

# **SPECIAL REPORT**

## **An Appraiser's Solution to Making More Money:**

**How to Add Appraisal Reviews  
as a New Revenue Stream to  
Your Existing Appraisal Business  
—or Even Make It Your Full-Time Job**



**By Ron Maloney, creator of the course  
"How to Make Money doing Appraisal Reviews"**

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# An Appraiser's Solution to Making More Money

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## How to Add Appraisal Reviews as a New Revenue Stream to Your Existing Appraisal Business—or Even Make It Your Full Time Job

By Ron Maloney

### ➤ **A look at the problem: today's anemic appraisal industry**

If you're an experienced appraiser or even a relative beginner ... and you think the business is not what it used to be ...you're not alone.

The appraisal business is slow across the nation. And there are many appraisers who are struggling.

According to a report from IBIS World:

Profits in the U.S. real estate appraisal industry fell for three out of the past five years.<sup>1</sup>

The average real estate appraiser today earns a modest \$51,000 a year. That's higher than the national average for U.S. wage earners, but not much.<sup>2</sup>

One appraiser says that a decade ago, he was paid \$350 to \$450 for an appraisal for 3 comps and 3 photos. Today he is lucky to get \$250.

Another appraiser complains that in the early 1990s, he did 50 to 80 appraisals a month. Now he gets about 20 a month.

A third says, "that while an experienced appraiser should earn \$50 to \$100 an hour, he is only earning about \$25 an hour".

A fourth says, "The conundrum I face is working for low fees from larger appraisal management companies with greater report writing demands and tighter time constraints ... or continuing to find smaller AMCs with fair fees."<sup>3</sup>

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<sup>1</sup> <http://www.prweb.com/releases/2013/3/prweb10545179.htm> PRWeb, March 19, 2013: *Real Estate Appraisal in the US Industry Market Research Report from IBISWorld has Been Updated*

<sup>2</sup> <http://www.indeed.com/salary/Real-Estate-Appraiser.html> indeed.com, jobs site

<sup>3</sup> <http://www.workingre.com/appraiser-independence-survey-results-comments/> Working RE (publication serving the real estate industry, undated, most probably 2013: *Appraiser Independence Survey Results Comments*)

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Everyone wants to make more money but a vast number of Appraisers are struggling just to survive in this profession.

Many of the appraisers I speak with, a large number in their 50s and 60s say they are scared, angry, frustrated, and disillusioned with the appraisal profession – and worried about its future.

Among their key concerns are mastering new technology, growing appraiser liability, fast-changing regulations, E&O insurance premiums, and fees that are stagnant or even diminishing.

“I am burned out, beat up, and have been doing the same job for too long,” one gray-beard appraiser told me recently. “I am worried about having enough money to fund my kids’ college tuition and being able to live comfortably when I retire.”

The question is: how do you make more money in the appraisal business? Sitting around hoping that business will improve is not going to do any good.

➤ **The solution: add appraisal reviews to your practice**

Let’s face it, things are very different than they were in 2007 and business is not going to come to you the way it once did.

With mortgage volume down 40% to 50%, and no telling when it will return, you can’t afford to sit back and hope to do business as usual.

What you need to do now is to expand and diversify, especially from residential-mortgage appraising: specifically, to add appraisal reviews to what you do now.

Some appraisers have already done this and built their incomes back up by taking on desk and field review assignments.

Others enjoy an independent lifestyle and earn a full-time living from it ... without kowtowing to lenders and poorly run appraisal management companies.

In my experience, reviewing valuation reports is an ideal way to make money... without additional expense...or giving up what you presently do (unless you want to).

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## **A career spanning 30 years with several twists along the way**

My name is Ron Maloney and I did my first appraisal in 1982, when I was 25 years old. Back in the day I was the new kid on the block. Today, I'm a grizzled veteran who's learned how to survive and prosper in both changing and challenging times.

During the course of almost 2 decades, my father, brother and I built our appraisal company, Classic Appraisals, from one person to a thriving business. We trained the majority of our Appraisers and provided appraisal services to over 100 banks and lenders during that time. At our peak, we had two offices and 60 appraisers doing appraisals in 12 different counties. It was quite a diverse and eclectic group, with people of different backgrounds and from all walks of life and this combination was a big reason for our success. We became known for doing quality work and our commitment to the appraisal profession, as much as for the large volume of business we did. Our motto "Quality Appraisals and Fast Turn-Around Time" was fitting.

***It all started in the early 80's when my Dad was asked to do appraisals by a local Lender.*** He was a Real Estate Broker who owned a Century 21 franchise at the time, and this was back when there was no such thing as licensing. Banks could decide who to use based on their background and experience and often times RE Brokers did appraisals. Although my Father had never done a formal appraisal before a friend, who was an MAI, was nice enough to give him examples of his work and provide him with some instruction (this was before "forms" were developed and I remember seeing Jim's reports and recall that they were handwritten, in short narrative style). Wow, how times changed!

My Dad was well-educated, graduated from Fordham University and worked as a corporate executive with the Nabisco Corp (today known as RJR Nabisco) commuting to Park Avenue in Manhattan, for about 10 years. He was a smart guy, had a strong work ethic and high standards. He used Jim's reports as a basis for his appraisals, ordered Harrison's Illustrated Guide to Appraising, and before long he started getting more and more appraisal requests. He was very well respected, knew everyone from the mayor to the local hot-dog vendor and it was said that he treated all equally but it was mostly his corporate experience, along with an entrepreneurial mindset which provided the foundation for the success of Classic Appraisals.

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In the mid 90's my Dad was diagnosed with prostate cancer and needed to take time off in order to seek treatment. On days when he had doctor appointments, I would go with him and my brother would run the business.



Dan "Buddy" Maloney, Founder Classic Appraisals Corp., circa 1990

During this period, our profession was again undergoing many changes and it would have taken a significant investment of time and money, as well as more enthusiasm than either my brother or I had, in order for us to make the changes needed to remain competitive. Instead we decided to sell the business to an appraiser who worked for us, who had all the qualities to be successful, and take some time off from the industry.

The truth be told, years of running a high volume business had exacted a great toll. I was tired, burned out and badly in need of a change.

What's more, I had become sick and tired of the increasing pressure from lenders to "hit numbers"... and of competing with appraisers who had buckled under the pressure to artificially inflate values and make deals.

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## **How I changed the course of my career and re-invented myself as a Review Appraiser**

After taking some time off and participating in a few entrepreneurial ventures, I decided to return to the appraisal profession and, rather than face the same issues as before, I decided to “reinvent” myself as a review appraiser.

One of my main functions in our appraisal business had been reviewing reports and I had always wondered if I could make a living in the review end of the business. I enjoyed reviewing reports and it seemed like the ideal way to use my experience, without the responsibility of running a big shop or being pressured by lenders.

I ended up accepting a position in the wholesale lending arena as a review appraiser and worked at a couple of companies reviewing reports and developing Staff Reviewers, before settling in at JP Morgan Chase. While there, I worked out of my house and it was my first experience working “remotely”, doing reviews.

I learned a lot and was paid pretty well but I knew it would only be a matter of time before I would go back to work for myself, so after a few years I left JP Morgan and started my own company solely doing appraisal reviews, PCA Inc.

## **Professional Collateral Analysts- an appraisal company that specializes in review work**

Some believe that I have an “innate” business sense, but it’s mostly a matter of experience and good mentorship. But I will say this: I have invested a lot of time and money learning how to be successful and, in particular, how to use marketing techniques to bring in business. And much of what I learned I used in starting this new company.

I’m also savvy enough to know when it’s time to “make a move”. So when my best childhood friend Craig became a managing director of a Wall Street firm I called him and made plans to get together, believing he might be able to get PCA approved to do review work.

Craig had previously owned a successful mortgage banking firm and had been our largest client at Classic Appraisals, and I knew he would help me if at all

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possible. Thankfully he was able provide me with a lot of review work for some time.

When Craig ended up leaving the firm, the company decided to use an in-house reviewer and now, faced with losing a big account, I needed to find some new business. ***I wrote a specific kind letter, marketing my company's services*** and sent it to those in the industry who would be interested. Ultimately, it landed a big client and PCA had one of our most profitable years ever.

Eventually, our client ended up losing the account to a competitor but the chief reviewer thought so much of our work that he told us who received the new contract, and suggested I contact them. I did and, almost immediately, they began giving us reviews to do!

That was a number of years ago. And ever since, I've been getting regular work from this company. From them alone, I personally made an average of ***\$5,616 per month*** last year doing desk reviews with zero cost for data sources. They're a great client and not my only one.

### **Appraisal reviews: a profitable business in a low-key niche of the appraisal profession**

I'm well connected and constantly monitoring the pulse of the industry and I can tell you, now is an opportune time to get into the independent appraisal review business.

The latest real estate "boom and bust" has brought about changes in the law and new regulations regarding due diligence; these changes practically guarantee lots of future review work.

One reason for the growth of appraisal reviewing is that lenders have started to demand more reviews, to some degree because of past problems with certain types of loans.

A good deal of this review work will be done by independent review appraisers, and outsourcing of contract review work will likely grow as it has proven to be efficient and economical; in this capacity we are seen as hired guns and not commodities.

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In fact, one owner of a 55-year-old appraisal firm indicated that, for the first time, they will begin using independent reviewers due to geographic competency requirements, in order to leverage themselves and save money.

Today there are many sources of review work, other than traditional lenders and AMC's. *I'll reveal where I get my work a little later in this report.*

## **14 reasons to add review appraising as a revenue stream to your business**

Review appraising used to be a somewhat of a mystery to me. But over many years, I learned a lot about this unique and profitable niche.

Like everyone else I started out in the field. Not long afterwards, I found myself helping run a high-volume shop and, for some time now, I work solely doing review work.

From my experience, I can tell you that the review end of business has a lot of advantages over the traditional appraisal business:

1--To begin with, there is less competition, because fewer than 15% of appraisers do any type of review work at all. So you are able to offer a service that your competitors don't know much about. You can choose to do desk or field reviews or do both, since they are very similar.

In fact, of the 82,250 real estate appraisers working in the U.S. today, only 10% are actually classified as review appraisers. But most practicing appraisers already have the basic expertise to do appraisal reviews.

2 -- There is no lender pressure and much less liability. Best of all, you are treated with respect and as an expert—not as a commodity.

3-- You get more non-lender work. Independent appraisal reviews provide welcome diversification from bank origination and retail work.

4-- No chasing late paying customers or running up big accounts receivables—you get paid on time.

5-- Age is not a factor. There is no age discrimination. In fact, your experience is your biggest advantage. And you can use it to help improve our profession

6--With desk reviews you work entirely from home, so there is no commute,

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traffic, headaches or gas and toll costs. No field work is required so there are no concerns about bad weather or difficulty trying to locate comparables.

7--There are no scheduling and appointment issues with desk reviews and even most field review assignments, if you decide to do them. So, you don't have to deal with ill-tempered or fickle home owners or worry about aggressive dogs.

8--Offering appraisal review services can provide you with an additional income stream or a full-time business with significant upside potential. If you're at or near retirement age, performing appraisal reviews can provide a great source of extra income to enhance retirement.

9-- Reviewing appraisals sitting at your desk is not physically demanding. So you can work regardless of most illnesses, injuries, disabilities and limitations.

10--Minimal start-up costs, low overhead and a very high profit margin. All you need is a phone, a PC and an Internet connection. No employees to pay.

11-- No meetings to go to. No commute. No suit and tie. Be yourself and dress the way you want.

12-- Independent review appraisers have flexible work schedules. You work when you want to, decide how much vacation time you take and turn down work you don't want.

13--Your independent appraisal review business is completely portable and re-locatable. Work wherever you want. And you don't answer to any boss but you. You work on your own with only minimal client interaction. No one can "fire" you.

14--No costly data services to pay for. Work only for companies that provide them for you.

### **Would you like a business like mine?**

You can get assignments from traditional lenders ... financial services companies ... appraisal management companies ... private equity firms ...and even your state department of licensing services.

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My work consists of reviewing residential appraisal reports and BPO's. I use standard forms like FNMA form 2006 (Desk Review) and Forms 2000 and 2000A (Field Review) which are straightforward and easy to use. But the vast majority of my work is done using on-line forms that my clients developed, which I find to be very user friendly... and this is coming from someone who is not exactly a "computer geek." The truth is I didn't grow up using computers -I'm an "old school roll up your sleeves" type of guy.

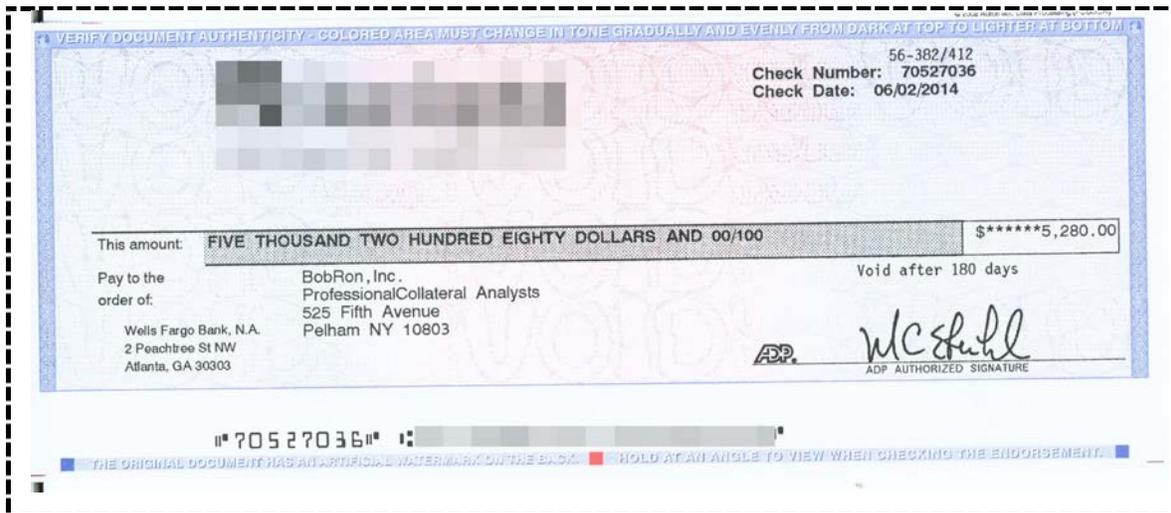
One of my sources of work is a high-quality appraisal management company, who I have performed thousands of reviews for.

>> One type of review I do is assisting in pre-funding due diligence

>> The other type is a "retroactive" review of a non-performing and/or REO property.

Both types are done in an effort to ascertain whether the original appraisal exhibits risks of overvaluation.

In cases that I have determined to be "high risk" I recommend a field review be performed by another appraiser to ensure fairness and accuracy (see check for \$5,280).



- I want to make this point: I earned this from home and without having the cost of fuel, tolls or data subscriptions. My only costs were for paper, pencils and yellow highlighters purchased at Staples!

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In my own independent appraisal review business, I choose clients and the type of work I do very carefully. I only work with quality companies. The AMC's I work with are owned or run by appraisers and provide all necessary data. And they pay me accurately and on time. I also only do review work that I like and that I'm good at, and turn down work which doesn't meet those criteria. In short, I've designed my business the way I want it and scaled it to meet my expectations.

- For a behind the scenes tour of my business you can attend my **one time only Live Training Program** on **“How to Make Money doing Appraisal Reviews”** and you can take the first three classes risk free. Details here: [www.AppraisalReviewBiz.com](http://www.AppraisalReviewBiz.com)

### Changes in law and regulation bring additional sources of work

There's an alphabet soup of federal agencies that are supposed to regulate the financial industry including the FDIC, the SEC and the OCC. And, in connection with Dodd Frank, changes in law and new regulation regarding due diligence practically guarantee lots of future work. As more and more lenders become aware of these requirements, and in order to be in compliance, review assignments will continue to increase.

The law now requires lenders to report appraisers whom they suspect are in violation of USPAP to their state agency. Homeowners can also file complaints with the lender involved, the AMC or directly with the state, as well. Fortunately, most of the issues I find are not egregious or fraudulent in nature; however there are some “bad apples” in all professions, including ours.

This review process should not only serve to protect lenders and consumers, but appraisers as well. And, if performed correctly, it can serve to educate and improve Appraisers as well as “even the playing field”, so that good appraisers don't compete with bad ones for business.

>> I regularly perform these types of appraisal reviews for New York State as an independent regional adviser (RA), and I'm paid very well. These reviews do not physical inspections are required (see check for \$2,076.66).

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Another source of expanding review work is Fannie Mae (FNMA). When an appraisal submitted to FNMA contains serious errors, Fannie will contact the appraiser and lender with some bad news: (a) Either all of the loans submitted with appraisals from the identified appraiser will be reviewed in the post-purchase file review process from now on or (b) FNMA will no longer accept loans with appraisals completed by the specific appraiser.

In the case of Home Equity Lines of Credit (a fast growing area of lending), on-going reviews must be performed on the underlying collateral. Recently, a prominent lender called and indicated that they needed reviews of their HELOC LOANS, in order to meet the requirements of an upcoming OCC audit. And I am regularly receiving assignments that have to do with portfolio reviews, a percentage of which must be done according to law.

While mortgage originations continue to languish near 17-year lows... even though mortgage rates are near the lowest levels in a generation I have stayed busy doing reviews of non-performing loan and REO properties. The boom in non-performing loan and REO work has been triggered by the changes in law affecting millions of homeowners impacted by the weak economy “under water” in their mortgages.

REO work is plentiful because of the sheer volume of foreclosures and is independent of mortgage origination work. And with “zombie foreclosures” on the rise, this area of business will be for busy for many more years.

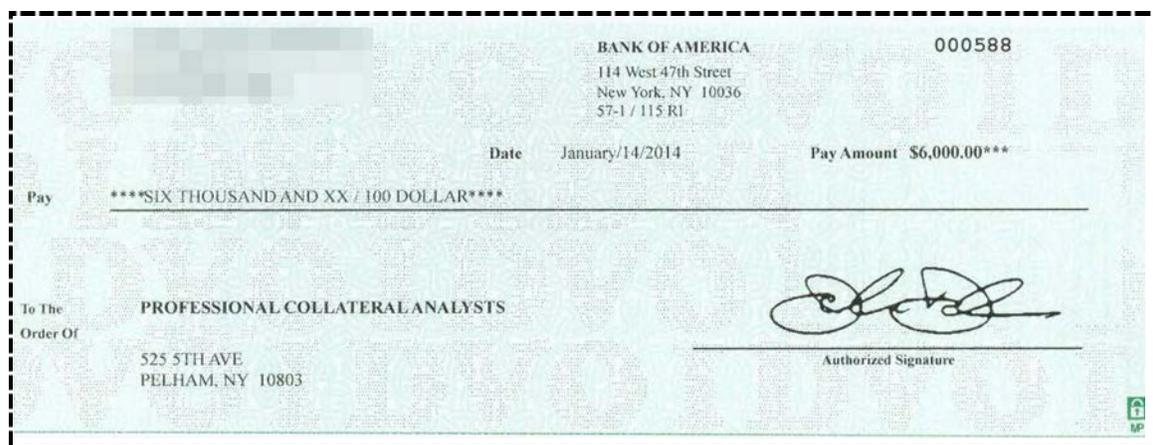
After surveying more than 1,130 counties, RealtyTrac found 241 counties where over 20% of properties with a mortgage are seriously underwater and

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136 counties where over 25% of properties with a mortgage are seriously underwater (defined as a property with a loan to value ratio of 125 percent or more). These 377 counties had a combined population of nearly 130 million people. In fact, right now REO and nonperforming loans account for 80% of my appraisal work, the balance being reviews of origination appraisals. Only a year ago, it was the reverse.

Since the passing of the new Basel 111 banking rule, banks must sell a lot of their assets, and right now there are 1.3 million foreclosure properties nationwide.

Private equity companies, hedge funds and REITS will be significant sources of work for years to come as they bid on these assets and my company most recently did a large number of desk reviews of this type (see check for \$6,000).



And, in recognition of the increasing importance of appraisal reviews, the Appraisal Institute has created its first new designations in more than 20 years: the AI-GRS (Appraisal Institute General Review Specialist) and the AI-RRA (Residential Review Specialist).

**Is a part-time or full time career as a review appraiser in your future?**

So, can you really develop a nice side income or full-time review business along with the income and lifestyle that comes with it?

This is very realistic and yes, it can happen for you. Look, I'm a competent

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and experienced professional, but I'm not the best or most "astute" reviewer around, so if I can do this, chances are you can too.

I believe most appraisers can make money in this niche, if they are they have some desire and are willing to learn.

In fact, getting started doing appraisal reviews may be just the answer you've been looking for. And there's no reason why you couldn't start making money in this niche pretty quickly.

You're already set up to do business so the barrier to entry is very low and you have the basic knowledge. All you need is someone to show you how it's done, which is precisely what I'm going to teach in my **one time only Live Training Program** on ["How to Make Money doing Appraisal Reviews"](#).

Mind you, I didn't say you'd get rich doing reviews. But you only need one good client to begin making a couple of thousands of dollars or more of additional monthly income. How much would that help you out?

At some point you may decide to do this business on a full time basis and make a lot more money, like I do. Look, for me this is an ideal way earn a living. Most importantly, it's proven to be resilient and profitable as well as providing me with a great, independent lifestyle.

Being an independent review appraiser is by far the best "job" I've ever had ... and doing desk reviews is the easiest way I've made money in some 30 years in the appraisal business.

I get to call my own shots, make my own decisions and work when I want to.

I enjoy setting my own schedule and some of the flexibility that comes with owning a business like this.

It's pretty cool to be able take my lap top and bring my business with me wherever I want to go, like I've done many times. In fact, I've done reviews while visiting many areas of the country as well as in Canada. There are other great advantages to this side of our profession, but I think you get the picture.

**[You can extend your career and even supplement your retirement doing appraisal reviews](#)**

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Plenty of studies show most Americans who turn 65 have nowhere near the amount of money they would need to stop working. We're living much longer now and may need to support a two or three- decade retirement and one of a retiree's biggest fears is not having enough money to make ends meet, or last.

Robert Benmosche, CEO of AIG says the consequences of the debt crisis, "Retirement ages will have to move to 70, 80 years old." Social Security is only enough to pay for the necessities and provide only minimal comfort. If you're like me and most of my friends, you'll need to earn some extra money especially if you want to maintain your current lifestyle through retirement. The money it once took to live comfortably in our golden years will now barely keep pace with a canned food retirement.

So, with the strong likelihood that I'll need to earn some extra money in my retirement, doing review work makes a lot of sense and pays well.

***It's time to diversify, retool and take control*** and I strongly encourage you to start making reviews of residential valuation reports part of your practice ... so that you can begin making more money and start enjoying a more independent and better lifestyle...without getting another job.

So if a middle-aged, technologically challenged appraiser like me, with only hunt and peck typing skills, can do this what are you hesitant about?

***How can you get started, get the right clients and complete reviews successfully so that clients will send you repeat business for years to come?***

The easiest and fastest way is by having someone teach you, without having to do learn it all on your own. If you decide to take my course I'll teach what I do and how I do it and I'll hold nothing back. My training will keep you on track, move you past any difficulties and help you make money quicker.

Now, you can use my years of experience, resources and valuable connections to ***make money reviewing residential valuation reports just like I do.***

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- For details on my **one time only Live Training Program** on “**How to Make Money doing Appraisal Reviews**”... and to take the first three classes risk-free ... click here now:

<http://www.AppraisalReviewBiz.com>

### **About the author:**

Ronald D. Maloney is the President of Professional Collateral Analysts. He performs reviews of valuation reports for accuracy and to identify risk of overvaluation, reconciliation, fraud detection and USPAP compliance. He was a founder and former co-owner of Classic Appraisals Corp.

Mr. Maloney is a certified appraiser in NY and CT, and an Approved Instructor as well as a Regional Advisor (RA) and Subject Matter Expert for the state of NY. Mr. Maloney is a member of the NAIFA and is pursuing the AI-RRS designation. He holds a BS degree from Lock Haven State University.



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