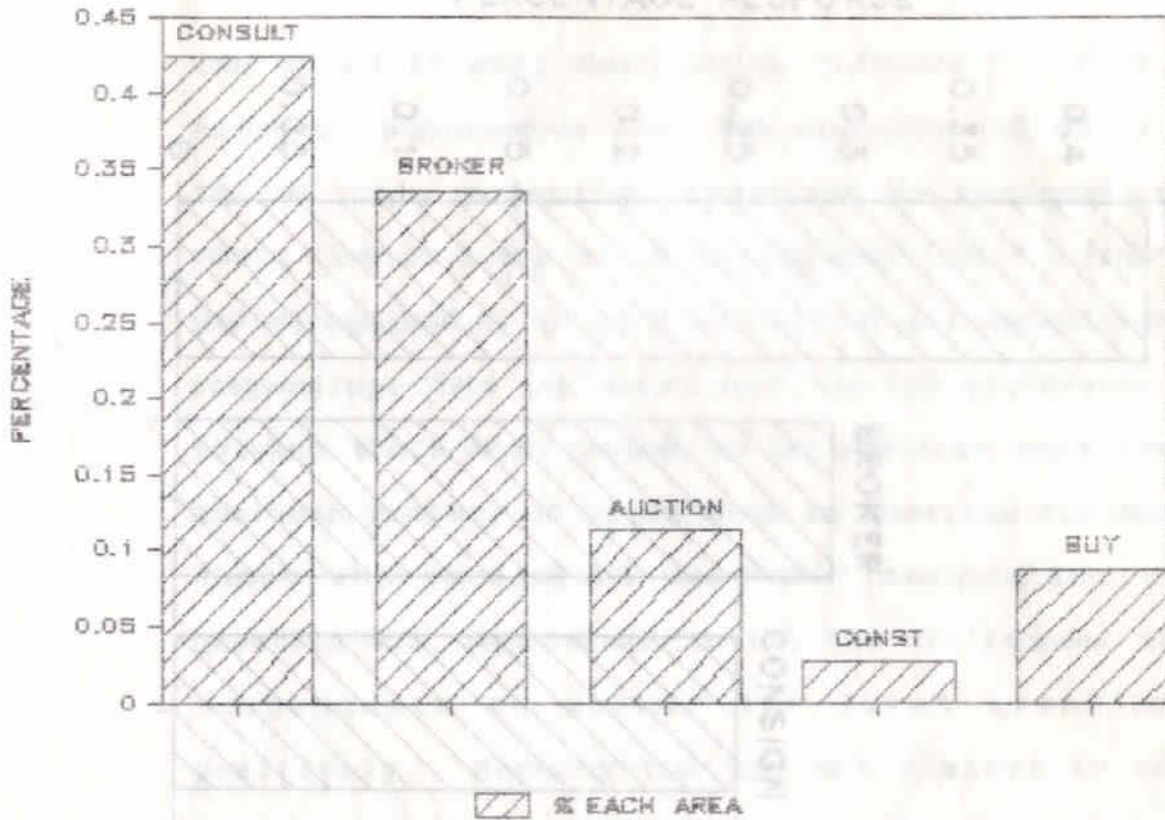
The twenty-second question: DO YOU RECOGNIZE ANY OF THE FOLLOWING DESIGNATIONS ABBREVIATIONS?

This question was designed to determine the recognition factor of appraisal designations. Only certain designations were used. Future surveys may discover a different recognition factor with the

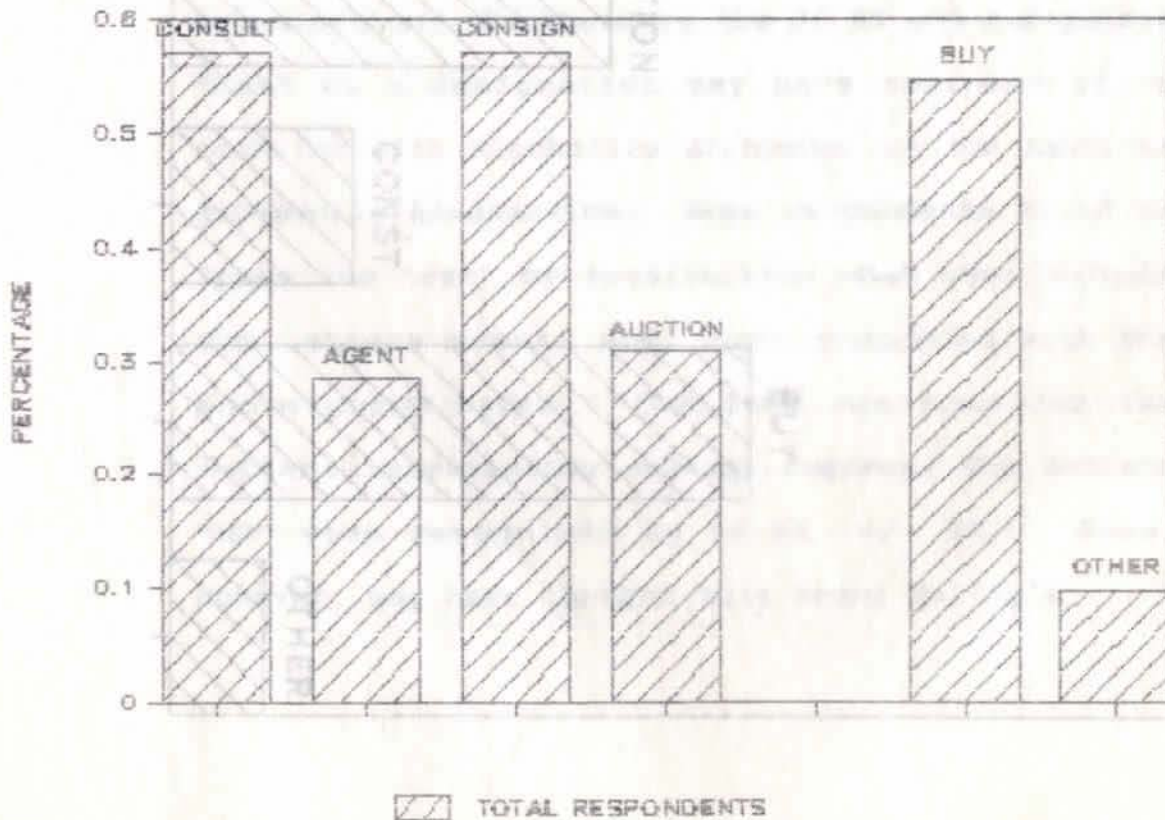


REAL ESTATE OTHER BUSINESSES

PERCENTAGE RESPONSE



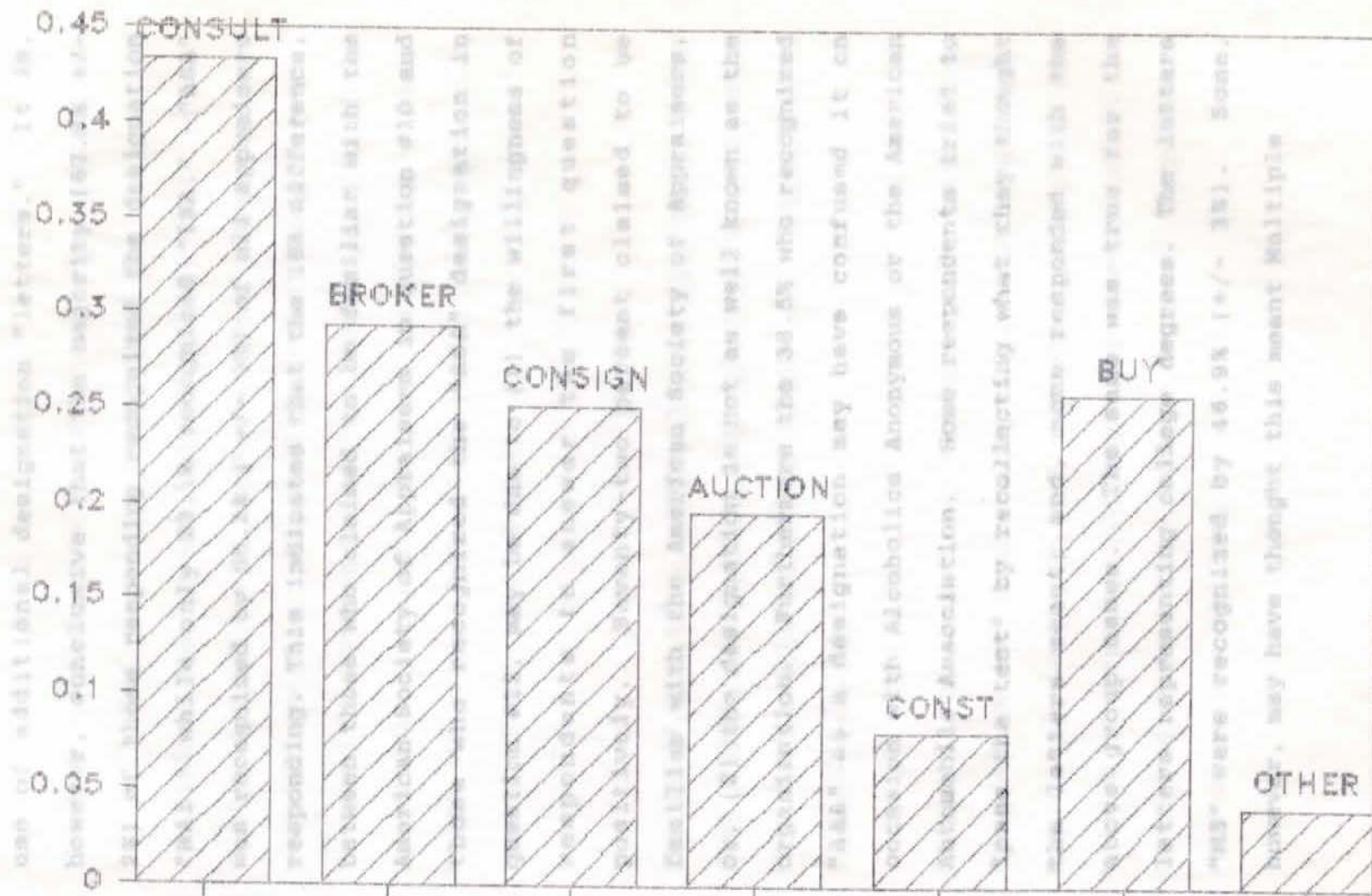
OTHER SERVICES OFFERED BY PERS. PROP



REPORTED "OTHER" SERVICES OFFERED

REPORTED "OTHER" SERVICES OFFERED

PERCENTAGE RESPONSE



use of additional designation "letters." It is, however, conclusive that the majority (67.8% +/- 2%) of those responding recognized the designation "MAI," while only 23.7% recognized "ISA." "ASA" was recognized by 55.2% (+/- 3%) of all appraisers responding. This indicates that the 18% difference, between those who claimed to be familiar with the American Society of Appraisers in question #10 and those who recognized the "ASA" designation in question #22, may be due to (1) the willingness of respondents to answer the first question positively. Seventy-two percent claimed to be familiar with the American Society of Appraisers, or, (2) the designation is not as well known as the organization. Furthermore the 38.5% who recognized "AAA" as a designation may have confused it on occasion with Alcoholics Anonymous or the American Automobile Association. Some respondents tried to "pass the test" by recollecting what they thought the letters meant; and, some responded with the above group names. The same was true for the letters representing college degrees. The letters "MS" were recognized by 46.9% (+/- 3%). Some, however, may have thought this meant Multiple

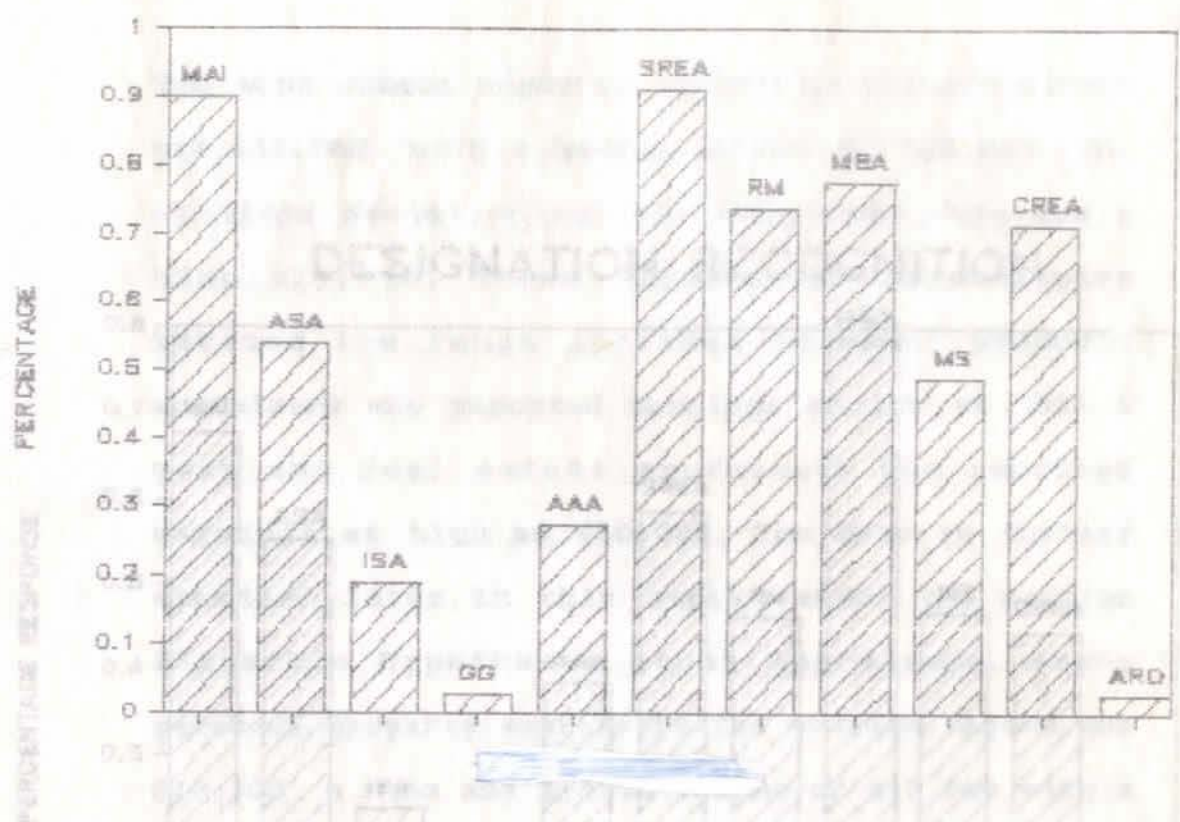
RECOGNITION OF REAL ESTATE

Sclerosis. More people (79% +/- 3%) recognized the title "MBA" than any other letters while 2.8% recognized the absurd initials "ARD". This set of initials, ARD, was used to cross check against simple answers. Graph Exhibit #7 compares the recognition between those who identified themselves as personal property or real estate appraisers. Graph #8 gives a visualization of the recognition factor of all respondents.

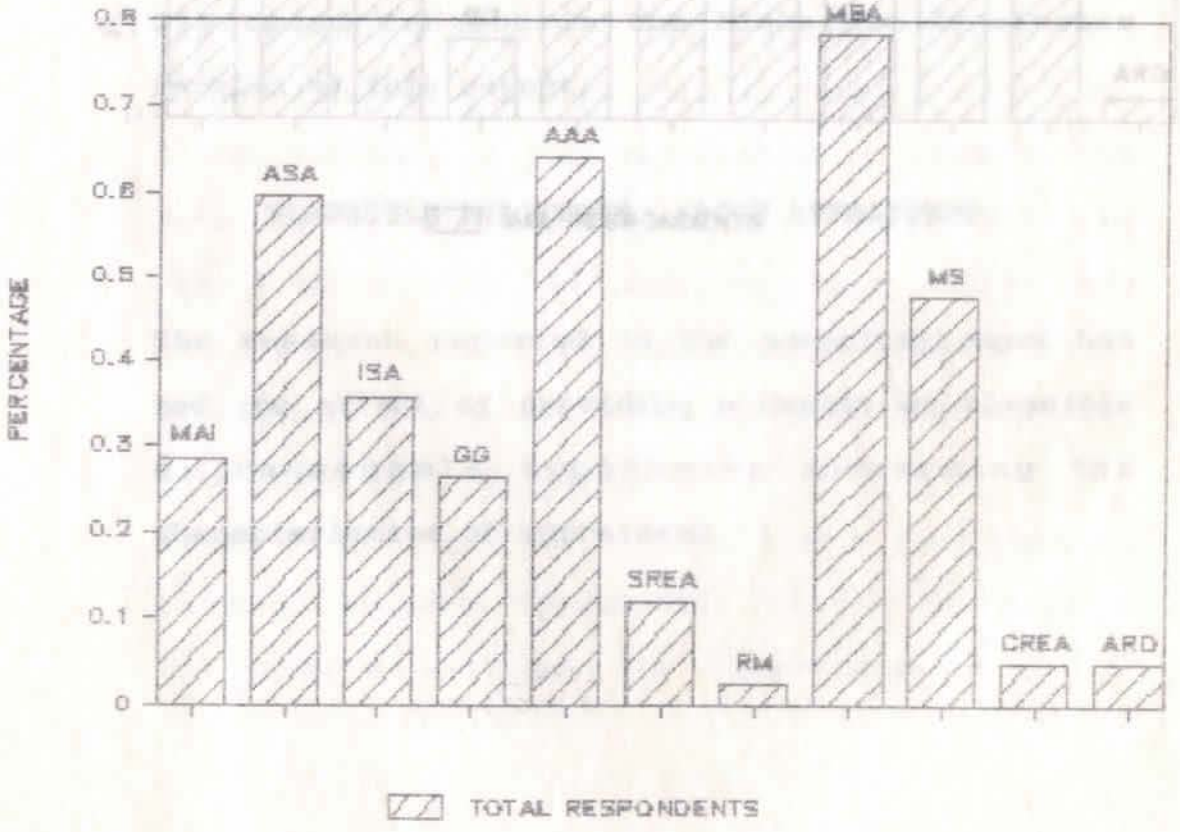
The final question: EXCLUSIVE OF ALL OTHER INCOME GENERATING BUSINESSES, AND/OR INVESTMENTS, WHAT WOULD YOU ESTIMATE YOUR INCOME IS FROM STRICTLY APPRAISAL WORK?

Because the question specifically asked the respondent how much money he or she made from appraisal work, it was surprising to find 86% willing to respond. Although the answers cannot be confirmed as fact, the average among all appraisers responding was \$25,900.

DESIGNATION RECOGNITION BY REAL ESTATE

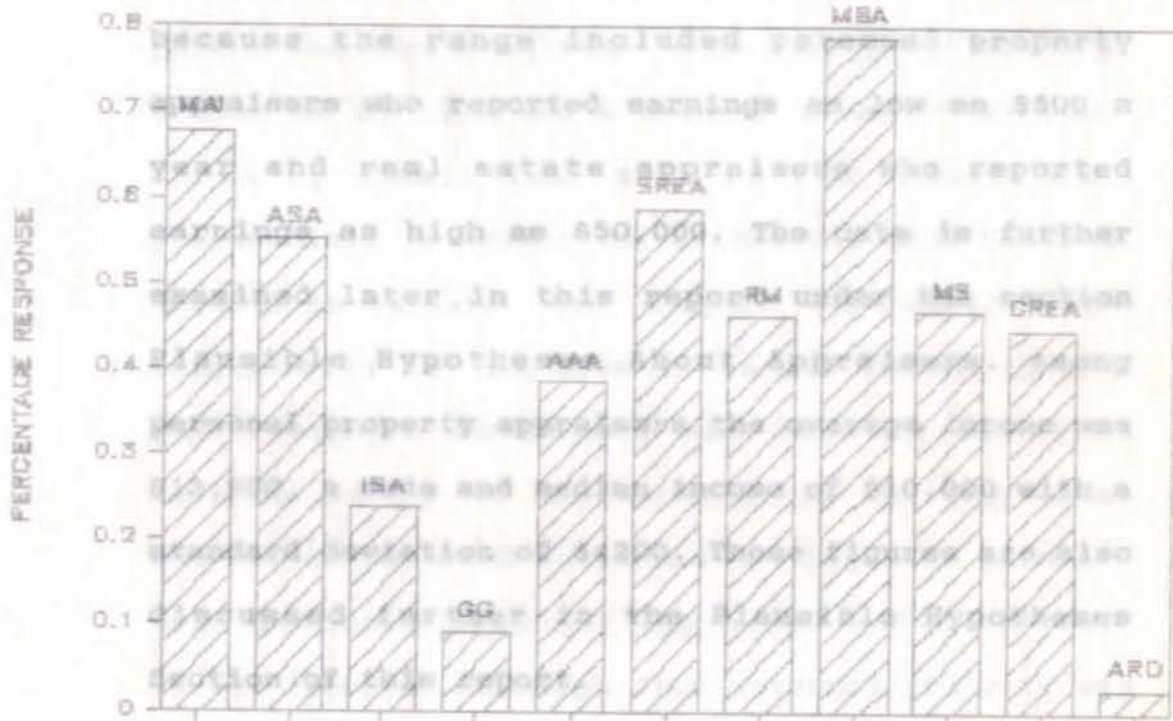


DESIGNATION RECOGNITION PERSONAL PROP



The most common reported value for all appraisers was \$10,000, with a median value of \$25,000. The standard deviation for all respondents was a high \$10,000.

DESIGNATION RECOGNITION



PLAUSIBLE HYPOTHESES ABOUT APPRAISERS

The research reported in the preceding pages has had the effect of providing a number of plausible or reasonable hypotheses concerning the characteristics of appraisers.

personal property appraisers, and of the fact that the most common reported value for all appraisers was \$10,000, with a median value of \$25,000.

The most common reported income by all appraisers was \$10,000, with a median income of \$25,000. The standard deviation for all respondent data was a high \$14,716. These figures are inconclusive because the range included personal property appraisers who reported earnings as low as \$500 a year and real estate appraisers who reported earnings as high as \$50,000. The data is further examined later in this report under the section **Plausible Hypotheses About Appraisers**. Among personal property appraisers the average income was \$13,900, a mode and median income of \$10,000 with a standard deviation of \$4200. These figures are also discussed further in the **Plausible Hypotheses Section** of this report.

PLAUSIBLE HYPOTHESES ABOUT APPRAISERS

The research reported in the preceding pages has had the effect of providing a number of plausible or reasonable hypotheses concerning the characteristics of appraisers.

Some hypotheses were rejected because the research findings were inconclusive. The estimate of earnings of all appraisers is not fully supported by the evidence. Although 86.7% of those surveyed gave a response resulting in an average of \$25,800, a mode of \$10,000 and a median income of \$25,000, it is probable that some of the answers were prejudicial. In Semour and Bradburn's work *Response Effects in Surveys*, they comment that people often exaggerated in the area of earned income (p.14). The standard deviation was \$14,716.60. This variance is due to the fact of the outlying data. One person reported an income of only \$500 annually from personal property appraisal work. The next lowest reported earnings from personal property was \$1000. The data was not rejected as an anomaly. The data may have been rejected if an inferential use was to be made of the data. This statistical data was to be used in a descriptive profile of appraisers. The author believed that such outlying data was a fact and not an anomaly as related to the lower earnings of personal property appraisers. None of the data in the range was excluded. The higher range of earnings, demographic location to earnings, all should be areas of further research.

earnings for the larger number of real estate appraiser combined with the lower range of earnings for personal property appraisers resulted in a 57% variation from the mean. The data therefore does not have sufficient confidence to be used to support a hypothesis. A study of the earnings of the several disciplines involved in appraisal work should be the subject of further research. The significance of specific real estate appraisal designations on income is an area for the development of future research.

A hypothesis relating to the full-time status of all appraisers cannot be proven by the data. The 51.7% part-time status of all respondents has a 99.9% confidence level of plus or minus 3%. This plus or minus factor means that 48.9% to 54.7% are part-time. The percentage spread is too wide to be conclusive. A sample of approximately 1500 with the same 51.7% results would be required to have a 99% confidence factor.

Consideration of hypotheses relating to the issues of income, education, designation to earnings, age to earnings, demographic location to earnings, all should be areas of further research.

The remaining plausible hypotheses are considerably more significant because they represent the best generalizations that can be made at this time, given the present data and current knowledge about the appraisal population. At this point, it is worthwhile to identify these surviving plausible hypotheses and to state them explicitly so that their implications can be examined and tested fully on the basis of the survey. It is important to keep in mind that these hypotheses are generalizations that appear to be valid under most conditions; one should not expect them to hold true under every conceivable set of circumstances. The generality of the hypotheses varies greatly, ranging from very general propositions to statements of simple relationships. Finally, since they are hypotheses, future research, as always, may find that some or all of them are invalid.

HYPOTHESIS ONE: The majority of personal property appraisers are employed part-time in appraisal work.

The basis of the evidence supporting this hypothesis lies in the responses to the national survey of appraisers.

Eighty-three percent of all respondents identified as independent fee appraisers of personal property said no to the question of full-time status. This 83% has a 99.9% confidence level at plus or minus 6%.

Ninety one percent (+/- 2%) of the respondents identified as independent fee appraisers of personal property reported specific secondary source of business activity. Among real estate appraisers, 30% (+/- 3%) reported a specific part-time status and a major secondary source of income.

These findings explain why, in an economic sense, the standard of professionalism for personal property appraisers has been difficult to attain. This corollary proposition is a logical inference based on the fact that professionals are those learned individuals whose services are in demand by

the marketplace. A further implication of this proposition is that the majority can not earn a full-time living solely from the practice of appraisal. Another implication is that there are more people offering appraisal services than there is appraisal work. In addition there is an implication that the market for personal property appraisal services is being served by others outside the field of specialized appraisal services. Another implication is that the requirements to enter the field of appraisal are very easily achieved and the requirements to remain involved in the field of appraisal are easily maintained.

HYPOTHESIS TWO: The earned income for the majority of personal property appraisers in all categories of appraisal work is minimal and secondary to other employment.

Ninety-one percent of the personal property appraisers reported a mean average income of \$13,900, with a mode and median of \$10,000 and a standard deviation of \$4200. This data supports the

hypothesis regarding minimal earned "professional" income for the majority average among the personal property appraisal population. However, the data does not support the proposition that the majority of real estate appraisers have minimal income, part-time status and secondary employment. The general findings, however, indicate that real estate appraisers often, but not always, are involved in allied work.

This finding would imply that the appraiser of personal property certainly has a minimal income from appraisal work.

A further implication of the findings is that the source of the market demand for appraisal service i.e., the kind of buyer demand for appraisal services, is important in providing a continual source of income to the practitioner. In the personal property area the majority of appraisers stated that the market for their appraisal business was the general buying public. In the real estate area, the majority stated that they primarily served the lending institutions. As a proportion,

85% of real estate appraisers stated that among other sources, such as the general public and government, their greatest source of business as the lending institutions. Whereas ninety-one percent of personal property appraisers reported that their primary source of business was the general public.

WHO IS THE PERSONAL PROPERTY APPRAISER?

These findings clearly bear important implications for the personal property appraiser. The statistical profile portrays the personal property appraiser as having an average age of 49. A large majority, three-fifths, are women. Most personal property appraisers are less likely than real estate appraisers to earn a living from appraisal; have been in the business for more than fifteen years part-time; and, three-fifths operate a retail outlet, shop or gallery, or act as dealer in the things they appraise. About half (49% to 56%) have a college degree. Most personal property appraisers think that appraisal designations are not important. Only twenty percent have a designation from one of the three major personal property appraisal organizations: AA, ISA or ASA. Many (46% to 64%) of the personal property appraisers offer to buy the things they appraise.

Under survey question number 21, "What other important services do you offer your clients?" 55%

of the personal property appraisers reported that Eighty-five percent of real estate appraisers stated that their primary source of business was the lending institutions. Whereas ninety-one percent of personal property appraisers reported that their primary source of business was the general public.

These findings clearly bear important implications for the personal property appraiser. One implication is that the majority of personal property appraisers are less likely than real estate appraisers to earn a living from appraisal. An important aspect pointed to by these findings is that the demand for personal property appraisal services is driven by the promotion activities of the appraisal practitioner rather than demanded by a regular and continuing source in the market. The real estate appraiser on the other hand is providing appraisal services demanded by a regular and continuing source in the market. i.e. Lending Institutions.

From a theoretical point of view, this proposition Under survey question number 21, "What other important services do you offer your clients?", 55%

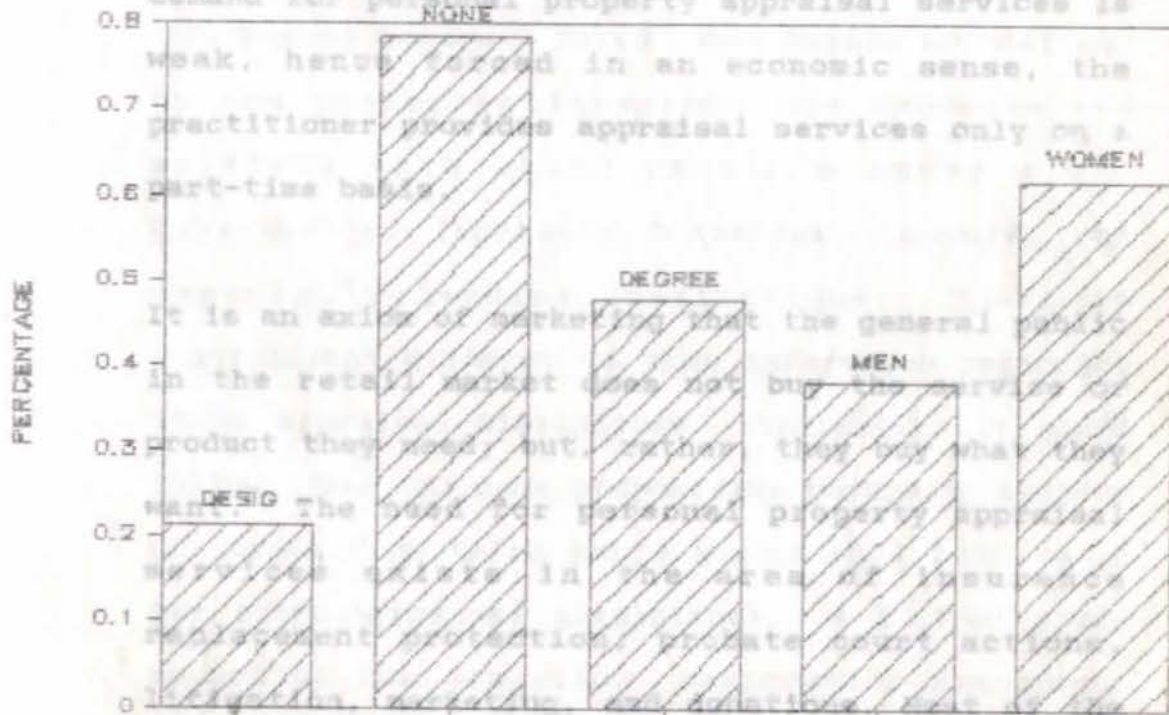
of the personal property appraisers reported that they "Offer To Buy". This statistic has a 99.5% confidence factor at plus or minus 9. If 46% to 64% are buyers of the things they appraise, the spread of 46% to 64% remains a significant finding. Independent fee appraisers who offer to buy may be viewed as less professional and in the very least as having a conflict of interest. This is consistent with the findings that show 90% of personal property appraisers operated shops, retail outlets, or galleries.

Three-fifths of the personal property appraisers were women, however, in real estate appraisal only 14% of the appraisers were women. The average age of all personal property appraisers is 48.6. The average age of all real estate appraisers is 45.7. More personal property appraisers had college degrees than real estate appraisers. Personal property appraisers tended not to have an appraisal designation (See Graph #12).

From a theoretical point of view, this proposition is important in that it refutes a common opinion

that most personal property appraisers are full-time, well paid participants in appraisal practice.

PERSONAL PROPERTY DEGREE/DESIGNATION



buyers in these areas are first-time appraisal service users, individuals spending their own money. The lawyer representing the estate or divorce litigant is often the only third party continual buyer of personal property appraisal services. However, from the findings, it can be inferred that the general public market is unwilling to spend money on this type of appraisal service.

that most personal property appraisers are full-time, well paid participants in appraisal practice.

One can infer from the findings that the market demand for personal property appraisal services is weak, hence forced in an economic sense, the practitioner provides appraisal services only on a part-time basis.

It is an axiom of marketing that the general public in the retail market does not buy the service or product they need; but, rather, they buy what they want. The need for personal property appraisal services exists in the area of insurance replacement protection, probate court actions, litigation, marketing, and donations. Most of the buyers in these areas are first-time appraisal service users, individuals spending their own money. The lawyer representing the estate or divorce litigant is often the only third party continual buyer of personal property appraisal services. However, from the findings, it can be inferred that the general public market is unwilling to spend money on this type of appraisal service.

Cost Survey. The evidence from the finding was
The minority of appraisers who are financially
successful independent fee appraisers are
long-time, experienced, and known real estate
appraisers. These established real estate
appraisers provide their appraisal services to
third-party buyers. Third party buyers are defined
by the author as those who buy products and
services with other people's money e.g.,
Governments, insurance Companies, Lawyers, and
especially Lending Institutions. There is
insufficient evidence to draw inferences regarding
other appraisal disciplines. Logically, it would
follow, that the same proposition regarding sources
of income from third party buyers will hold valid
for other appraisal disciplines. A further study
regarding the education, designation awareness,
age, income potential and major sources of business
for machinery, equipment and business valuation is
needed. The findings are not sufficient to make inferences
regarding other appraisal disciplines such as
Machinery and Equipment, Business Valuation, or

Cost Survey. The evidence from the finding can only support the plausible hypotheses as they relate to the personal property appraisal field; and, it reasonably supports the findings as they relate specifically to real estate and personal property appraisers together.

CONCLUSIONS

Some of the findings can be further explained on the assumption that the market for real estate appraisal services is a separate market-driven force whereas the market for personal property appraisal services is merchant/appraiser driven. The majority of real estate property has been borrowed on, traded, taxed, bought, sold, taken by eminent domain, donated, or insured. It would not be unusual that the real estate required an appraisal of one sort or another. The demand for real estate appraisal services, therefore, is actively present in the market. The same cannot be said of personal property or personal property appraisal services.

The future of the recognized professional personal property appraiser will come when local demand for their services requires full-time involvement in the field. This will possibly happen when (1) the various state governments enforce the laws regarding estate and guardianship inventories and (2) when more insurance companies require an independent appraisal to underwrite all personal property risk.

From the findings it can be concluded that personal property appraisers, regardless of how well-trained they are, find a weak market for their services. If one studies hard, takes all the required and expensive courses, and becomes a Master Gemologist Appraiser, where does one find employment exclusively in the practice of appraisal?

The standards for personal property designations in dozens of specialties exceed the demand for such standards and specialties in the market. The market is served by many non-designated, antique dealers, jewelers, used furniture dealers, art dealers, and rug dealers all without need of or

market-requirement-for a specific knowledge of appraisal. On the contrary, the study has shown that the expertise of the personal property appraiser is often a reflection of the business they operate allied to an appraisal. The designation standards (such as the requirement to be employed full-time in the appraisal field) of the appraisal organizations are ambiguous and not uniformly enforced. It may be that the personal property appraiser must have the ability to appraise a larger range of personal property in order to find both a professional recognition and financial success in the market place.

Legislation to license all appraisers will, in reality, only improve the market for real estate appraisers by reducing the competition. It would appear from this study that the personal property appraiser holds the lowest opportunity-position in the market demand for appraisal services. Skills and abilities appraisers must have in the present or in the future are the subject of much discussion among those involved in appraisal associations. However, it is less clear whether the appraisal

appraisers a wider spectrum of property than is
organizations can adapt to what is required to
assist this multi-disciplined profession of
appraisers in establishing itself in the
marketplace.

OPPOSING POSITIONS

There may be those who find plausible reasons to
refute the conclusions in this treatise.
The author would encourage such endeavors in order
It would be a manifest error to declare positively
that this treatise is conclusive. It is a
beginning, a first step in shedding light on a
subject of major interest to those involved in
appraisal. Much more can and should be done to
learn about the field of appraisal and those who
claim the title appraiser.

This treatise should be accepted on the evidence
and within its limitations as the basis for further
investigation. The author would like it to arouse
others to perform further research and initiate
discussion of the issues, particularly those
involving the status of personal property
appraisers. The author has long held the position
that this group of appraisers must be able to

appraise a wider spectrum of property than is presently contemplated by those who provide the leadership. This is just one of the many issues that are of immense importance to the future of appraisal as an established profession.

It is true that there are some appraisers who are well educated, earn a professional wage, and are full-time employed. However, the findings of this study show that many appraisers, between 33.7% and 34.7% of the population are part time, not professionally educated (83.6% +/- 3%) and do not earn what would be commonly recognized as a professional wage.

There may be those who find plausible reasons to refute the conclusions contained in this treatise. The author would encourage such endeavors in order to help improve our understanding of the appraiser and appraisal practice.

One area of obvious weakness is the size of the sample data used in this study. Certainly, a larger sample with the same close majority percentage results would have given more confidence to inferences relative to that data. The data would have helped develop significant other plausible hypotheses. An earnest argument would propose that the sample is sufficient for the generalizations presented. A standard test for statistical confidence as applied. Using the Student's t Test the author reported the results using a high 99.955% confidence factor.

A second area in which opposition to these conclusions might surface is the prejudice contained in the traditional thought and self-talk among appraisal groups.

It is true that there are some appraisers who are well educated, earn a professional wage, and are full-time employed. However, the findings of this study show that many appraisers, 51.7% (+/- 3%) or between 48.7% and 54.7% of the population are part time, not professionally educated (53.8% +/- 3%) and do not earn what would be commonly recognized as a professional wage.

The hypothesis regarding the majority of personal property appraisers has a firm theoretical foundation as well as adequate empirical support.

A third argument against this thesis might be that it lessens the image of appraisal as a growing profession and therefore is destructive to the cause of professional status. The author would appeal to the reader to use this data to improve and enhance the image and formal education of the

people who hold themselves out to the public as appraisers. This appraisal of the appraisal profession is limited in its depth and data sources. Although there are negative results that reflect on the image and status of appraisers as a group, it is, to the authors considered knowledge, the first time a profile survey has been undertaken of the general appraisal population. The evidence supporting the inferences is relatively good and there is valid reason to conclude that the inferences would hold conclusive should a larger sample be employed. This appraisal of the appraiser should be used as a basis for the improvement of the appraiser's status, an improvement particularly in the area of marketing. And possibly a new look at providing the personal property appraiser with the ability to appraise a broader range of property.

This report was not intended to degrade or enhance the image of the appraiser, but to provide an insight into the people who claim the title "Appraiser," based on an independent empirical investigation. Further work by others may provide contrary evidence to support other hypotheses.

Finally, there will be those who will oppose the conclusions contained in this study on the basis of statistical inaccuracies. (i.e., the weakness of the data, a lack of the author's competence in the field of statistical methodology, etc.).

The author endeavored to simplify an enormous task by reducing the statistical correlations and data assembly to a manageable level. Discrete data was sought. Part of that process led the author to abandon the use of modern statistical software programs and rely on the "Lotus" spread-sheet software to analyze the accumulated data. There are weaknesses in the Lotus system that required additional entries and work. These additional entries and calculations could have led to errors; However, every step was taken to insure against error. Consistency was maintained with emphasis on the importance of a truly randomly selected sample.

The author believes that the empirical work and statistical procedures were sufficient to support the conclusions contained in this report.

RESEARCH METHODS

Information for this project was obtained through the use of a survey. This research process was performed to obtain information in a systematic and objective manner.

The reason for the research study was the author's interest in determining the general nature of the independent fee appraiser. There are many who hold themselves out to the public under the title appraiser but little is known of the group as a whole. From personal experience the author concluded that the majority of appraisers were part-time practitioners allied with other businesses. If this is true, then it would follow that there is either a small demand for appraisal services; or appraisal services demanded by the public are being provided by people employed in other fields or by less qualified self designated "appraisers." The desire on the part of many practicing appraisers to establish a professional recognition for the multi-discipline field of appraisal is damaged by the part-time status of appraisal practitioners.

Certain prejudicial theories have been put forth regarding the field of appraisal practice. One is that there is a positive move toward professional status for personal property appraisers, that the appraiser without a designation will soon fade away. The author's theory prior to testing with objective research presented in this report would have been considered equally prejudicial. It was the intent of this treatise to provide a beginning to further research into the people who practice appraisal. The education requirements, criteria or licensing efforts were not a part of the study. The people involved in the practice of appraisal were studied. Every work of this type is, by its very nature, deficient. One of the now established Principles of Appraisal, called "The Principle of Indeterminacy", as put forth by Richard F. Rickert, PhD in his book Appraisal Principles And Procedures - An interdisciplinary Approach, states that things cannot be known with absolute certainty, only more or less probability. It further states that, every effort to know or to learn changes the thing known. So too is this appraisal of the regions in order to comment and infer about

appraisers in different parts of the country
appraiser. The theory of appraisal including the
Principle of Indeterminacy, will be the subject of
continuing debate. But behind the theory is the
appraisal practitioner. That practitioner was the
subject of this study. A plan to use a sample of
randomly selected names and from that list
Obtaining information about the appraisal
profession was not the end but merely a means to
help write a descriptive profile regarding private
appraisal practice.

other list companies. R. L. Folk stated that it
The research method used was a systematic and
objective investigation employing responses to a
questionnaire through direct telephone interview
with appraisers from all over the nation. The most
important research factor employed was the use of a
randomly selected sample of the general appraisal
population. The problem of sampling was addressed
first by an attempt to find the general appraiser
in accordance with the census population. The
larger the sample, the more confidence would be
found in narrow range discrete responses. Thought
went into the possibility of data by specific
regions in order to comment and infer about

appraisers in different parts of the country. The addresses and phone numbers were chosen using the sample size for discrete data was reasonable for a 1% Selection, i.e., every second name based on national study but not sufficient for inferences population proportion. This special sorting based regarding regions.

on population proportion resulted in the 2000 names

being divided along the same percentage as the U.S. Initial research led to a plan to use a sample of Census for each state

2000 randomly selected names and from that initial

sample to draw a random sample of a number of It can be argued that the sample of the appraisal appraisers suitable for the study. The names were population was weighed in favor of those who hold purchased from the R. L. Polk & Company. Unlike themselves out as appraiser" and did not include

other list companies, R. L. Polk claimed that it those who held themselves out exclusively as "real has cross checked its listings against credit estate appraiser" or whose practice was unknown to sources and other databases listings to insure the the Polk Directory People. R. L. Polk has a accuracy and current nature of the names. The Polk separate list "real estate appraiser". SIC 2651A,

which contains 1990 cross-referenced names. The Business List Index parallels The Department of general "appraiser" list also contains a list of Commerce, Standard Industrial Classification large portion of exclusively real estate appraisers System. Every list is identified by a four digit as the survey has shown. Further, it was the Standard Industrial Classification code commonly to survey the multi-disciplined list is referred to as a SIC number. Accordingly, R. L. appraisal as a service rather than the Polk made available to the author, under the appraiser names listed under "Real Estate" and classification Appraiser SIC number 7399A' a list Equipment Dealers, Antique Dealers, or Real Estate, of general appraisers. In order to insure a random where the responses would be allowed toward those selection from across the country, 2000 names, with secondary employment or specific appraisal

interest. By using a list of those who are SIC addresses and phone numbers were chosen using the listed under "Services, Appraisers" the Nth Selection, i.e., every second name based on concluded there was a greater likelihood of population proportion. This special sorting based obtaining a broad multi-discipline spectrum of on population proportion resulted in the 2000 names those who claim the title "appraiser," being divided along the same percentage as the U.S.

Census for each state.

The 2000 names purchased from R. L. Polk were received on 3" x 5" continuous form index cards. It can be argued that the sample of the appraisal They were separated into states, shuffled, and population was weighed in favor of those who hold hired. Initially 500 names according to the themselves out as appraiser" and did not include

proportion for each state were calculated on a those who held themselves out exclusively as "real percentage basis and dealt. (e.g. if Massachusetts, estate appraiser" or whose practice was unknown to Rhode Island, New York, etc.). This paralleled the Polk Directory People. R. L. Polk has a the population census, whereas Massachusetts has separate list "real estate appraiser", SIC #6531A, 2.7% of the population, Rhode Island .4%, and New York 6.9%, etc. The survey interview was to be general "appraiser" list also contains a relatively conducted by telephone to insure contact with a large portion of exclusively real estate appraisers responses. The pilot survey had shown that as the survey has shown. Further, it was the intent average phone call would take 6 to 10 minutes to survey the multi-discipline field of general interview. A sample of 500 names were chosen from appraisal as a service, rather than find such the five hundred using the same random selection in appraiser names listed under Jeweler, Machinery and accordance with the population census. The names Equipment Dealers, Antique Dealers, or Real Estate, selected for the 500 had been separated into where the responses would be skewed toward those states. They were shuffled and divided according to with secondary employment or specific appraisal

interest. By using a list of those who are SIC
 the 200 sample cost (e.g. 5 for Massachusetts, 1
 listed under "Services, Appraiser"; the author
 for Rhode Island, 14 for New York, etc.). The Census
 concluded there was a greater likelihood of
 Population Sample Distribution for 1970 in Exhibit # 12
 obtaining a broad multi-discipline spectrum of
 along the distribution in each area. As seen in
 those who claim the title "appraiser."

the final sample cost, the actual sample responses
 from the two hundred was 147. Some phone calls made
 The 2000 names purchased from R. L. Polk were
 at appropriate time differences and other calls
 received on 3" x 5" continuous form index cards.
 were continually unsuccessful. Answering machines
 They were separated into states, shuffled, and
 statistics were not kept, but many appraisers use
 mixed. Initially 500 names according to the
 then. There were respondents that could not be

convinced to take the time to answer the questions.
 proportion for each state were calculated on a
 And some responses had partial answers. The sample
 percentage basis and dealt. (e.g. 14 Massachusetts,
 size however was a strong base of one hundred and
 2 Rhode Island, 45 New York, etc.). This paralleled
 forty-eight responses.

the population census, whereas Massachusetts has
 2.77% of the population, Rhode Island .47%, and New
 The survey questions were designed to prevent
 York 8.91%, etc. The survey interview was to be
 ambiguity, avoid internal bias, and gain a
 conducted by telephone to insure contact and a
 willingness of the respondents to provide the
 response. The pilot survey had shown that an
 information. In addition, the design considered the
 average phone call would take 6 to 12 minutes per
 importance of discrete answers. The author wanted
 interview. A sample of 200 names were chosen from
 answers that would be as specific as possible, easy
 the five hundred using the same random selection in
 to codify and correlate, and finally to be able to
 accordance with the population census. The names
 obtain a sample sufficient to provide the
 selected for the 500 had been separated into
 information and confidence level desired.
 states. They were shuffled and divided according to

the 200 sample count. (e.g., 6 for Massachusetts, 1 for Rhode Island, 18 for New York, etc.) The Census Population Sample Distribution Form in Exhibit # 12 shows the distribution for each area. As seen in the final sample count, the actual sample responses from the two hundred as 143. Some phone calls made at appropriate time differences and other calls were continually unsuccessful. Answering machines statistics were not kept, but many appraisers use them. There were respondents that could not be convinced to take the time to answer the questions. And some responses had partial answers. The sample size however was a strong base of one hundred and forty-eight responses.

The survey questions were designed to prevent ambiguity, avoid internal bias, and gain a willingness of the respondents to provide the information. In addition, the design considered the importance of discrete answers. The author wanted answers that would be as specific as possible, easy to codify and correlate, and finally to be able to obtain a sample sufficient to provide the information and confidence level desired.

An initial questionnaire was designed and pilot interviews were attempted at several regional appraisal seminars. This information (not used as a part of the database) provided enough feedback to improve the questions. A second and third pilot questionnaire was developed. Each an improvement upon the previous one used and each tested in the field. The final questionnaire contained twenty-three questions resulting in seventy-seven separate coded answers.

There are many areas of the survey which can be improved. There could have been fewer questions, the usefulness of some of the data is superfluous to the research, the reliability and truthfulness of the answers could be better cross-checked with improved adroit questions, and the weight of the seventy-seven data points for purposes of correlation could be reduced to provide more specific areas of concrete research data. It is, however, an important beginning and the author would ask that others pursue the challenge to continue the research into the people involved in appraisal by improving the work accomplished here.

about appraising?"

Much of the course correction or improvement came in retrospect and could not be made because the survey was in mid-progress and much of the data had been entered in the spread-sheet format. To expedite the process, data was entered on an as available basis.

The use of an introductory statement by the Research was conducted into the best method of interviewing. Lorie and Roberts' Text on Basic Methods of Marketing Research was used as the principle source regarding methods of interviewing in surveys. Three interviewers were trained in the best method to obtain cooperation from the respondents. The following script was written:

"Hello, May I speak to an appraiser. My name is I am working on an opinion survey for the Valuation Science Institute of Lindenwood College, in St. Charles, Missouri. We are talking with appraisers in different parts of the country to find out about the appraisal profession. Could you take a minute or two to comment and answer a few questions about appraising?"

available further information. Some cases were
 It was found that some were enthusiastically
 willing to participate, to the extent that it was
 difficult to close the conversation - sometimes the
 long-distant phone calls extended to twenty
 minutes. Others were difficult and often quite
 rude, particularly those living in large cities.
 The use of the introductory statement by the
 interviewer was sometimes interpreted as a
 telemarketing sales pitch and was often met by "not
 interested."

The first question on the survey regards the type
 of property appraised. Usually this was answered
 easily, but the probing questions were not. Often
 when the question, "How many appraisals do you do a
 week?" was asked, the respondent would say, "I am
 not going to tell you about my business!", and
 promptly hang-up. Others, particularly older
 appraisers in real estate who were well grounded in
 their subject would answer in such a way to make
 the whole process worthwhile. The interviewers
 reported that the people in the West and South were
 more cordial than those in the East and North. In
 addition, there were many appraisers who were not
 in, had answering machines, or were otherwise not

available for an interview. These names were re-entered into the pack, reshuffled, then a new name was selected. This was done to insure the randomness of the sample. In all, more than six hundred phone calls were made to obtain the 148 sample responses.

naire to a sample of 400

real estate appraisers around the United States. The author acquired and attempted to use a standard statistical software package to analyze the resulting data. It proved to be unnecessary.

Instead, a Lotus spread-sheet format was designed to tally the results, sort, and correlate the data.

Standard statistical tests were performed including standard deviation, percent of variance and for discrete data Student's t Test.

low hold," there were 185 positive answers. (86%). Eight-eight percent of

The author researched the market for statistical data regarding appraisers in general. There are

some appraisal organizations who have survey data about appraisers. Although that data did not

represent the entire population of appraisers, it was helpful to the extent of understanding the

methodology used. An article published in The

survey was conducted by the Real Estate Research

the

Appraisal Journal by Diskin, Maroney and Vickory
Center of PSU although the article refers to the
titled, Appraisers' Perspectives on Industry
study group as simply The Research Center. The
Regulation: Is it Time?, reports a study made of
survey is interesting in its presentation and
appraisers. The Real Estate Research Center at
provides an analysis of opinions by professional
Florida State University conducted a survey by
real estate appraisers about the requirements of
mailing a questionnaire to a random sample of 400
real estate appraisers. One important way in which
real estate appraisers around the United States.
this survey's results differ from the author's
They received 235 responses and 210 were used in
research in the questionnaire about the importance of
the analysis. The survey was bias toward
designations. In the Real Estate Research Center
designated real estate appraisers. The article
study, the question read: "Should appraisers be
states, "A large percentage of the appraisers who
required by law to have professional designations
participated in the study have designations from
before being allowed to establish a practice". The
the various professional groups", (382). Again, in
answers were biased in favor of designations
answer to the question, "please check the
because 88% of the respondents had a formal
professional designations you now hold," there were
designations. Some had both MAI and ARMA. Only 28%
185 positive answers, (381). Eight-eight percent of
of the respondents did not have the designation,
the respondents had a formal real estate
but were working toward it. Only 33% of all
designation. No statement is made in the report on
respondents said yes. Of those with dual real
how the sample was chosen, but it would appear that
estate designations from the Appraisal Institute
the sample was: (1) exclusively real estate
and the Society 70% favored the requirement. It is
appraisers and (2) was derived from a list supplied
clear that the question of the importance of
by one or more of the real estate appraisal
designations is self-serving to those who have
designation-giving organizations. Furthermore, the
struggled to achieve them. In the author's survey
survey was conducted by the Real Estate Research
the question was asked in two ways: Question 9

Center of FSU although the article refers to the study group as simply The Research Center. The survey is interesting in its presentation and provides an analysis of opinion by professional real estate appraisers about the requirements of real estate appraisal. One important way in which this survey's results differ from the author's research is the question about the importance of designations. In the Real Estate Research Center study, the question read: "Should appraisers be required by law to have professional designations before being allowed to establish a practice"? The answers were biased in favor of designations because 88% of the respondents had a formal designation. Some had both MAI and SREA. Only 26% of the respondents did not have the designation, but were working toward it. Fully 63% of all respondents said yes. Of those with dual real estate designations from the Appraisal Institute and the Society 70% favored the requirement. It is clear that the question of the importance of designations is self-serving to those who have struggled to achieve them. In the author's survey the question was asked in two ways: Question 8

relative progress that real estate
asked; "Do you have an appraisal designation?" and
Question 9 asked; "Do you think an appraisal
designation is important?". The author's sample
was a random selection of all appraiser types and
not restricted to real estate or members or
candidate members of appraisal organizations. The
answers indicated a different viewpoint. In the
author's research the real estate appraisers
thought the designation was important whether or
not they had one, personal property appraisers did
not. Seventy-one percent of the respondents did not
have a designation. Fifty-four percent of all
respondents thought a designation was important.

highest educational, ethical, and testing
Another study of the appraisal profession was
conducted by John White and published in the
Appraisal Journal. This study involved exclusively
real estate appraisers and in many ways had a bias
in favor of members of the American Institute of
Appraisers. In the preface to the article, Mr.
White states his bias: "Mr. Smith further
indicates the narrow limits of his survey by
stating: The purpose of the study presented in
this article was to report on the

relative progress that real estate appraisers have made toward professional recognition. Part of the study included a survey that focused entirely on members of the American Institute of Real Estate Appraisers. Members and candidates of the Appraisal Institute represent 17,200 individuals of a total estimated 200,000 or more who practice as appraisers, or occasionally represent themselves as such. An objective analysis led to the inescapable conclusion that the preeminent appraisal body is the American Institute, because it possesses the highest educational, ethical, and testing standards for appraisers of income property. (underline added)

It is obvious that the study is biased, written by an American Institute real estate appraiser, for the American Institute Magazine and read by American Institute members. Mr. Smith further indicates the narrow limits of his survey by stating, "the survey concentrated on Appraisal

he mean 43 out of 50 non randomly selected

respondents represent the vast majority of the more
Institute members who are recognized as appraisers
of real estate income property, (326)." He further
states that the answers came mainly from,
"successful, investment-oriented, urban appraisers
and hence may indicate a bias", (326). Mr. White
states, "A special questionnaire with 20 questions
was designed to elicit from a carefully selected
sample of MAIs, their reaction...", (363). Mr.
White's survey differs from the author's in that
Mr. White chose to carefully select a sample of
specific real estate appraisers while the author
used a random sample of all people who hold
themselves out as independent fee appraisers. In
addition, White does not tell us how many survey
questions were sent and how many in his very
selective list responded. He does say, "the bulk of
the respondents were chosen from among the top
practitioners of commercial real estate appraisal
...". A careful geographic dispersion was
arranged. "Virtually all responses were
forthright...", (364). He comments on one response
regarding whether a property could have two values
by stating, "The vast majority, 43, said yes." Does
he mean 43 out of 50 non randomly selected

respondents represent the vast majority of the more than 17,000 members of his Appraisal Institute? His study and inferences are, in the author's opinion, biased toward the MAI designation.

In the past, discussions about the multi-discipline appraisal practice have relied on personal experience coupled with common sense and reasonably good intentions. Information about the general field of appraisal has been lacking. This

research subject should be of major interest to those involved in appraisal education as well as those organizations who seek to lead the appraiser to professional standing. It is, to the author's knowledge, the first attempt to survey those involved in the general field of appraisal. It was the intent of this project to provide a beginning to further research into the people who practice appraisal. We know, on the basis of this survey, that there is a need for a substantial improvement in public relations and promotion to raise the level of designation acceptance among personal property appraisers and those who use the services.

We know that marketing appraisal services and the ability to earn a living from the exclusive practice of appraisal should be an important aspect of appraisal education. This study of the people involved in appraisal has shown that as a group the majority has little formal education and most are involved part-time. If the status of appraisers is to rise to the level of professionalism, it must start with an academic base. It must also provide a professional wage. The organizations that would lead this group should work toward improving the image and status of appraisers.

- c. Personal Property 3.4%
- d. Business Valuation 5.5%
- e. Other items 1% f. Everything 2.1%

2. Sex: Male 88.5% Female 30.5%

3. Are you an independent fee appraiser, i.e. your income is based on fees charged to each outside client?

Yes 88.5% No 14.7%

4. How many employees are appraisers?

4.75 employees. The standard deviation is 4, a mode of 4, and a median of 4.

5. How many appraisals do you do per week?

3.03 appraisals, a standard deviation of 5, a mode of 2 and a median of 4.

APPRAISAL PROFESSION SURVEY

The data reported here is the exact mean or reported percentage response for each question.

The data was tested using Student's t Test and Standard deviation calculations. The t Test used .025 for a confidence test of 99.95% which resulted in a plus or minus 3% for the majority of discrete responses.

1. What type of property do you appraise?
- a. Real Estate 55.9%
 - b. Personal Property 33/6%
 - c. M and E 8.4%
 - d. Business Valuation 5.6%
 - e. Other items 7% f. Everything 2.1%

2. Sex: Male 68.5% Female 30.8%

3. Are you an independent fee appraiser, i.e. your income is based on fees charged to each outside client?

- Yes 85.3% No 14.7%

4. How many employees are appraisers?
4.78 employees. The standard deviation is 4, a mode of 4 and a median of 4.

5. How many appraisals do you do per week?
5.03 appraisals. A standard deviation of 5, a mode of 2 and a median of 4.

6. Do you have a college degree?
 Yes 46.2% No 53.8%
 Confidence factor of plus or minus 3%.
7. Did you receive any special training in appraisal?
 Seminars 4.2% Courses 79.7% None 16.1%
8. Do you have an appraisal designation?
 Yes: 28% No: 72% Confidence factor of plus or minus 2%.
9. Do you think an appraisal designation is important?
 Yes 53.8% No 46.2% (plus or minus 3%)
10. Are you familiar with the American Society of Appraisers?
 Yes 72.7% No 28%
11. Is appraisal your full-time occupation? (40-hours a week?)
 Yes 48.3% No 51.7% (plus or minus 3%)
12. What are the secondary business or occupation(s) do you have?
52.4% of all respondents referenced shop, broker, auction, gallery, store, etc.
 Confidence factor plus or minus 3%.

Hourly Rate \$50.00

Per Diem Rate \$400.00

FHMA Fee \$125.00

The standard deviation for the hourly rate was 15.66, the mode was \$41 and the

13. Please estimate what portion of your clients come from the following:
- Lending Institutions? 62.9%
 - Insurance Companies? 21.7%
 - General Public? 81.8%
 - Lawyers? 42/7%
 - Government? 15.4%
 - Other 11.2%
14. How long have you been in the appraisal business?
- 15.6 years Standard Deviation of 5, a mode of 20, and a median of 18 years.
15. What is your principle source of advertising?
- Newspapers 20.3%
 - Yellow Pages 76.2%
 - Referrals 77.2%
 - Direct Mail 9.1%
16. How many years have you advertised as an appraiser?
- 12.76 years.
17. How are appraisal fees charged to the client?
- Percentage of value 2.1%
 - Hourly rate 55.2%
 - Per diem 4.2%
 - Flat Fee for the task 65%
 - Set by Others in the firm 2.1%
18. What is the hourly rate? Per Diem Rate?, If Real Estate Appraiser, FNMA flat fee?
- Hourly Rate \$60.00.
 - Per Diem Rate \$460.00.
 - FNMA Fee \$229.00.
- The standard deviation for the hourly rate was 25.54, the mode was \$60 and the factor of plus or minus of 3%.

median was \$60. The standard deviation for the per diem rate was \$174.36, the mode and median \$400. The FNMA flat rate standard deviation was \$50.10, the mode \$200 and the median charge \$225.00.

19. What is your age?

46.8 years. The standard deviation was 12.63, the mode and median was 47 years.

20. What is the cost to a client for an average appraisal report?

\$399.58 The standard deviation was a high \$531.82. The mode was \$200 and the median \$212.50.

21. What other important services do you offer your clients?

Consulting 44.1%
 Brokerage 29.4%
 Auction 19.5%
 Consignment 25.9%
 Construction 8.1%
 Offer to Buy 26.6%

These figures have a confidence level of plus or minus 3%.

22. Do you recognize any of the following designation abbreviations?

MAI 67.8%
 ASA 55.2%
 ISA 24.5%
 GG 9.1%
 AAA 39.2%
 SREA 58.7%
 RM 46.2%
 MBA 79.7%
 MS 46.9%
 CREA 44.8%
 ARD 2.8%

These figures have a 99.9% confidence factor of plus or minus of 3%.

RANDOM SELECTION OF
13 APPRAISERS FROM
ACROSS THE NATION

ORIGINAL REDUCED ACTUAL

81

STATES	ZIP CODE	CENSUS	506	228	143	STATES
Massachusetts	010-027	2,7700%	14	5	6	Massachusetts
Rhode Island	028-029	2,7800%	2	1	1	Rhode Island
New Hampshire	030-031	2,7900%	1	1	1	New Hampshire
Maine	032-033	2,8000%	1	1	1	Maine
Vermont	034-035	2,8100%	1	1	1	Vermont
Connecticut	036-037	2,8200%	3	3	3	Connecticut
New Jersey	038-039	2,8300%	7	7	3	New Jersey
New York	040-041	2,8400%	18	18	17	New York
Pennsylvania	042-043	2,8500%	29	29	1	Pennsylvania
Delaware	044-045	2,8600%	1	1	1	Delaware
D.C.	046-047	2,8700%	1	1	1	D.C.
Maryland	208-209	1,9300%	10	4	3	Maryland
Virginia	220-245	2,2800%	11	5	5	Virginia
West Virginia	247-260	2,6400%	4	2	2	West Virginia
North Carolina	270-281	2,5000%	13	5	1	North Carolina
South Carolina	290-299	1,2500%	6	3	1	South Carolina
Georgia	300-319	2,3700%	11	5	1	Georgia
Florida	320-339	3,4000%	17	7	2	Florida
Alabama	350-369	1,5500%	8	3	3	Alabama
Tennessee	370-385	1,9400%	16	4	1	Tennessee
Mississippi	386-397	1,1300%	6	2	2	Mississippi
Kentucky	400-427	1,1100%	6	2	2	Kentucky
Ohio	430-458	5,2300%	25	13	5	Ohio
Indiana	460-479	2,5500%	13	5	5	Indiana
Michigan	480-499	4,3600%	22	9	5	Michigan
Iowa	500-528	1,3800%	7	3	3	Iowa
Wisconsin	530-549	2,1500%	11	4	4	Wisconsin
Minnesota	550-567	1,8600%	9	4	3	Minnesota
South Dakota	570-577	0,3200%	2	1	1	South Dakota
North Dakota	580-588	0,3000%	2	1	1	North Dakota
Montana	590-599	0,3400%	2	1	1	Montana
Illinois	600-629	3,4300%	27	11	11	Illinois
Missouri	630-658	2,3100%	12	5	4	Missouri
Kansas	660-678	1,1100%	4	2	2	Kansas
Nebraska	680-693	0,7300%	4	2	2	Nebraska
Louisiana	700-714	1,8000%	9	4	1	Louisiana
Arkansas	716-725	0,9500%	5	2	2	Arkansas
Oklahoma	730-743	1,2600%	6	3	3	Oklahoma
Texas	750-799	5,5600%	28	11	3	Texas
Colorado	800-816	1,1000%	6	2	2	Colorado
Wyoming	820-831	0,1600%	1	1	1	Wyoming
Idaho	832-838	0,3500%	2	1	1	Idaho
Utah	840-847	0,5200%	3	1	1	Utah
Arizona	850-865	0,8800%	4	2	2	Arizona
New Mexico	870-884	0,5000%	3	1	1	New Mexico
Nevada	890-898	0,2400%	1	1	1	Nevada
California	900-961	9,9800%	50	20	8	California
Hawaii	957-968	0,3900%	2	1	1	Hawaii
Oregon	970-979	1,0400%	5	2	2	Oregon
Washington	980-994	1,5800%	8	3	2	Washington
Alaska	995-999	0,1500%	1	1	1	Alaska
TOTAL		0,9952	502	207	143	

23. Exclusive of all other income generating businesses, and/or investments, what would you estimate your income is, strictly from appraisal work?

Average response \$25,766.13.

The standard deviation was \$14,716, a mode of \$10,000 and a median of \$25,000.

RANDOM SELECTION OF
143 APPRAISERS FROM
ACROSS THE NATION

ORIGINAL REDUCED ACTUAL

STATES	ZIP CODE	CENSUS	500	200	143	STATES
Massachusetts	010-027	2.7700%	14	6	6	Massachusetts
Rhode Island	028-029	0.4700%	2	1	1	Rhode Island
New Hampshire	030-038	0.3500%	2	1	1	New Hampshire
Maine	039-049	0.4800%	2	1	1	Maine
Vermont	050-059	0.2200%	1	1	1	Vermont
Connecticut	060-069	1.4900%	7	3	3	Connecticut
New Jersey	070-089	3.5400%	18	7	3	New Jersey
New York	100-149	8.9100%	45	18	17	New York
Pennsylvania	150-196	5.7400%	29	11	3	Pennsylvania
Delaware	197-199	0.2700%	1	1	1	Delaware
D.C.	200-205	0.3700%	2	1	1	D.C.
Maryland	206-219	1.9300%	10	4	3	Maryland
Virginia	220-246	2.2800%	11	5	5	Virginia
West Virginia	247-268	0.8400%	4	2	2	West Virginia
North Carolina	270-289	2.5000%	13	5	1	North Carolina
South Carolina	290-299	1.2800%	6	3	1	South Carolina
Georgia	300-319	2.2700%	11	5	1	Georgia
Florida	320-339	3.4000%	17	7	2	Florida
Alabama	350-369	1.6900%	8	3	3	Alabama
Tennessee	370-385	1.9400%	10	4	1	Tennessee
Mississippi	386-397	1.1000%	6	2	2	Mississippi
Kentucky	400-427	1.1100%	6	2	2	Kentucky
Ohio	430-458	5.2300%	26	10	5	Ohio
Indiana	460-479	2.5500%	13	5	5	Indiana
Michigan	480-499	4.3800%	22	9	9	Michigan
Iowa	500-528	1.3800%	7	3	3	Iowa
Wisconsin	530-549	2.1500%	11	4	4	Wisconsin
Minnesota	550-567	1.8600%	9	4	3	Minnesota
South Dakota	570-577	0.3200%	2	1	1	South Dakota
North Dakota	580-588	0.3000%	2	1	1	North Dakota
Montana	590-599	0.3400%	2	1	1	Montana
Illinois	600-629	5.4500%	27	11	11	Illinois
Missouri	630-658	2.3100%	12	5	4	Missouri
Kansas	660-678	1.1100%	6	2	2	Kansas
Nebraska	680-693	0.7300%	4	2	2	Nebraska
Louisiana	700-714	1.8000%	9	4	1	Louisiana
Arkansas	716-729	0.9500%	5	2	2	Arkansas
Oklahoma	730-749	1.2600%	6	3	3	Oklahoma
Texas	750-799	5.5600%	28	11	3	Texas
Colorado	800-816	1.1000%	6	2	2	Colorado
Wyoming	820-831	0.1600%	1	1	1	Wyoming
Idaho	832-838	0.3500%	2	1	1	Idaho
Utah	840-847	0.5200%	3	1	1	Utah
Arizona	850-865	0.8800%	4	2	2	Arizona
New Mexico	870-884	0.5000%	3	1	1	New Mexico
Nevada	890-898	0.2400%	1	1	1	Nevada
California	900-961	9.9800%	50	20	8	California
Hawaii	967-968	0.3900%	2	1	1	Hawaii
Oregon	970-979	1.0400%	5	2	2	Oregon
Washington	980-994	1.6800%	8	3	2	Washington
Alaska	995-999	0.1500%	1	1	0	Alaska
TOTAL		0.9962	502	207	143	

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