

The Appraisal Institute Presents:

2010

Washington Appraisal

S U M M I T

The BPO & Alternative Valuation Services

Jeff Bradford, CEO
Bradford Technologies, Inc

July 19, 2010



Bradford Technologies, Inc. - The Leader in Innovative Valuation Solutions

Bradford Technologies, Inc.

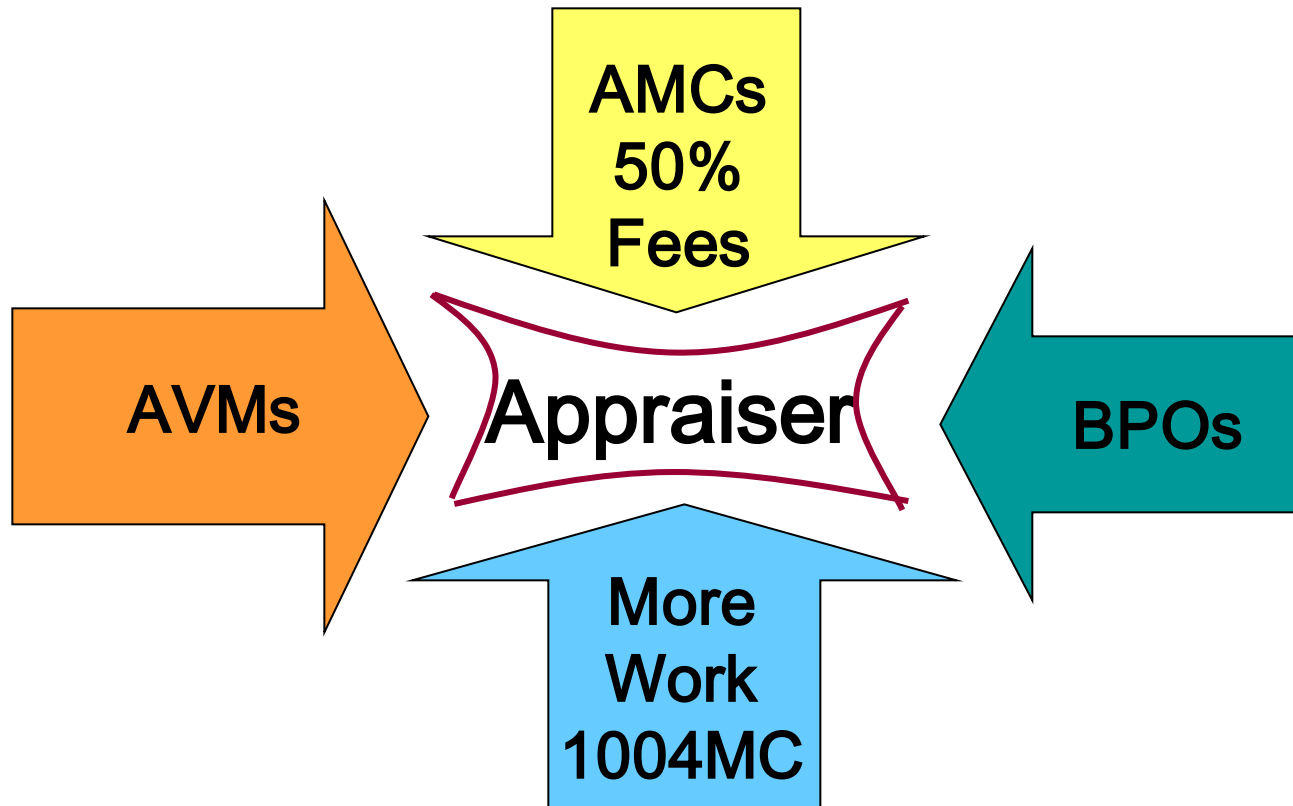
Serving the Appraisal Industry for over 23 Years



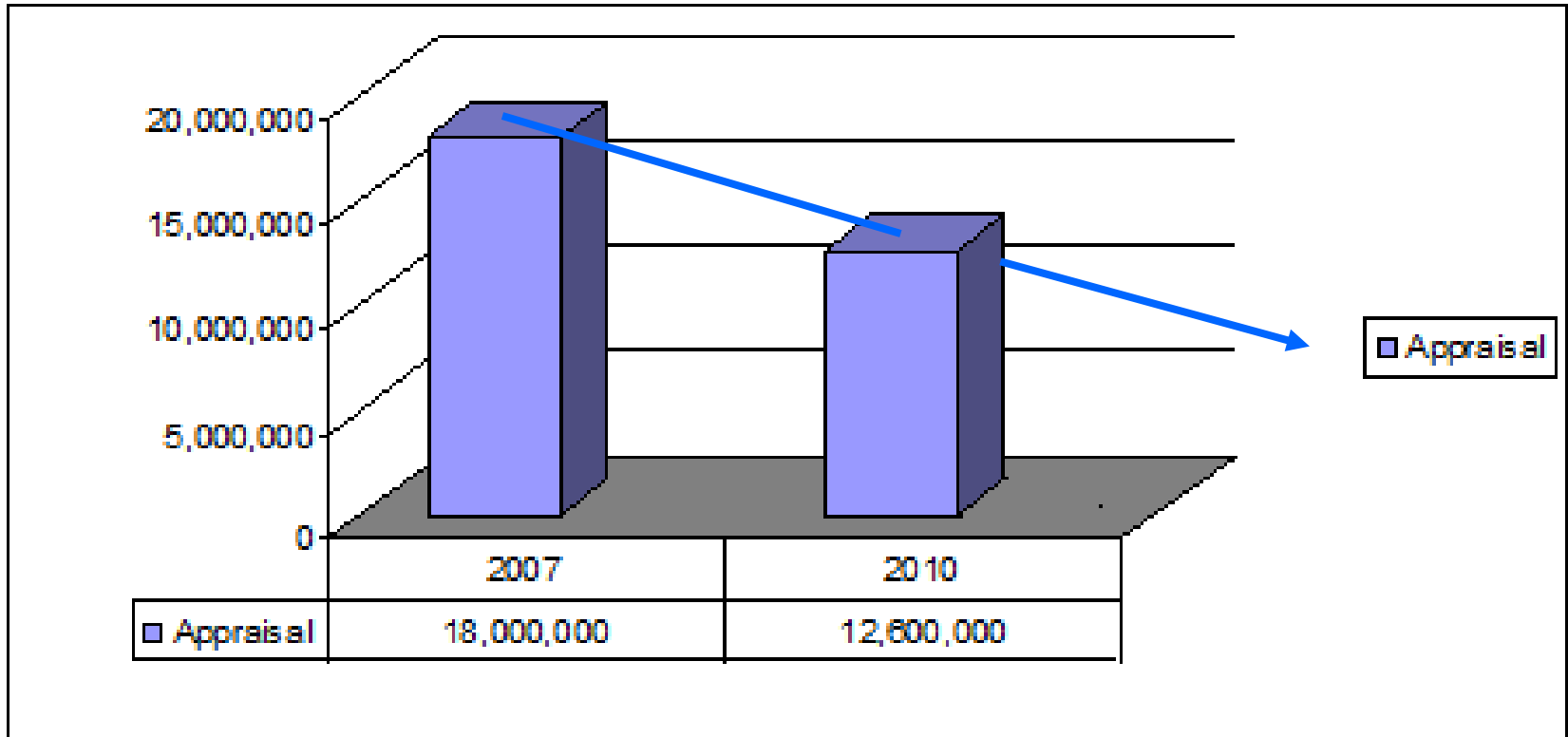
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State of Industry

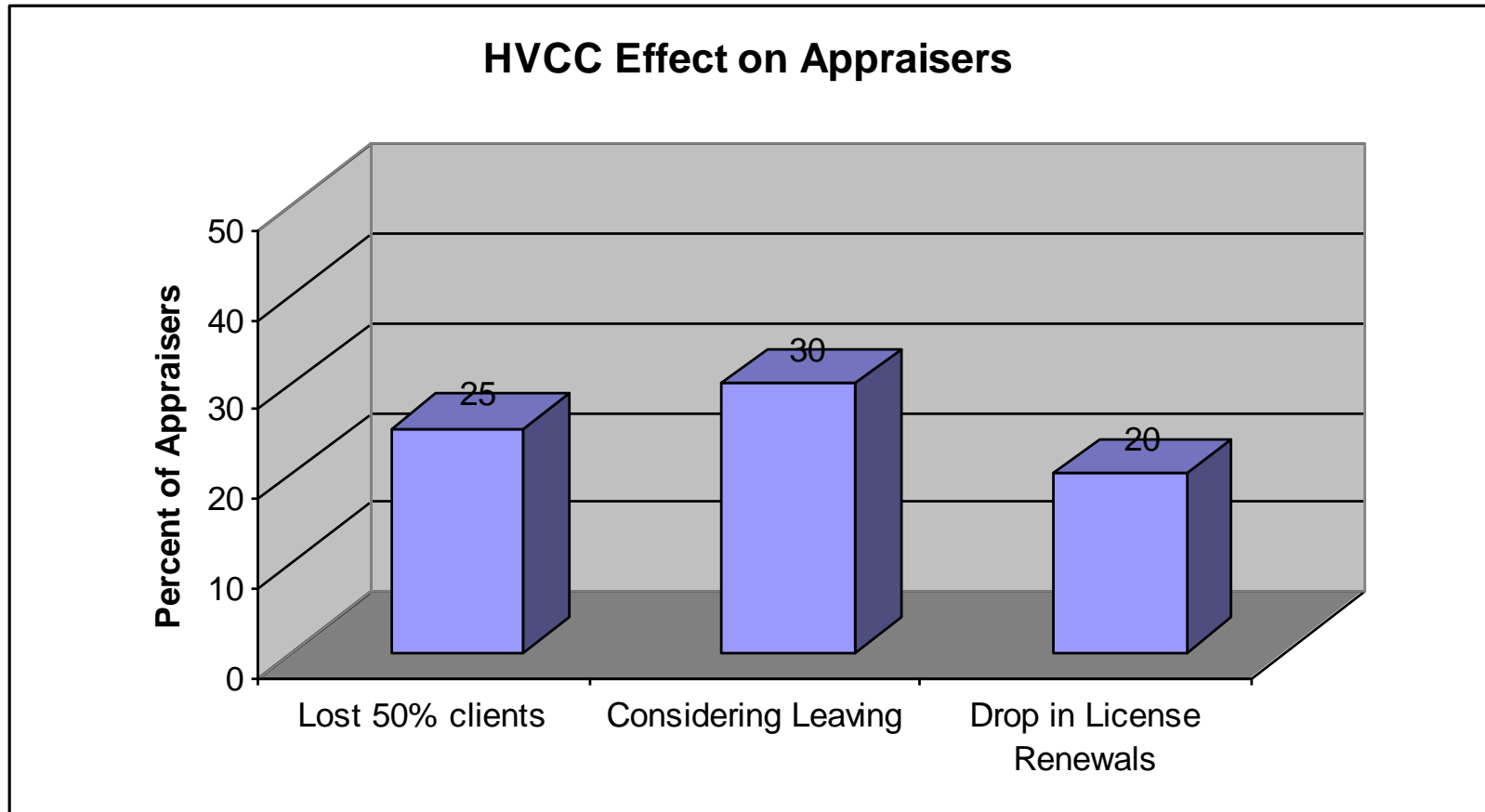
Appraisers are being squeezed out of the valuation market



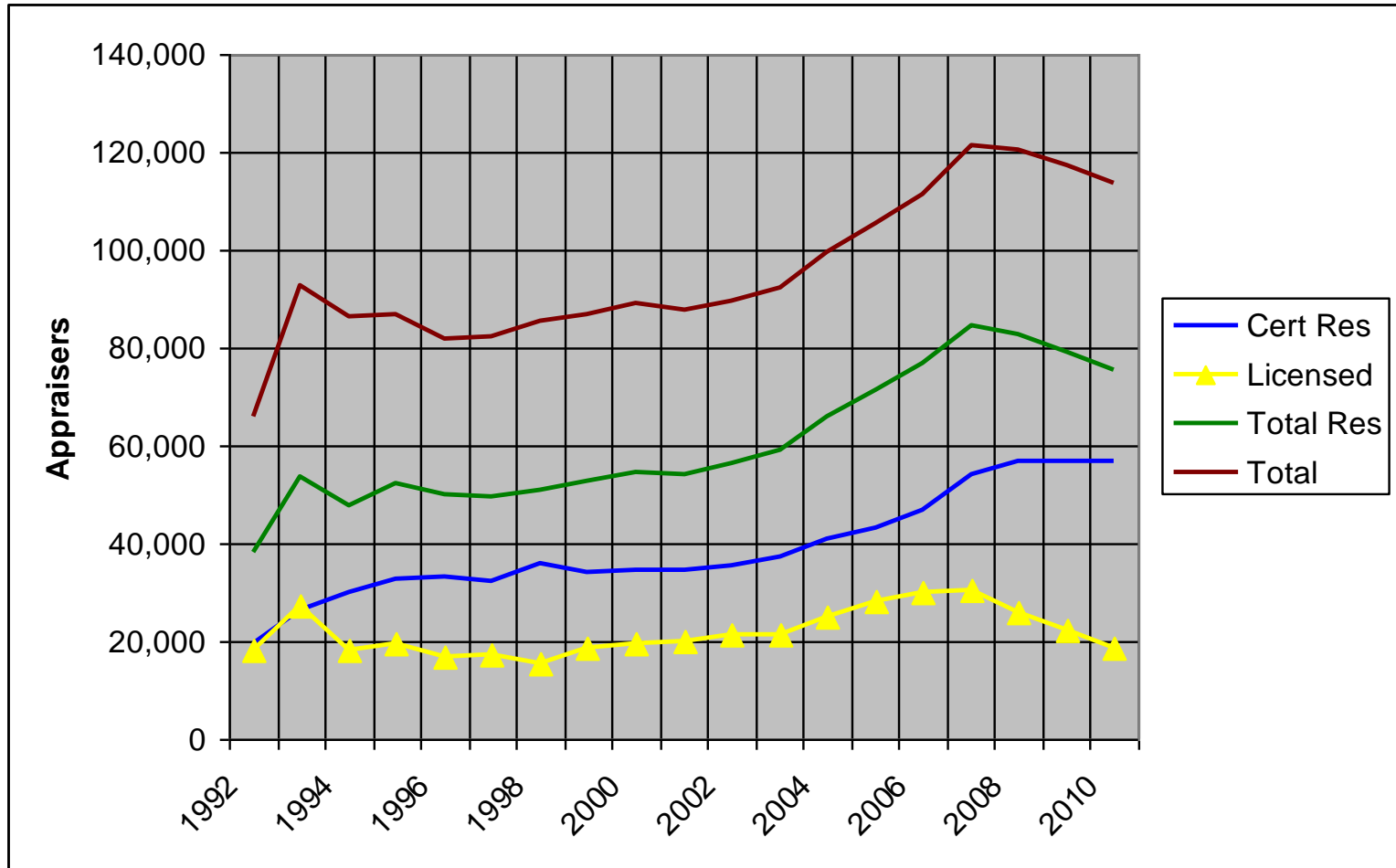
Appraisal Orders



Significant Drop in Business



Appraiser Population Decreasing



NAR takes on Appraisers

RVM – Realtor Valuation Model

Combine MLS & AVM to create
“The Gold Standard in Valuation”



Who Will Throw the Knock Out Punch?

- ✓ **AVMs**
- ✓ **BPOs**
- ✓ **Low Fees**
- ✓ **Loss of Clients**
- ✓ **Economy**
- ✓ **Unwillingness to change**



Financial Reform Bill

Appraisers must be paid reasonable and customary fee.

All loan originations require an appraisal.

BPOs are “most probable selling price”



BPOs have good lobbyists

“If the loan goes bad and I have to sell it, what is the most probable selling price?”

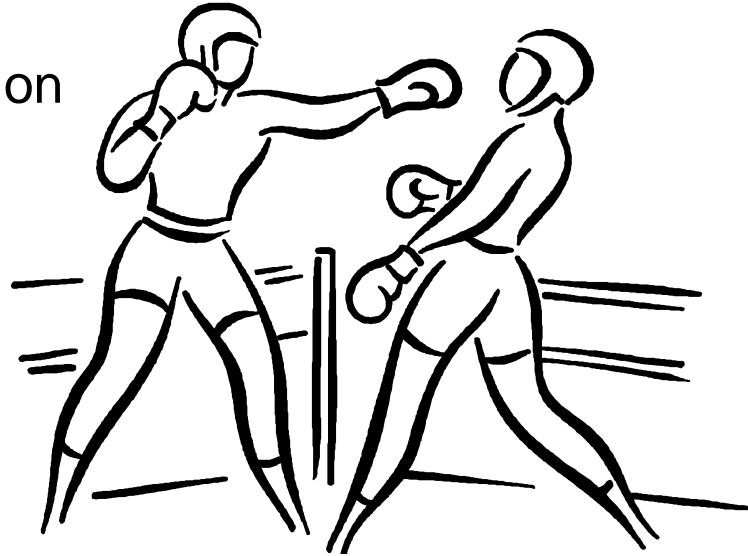
Its exactly what lenders are looking for!

Can appraisers compete?



BPO

The Broker Price Opinion

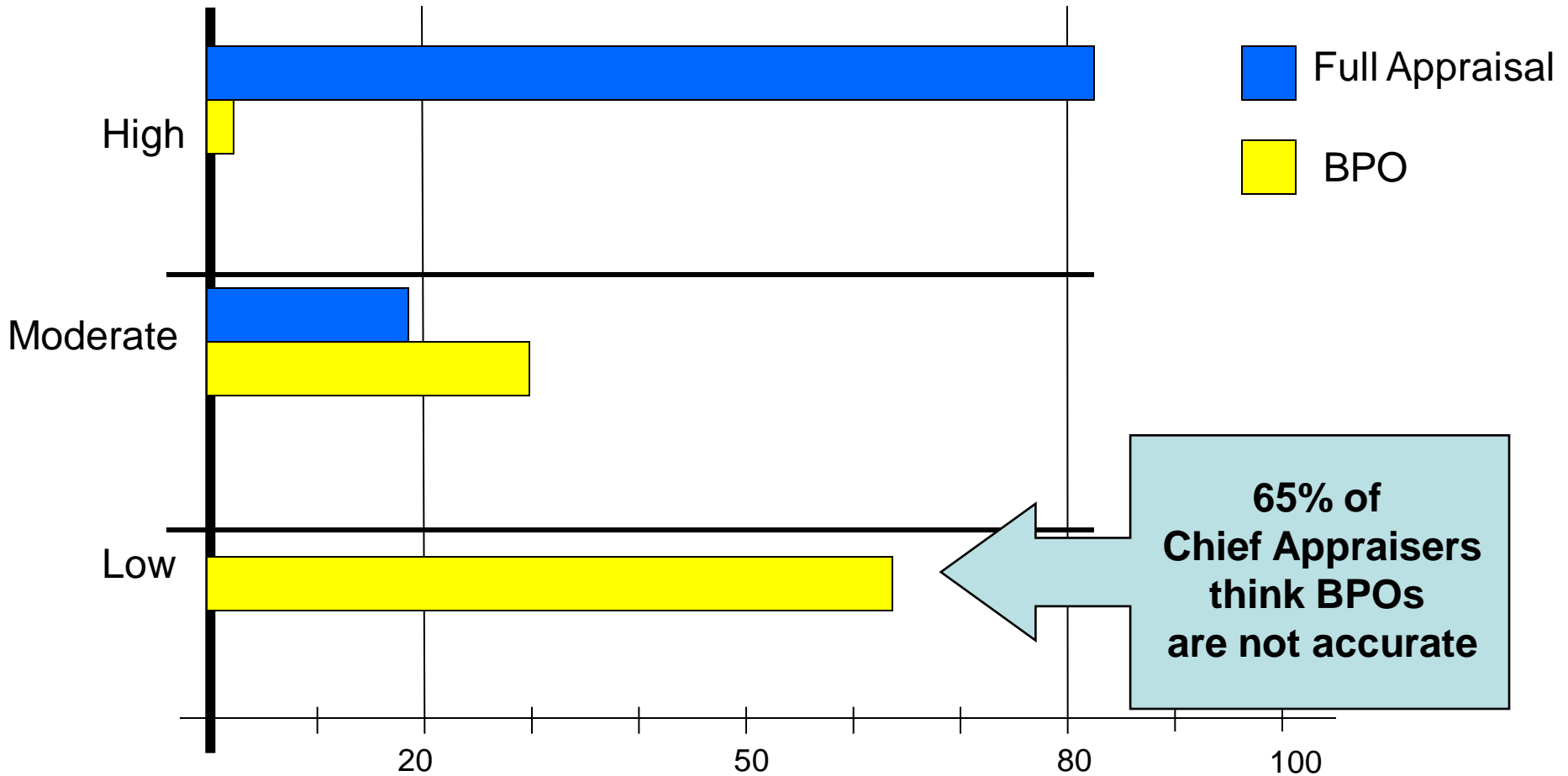


The Appraisal

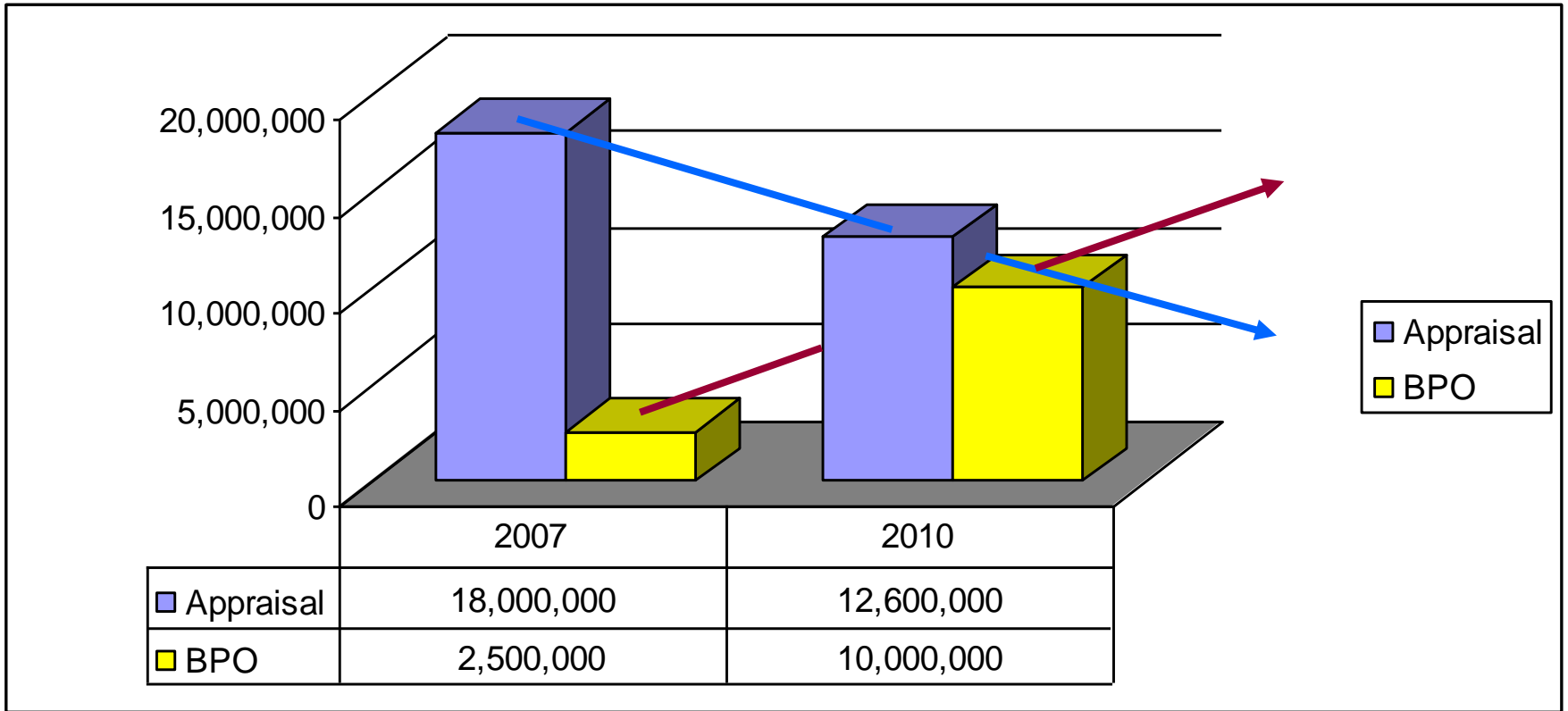


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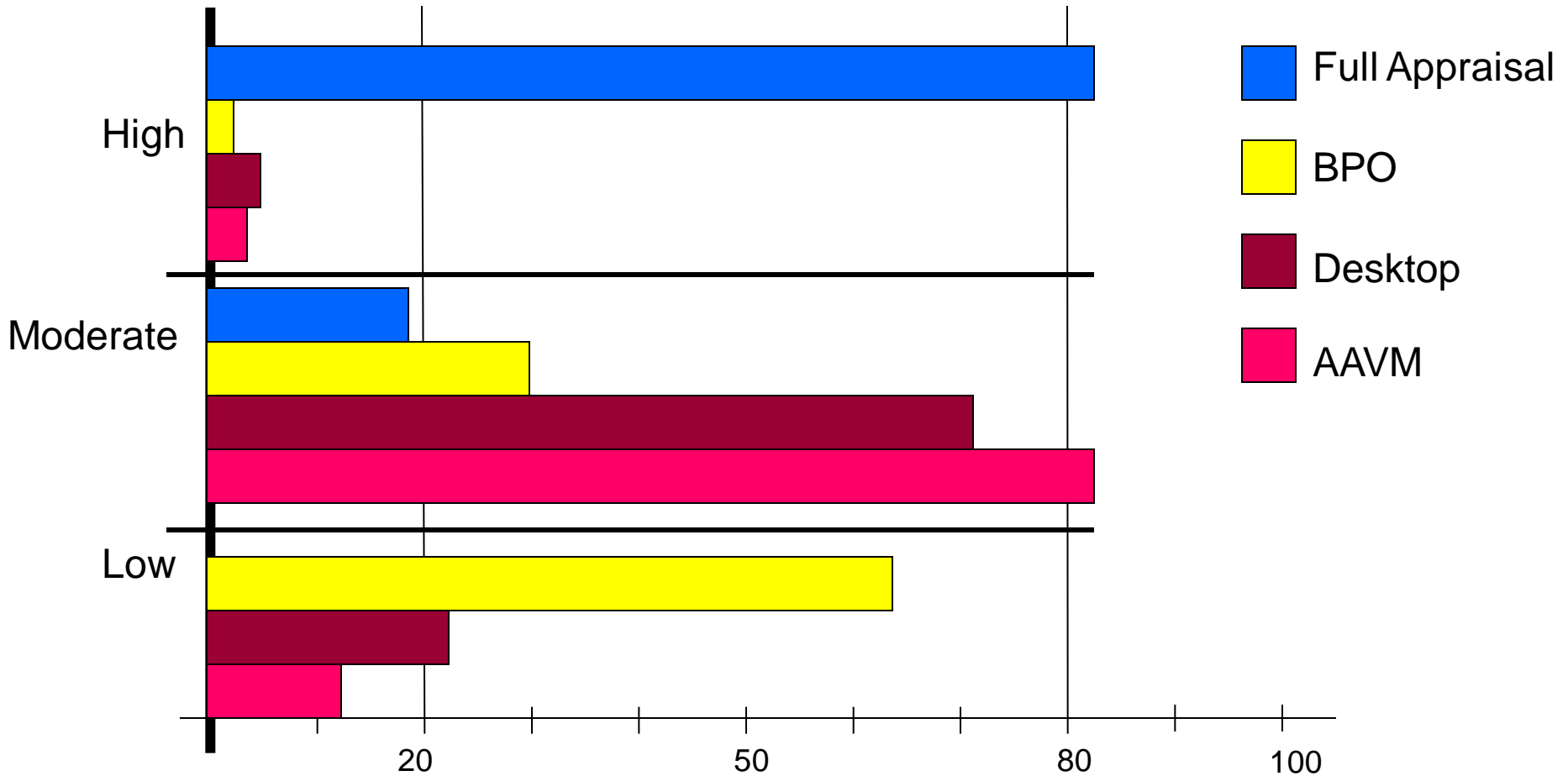
Product Accuracy (2007 Survey)



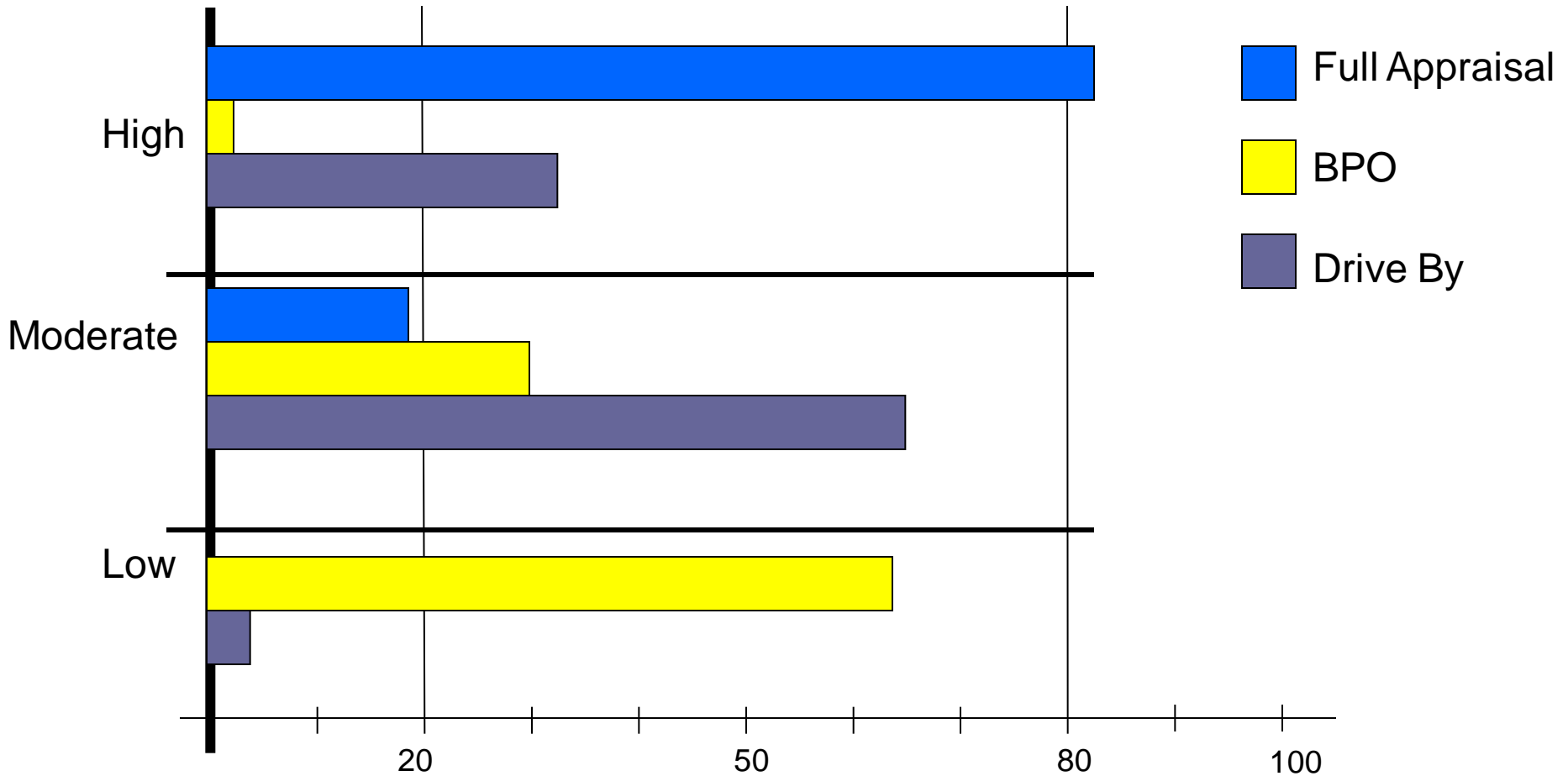
BPO Growth Trend



Product Accuracy (2007 Survey)



Product Accuracy (2007 Survey)



Drive-By vs. BPO

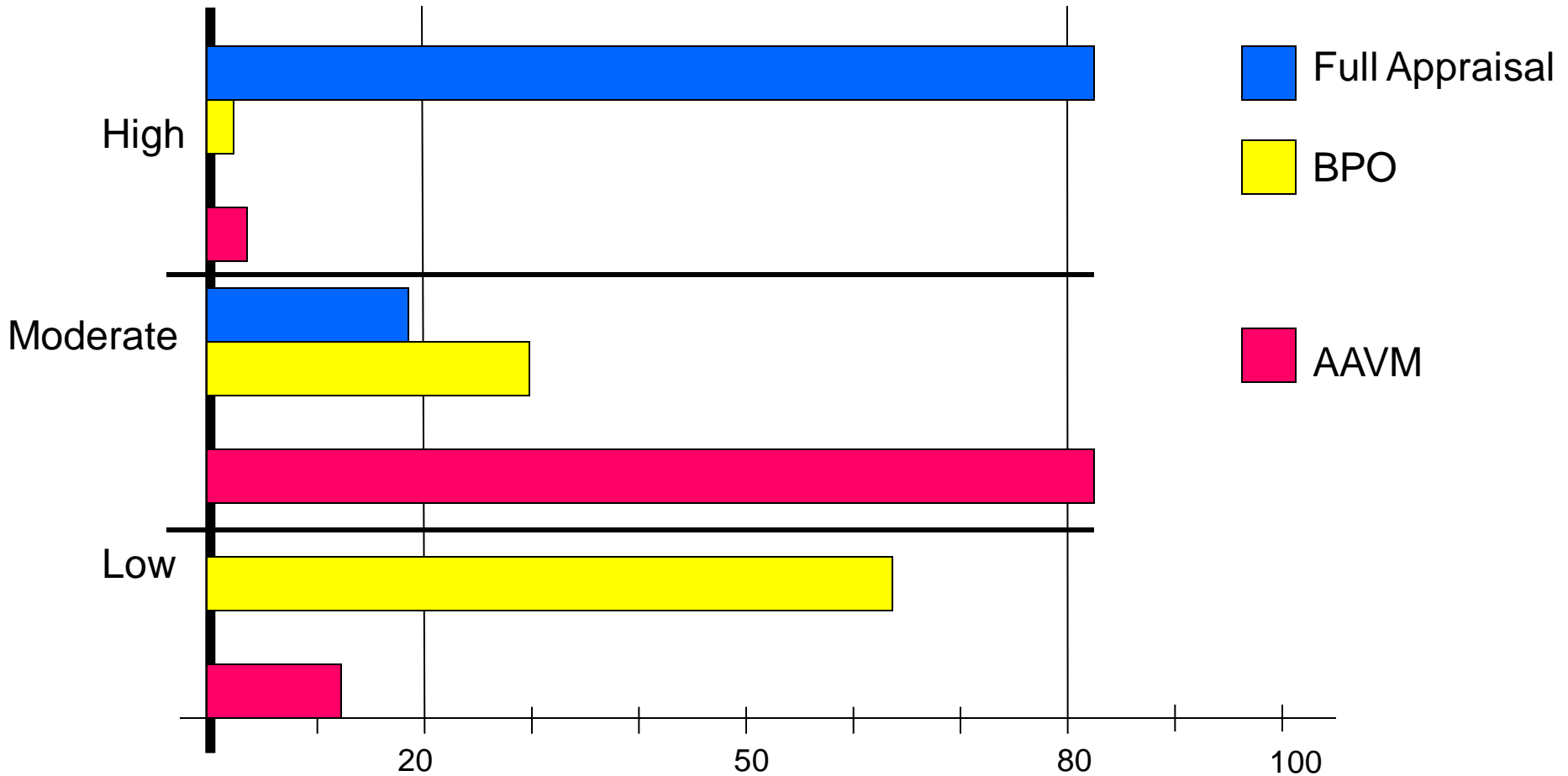
BPO Exterior 1-2 days \$100

2055 Drive-By 3-5 days \$225

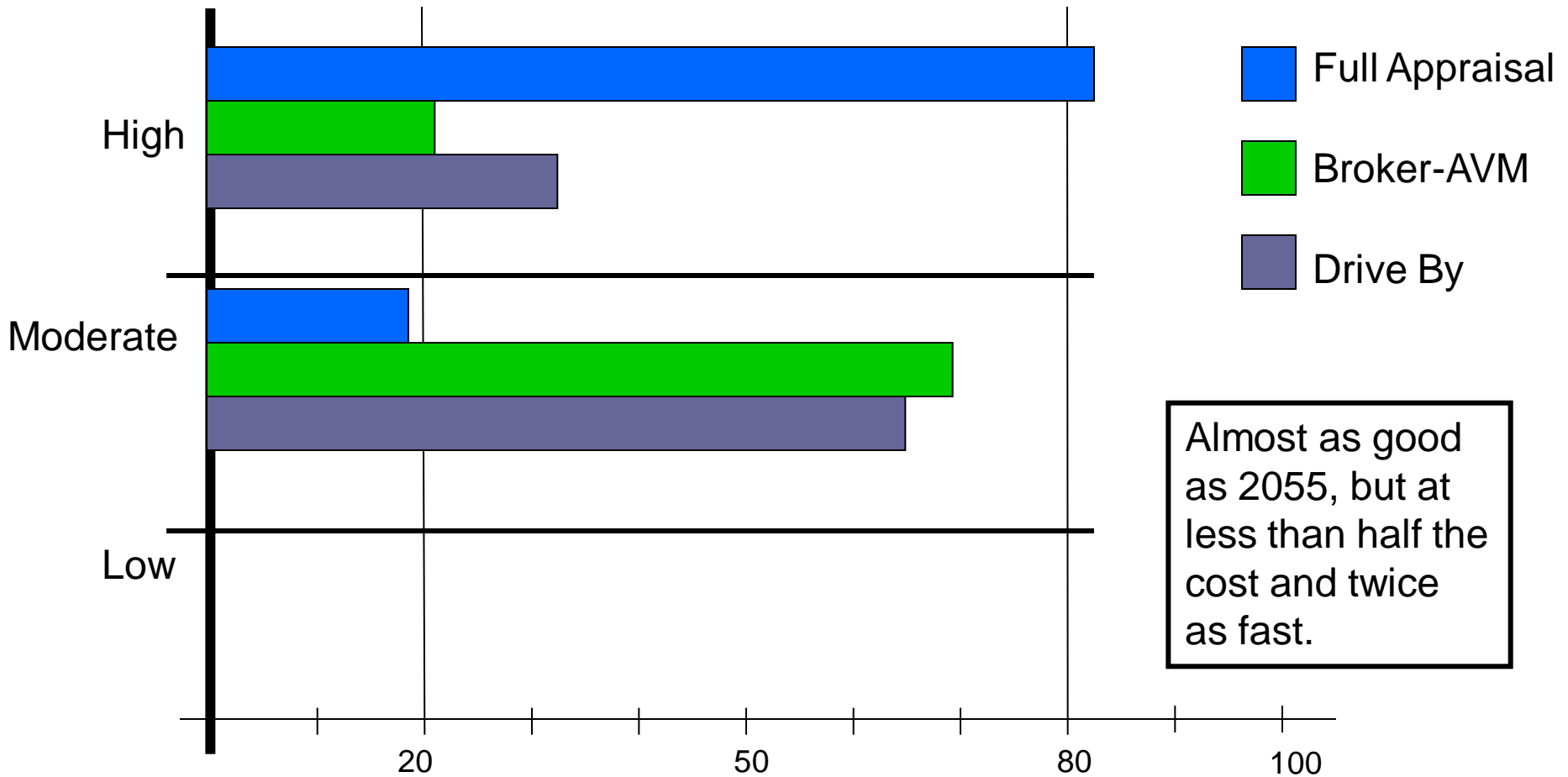
Appraiser is twice as expensive
and takes twice as long!



Improving BPO Accuracy



Improving BPO Accuracy



The Race is On....

To Improve BPO Accuracy

- LiveValuation – Broker + Virtual Analytics
- IAS - Hybrid AVM/BPO Property Valuations (CVM)
- Valuation Partners – Alternative to BPO (Micro Market)
- Pro Teck Services – Collateral Point
- ...
- The list is quite long. Google it to find all the variations: BPOs with Appraiser Review, with AVM, Interior, Exterior photos, with Market Trends, with Listing inventories, etc, etc.



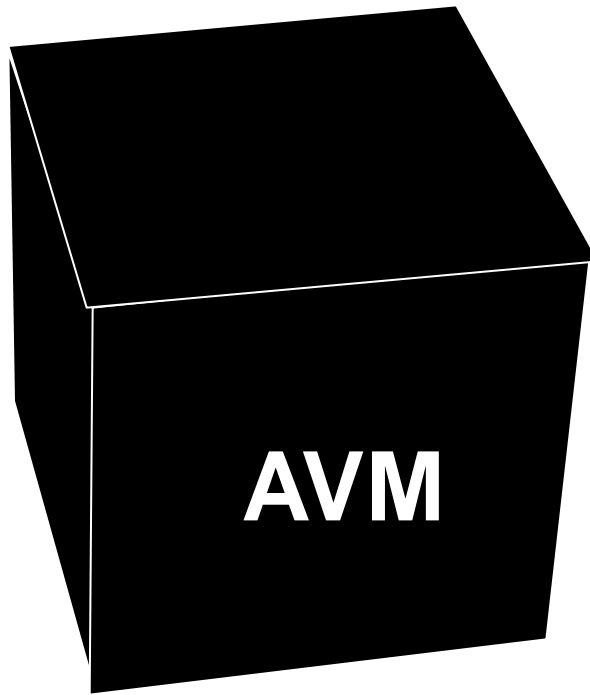
How Can Appraisers Compete?

Computer-Aided Appraisals

Harness the power of AVM technology
with the expertise of a local appraiser



The Critical Difference

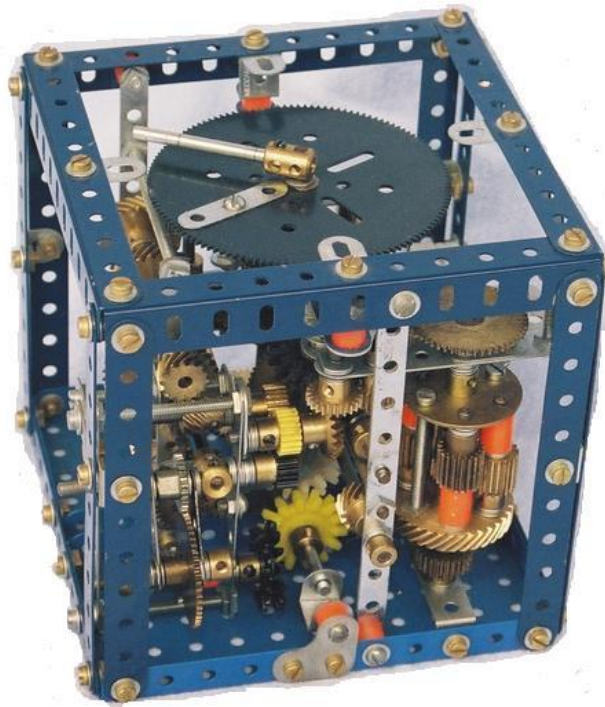


Black Box

Analytics without People

You can add
people, but they
still don't
understand the
Black Box

The Critical Difference

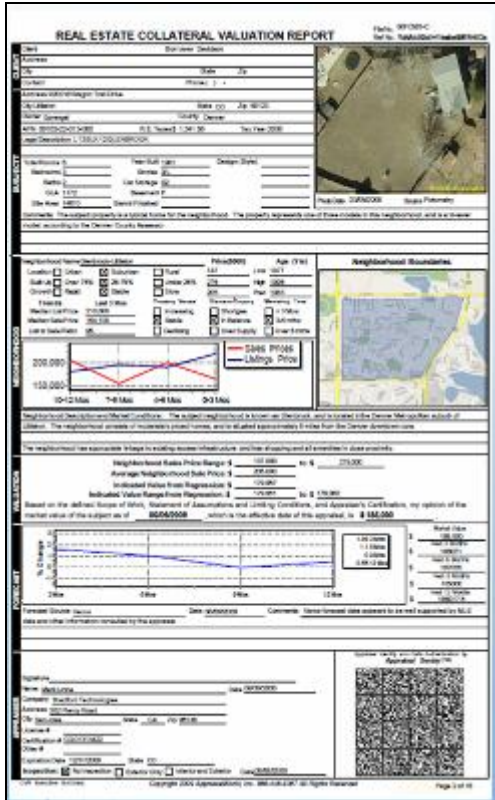


Clear Box

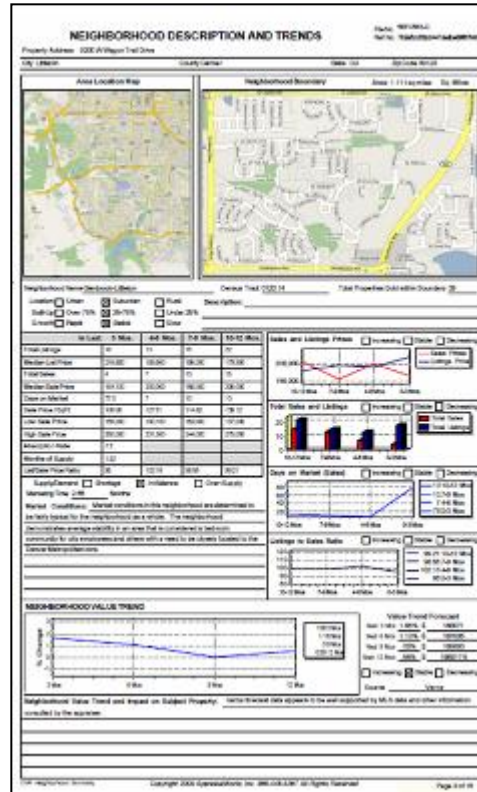
*The appraiser
drives the
entire process!*

November 2009 – CVR Introduced

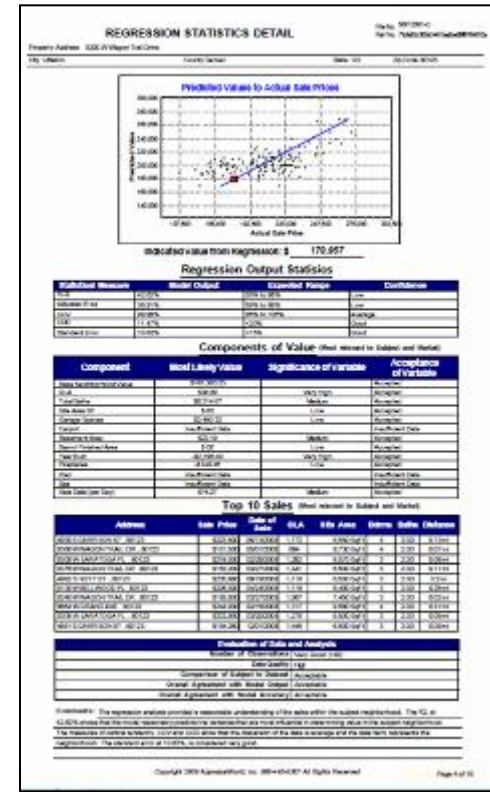
Executive Summary With Forecasting



Detailed Market Analysis



Regression Analysis



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“CVR Specialists” Certification

New Statistics Education & Training Program



New Software

CompCruncher™ **Computer-Aided Appraisal Software**

Its not about Form-Filling anymore.

Its about Data Management and Data Analysis.



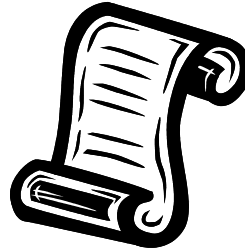
Pre-Purchase All Data

LPS Property
500 Sales
3-Year History

MLS Listings
Sales & Photos

Pictometry
Imagery

VERO Forecast
Flood Insights
Data



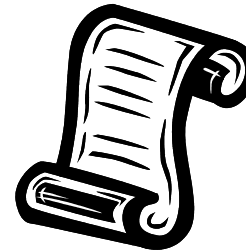
Personal
Comp Database

Property Data
Websites

Location
Maps

Satellite
Imagery

Census
Tracts



Transparent Data Analysis

File Edit Data Management Preferences Help

Run Analysis Comp Filter Ranking Indicated Market Value by Regression: \$203,024

Sales Regression Details Listings Use ONLY Sales Checked BOTH "Include in Regression" AND "Use as Comparable" in Regression Analysis

Predicted Values to Actual Sale Prices Select Sales

Regression Output Statistics

Statistical Measure	Model Output	Confidence
R Squared	74.95%	Very Good
Adjusted R Squared	73.95%	Very Good
COV	31.40%	Fair
COO	7.25%	Very Good
Standard Error	9.51%	Very Good

Evaluation of Data and Analysis

Number of Observations	Very Good (183)
Quality of Data	Acceptable
Comparison of Subject to Data	Acceptable
Overall Agreement with Model Output	Acceptable
Overall Agreement with Model Accuracy	Acceptable

Comments on Regression Analysis

Sales at both the high and low ends of the range were excluded. The number of utilized sales allows for a robust analysis. Bath count, Carport, Fireplace and Spa were excluded from the analysis due to inconsistencies in the data that was skewing the analysis. |

Components of Value

Variable Name	Most Probable Value	Probable Value Range	Significance of Variable	Include in Regression
Base Neighborhood Value	\$62,424.8			
GLA	\$43.08	\$38.61 to \$47.56	28.50 %	<input checked="" type="checkbox"/>
Total Baths	\$3,007.39	\$1,454.42 to \$4,560.36	05.33 %	<input checked="" type="checkbox"/>
Site Area SF	\$2.73	\$2.34 to \$3.12	11.39 %	<input checked="" type="checkbox"/>
Garage Spaces	\$19,214.8	\$13,150.52 to \$25,279.09	18.31 %	<input checked="" type="checkbox"/>
Carport	Insufficient Data			<input checked="" type="checkbox"/>
Basement Area	\$46.86	\$41.87 to \$51.85	18.32 %	<input checked="" type="checkbox"/>
Basement Finished	Insufficient Data			<input checked="" type="checkbox"/>
Year Built	-\$1,143.66	-\$1,360.44 to -\$926.88	13.21 %	<input checked="" type="checkbox"/>
Fireplaces	Insufficient Data			<input checked="" type="checkbox"/>
Pool	Insufficient Data			<input checked="" type="checkbox"/>
Spa	Insufficient Data			<input checked="" type="checkbox"/>
Sale Date (Monthly)	\$346.57	\$192.68 to \$500.46	03.26 %	<input checked="" type="checkbox"/>

Appraiser's Opinion of Market Value

Apply Regression Value **204,000** as of **11/25/2009**

0% 468 Sales 72 Listings Chad Board AREA1.330

The Results

CVR Desktop vs. Full 1004 Appraisal Report

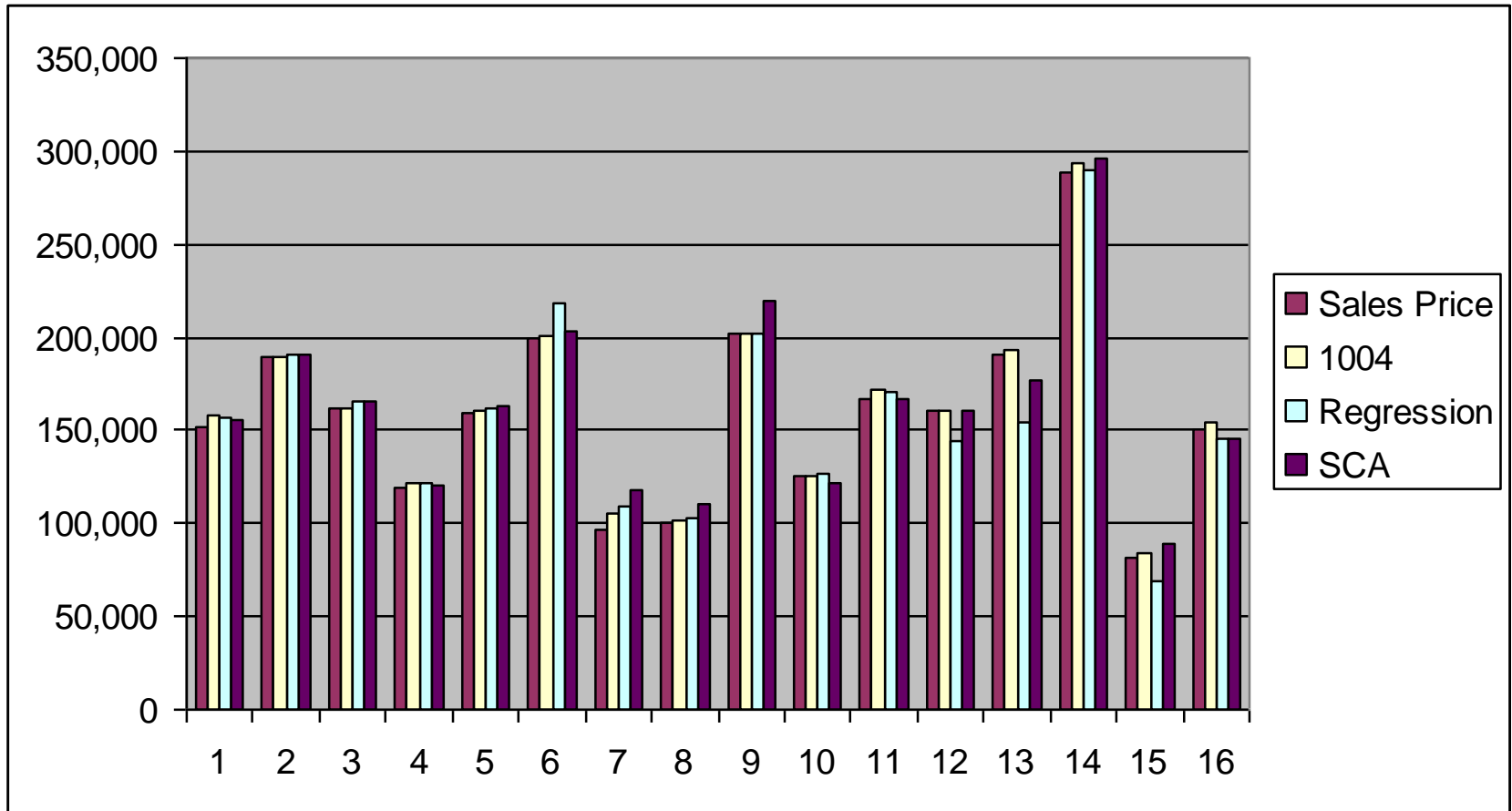
Wright Realty Co. CVR Program Test Results

Address	Contract Price	Appraisal Value	% Difference	CVR Regression Value	% Difference	CVR Program Sales Value	% Difference
1413 A	\$ 152,000.00	\$ 158,100.00	104%	\$ 156,983.00	103%	\$ 156,000.00	103%
1521 S	\$ 189,000.00	\$ 189,800.00	100%	\$ 190,820.00	101%	\$ 191,000.00	101%
1640 D	\$ 162,000.00	\$ 162,200.00	100%	\$ 165,072.00	102%	\$ 166,000.00	102%
1717 P	\$ 119,000.00	\$ 121,900.00	102%	\$ 121,166.00	102%	\$ 121,000.00	102%
3105 I	\$ 158,900.00	\$ 160,000.00	101%	\$ 162,023.00	102%	\$ 163,500.00	103%
3138 H	\$ 200,000.00	\$ 201,000.00	101%	\$ 217,834.00	109%	\$ 203,000.00	102%
4023 D	\$ 97,000.00	\$ 106,000.00	109%	\$ 109,000.00	112%	\$ 117,500.00	121%
6403 A	\$ 100,000.00	\$ 101,000.00	101%	\$ 102,724.00	103%	\$ 110,000.00	110%
11011 P	\$ 201,930.00	\$ 202,200.00	100%	\$ 201,955.00	100%	\$ 220,000.00	109%
11161 C	\$ 124,900.00	\$ 125,500.00	100%	\$ 127,224.00	102%	\$ 122,000.00	98%
1008 S	\$ 166,800.00	\$ 171,500.00	103%	\$ 170,540.00	102%	\$ 166,500.00	100%
204 R	\$ 159,990.00	\$ 161,000.00	101%	\$ 144,880.00	91%	\$ 161,000.00	101%
820 R	\$ 190,890.00	\$ 193,400.00	101%	\$ 153,950.00	81%	\$ 177,000.00	93%
304 LC	\$ 288,000.00	\$ 293,900.00	102%	\$ 289,500.00	101%	\$ 295,500.00	103%
602 S.L	\$ 82,000.00	\$ 83,500.00	102%	\$ 68,707.00	84%	\$ 89,500.00	109%
1207 A	\$ 150,000.00	\$ 154,300.00	103%	\$ 145,674.00	97%	\$ 145,500.00	97%



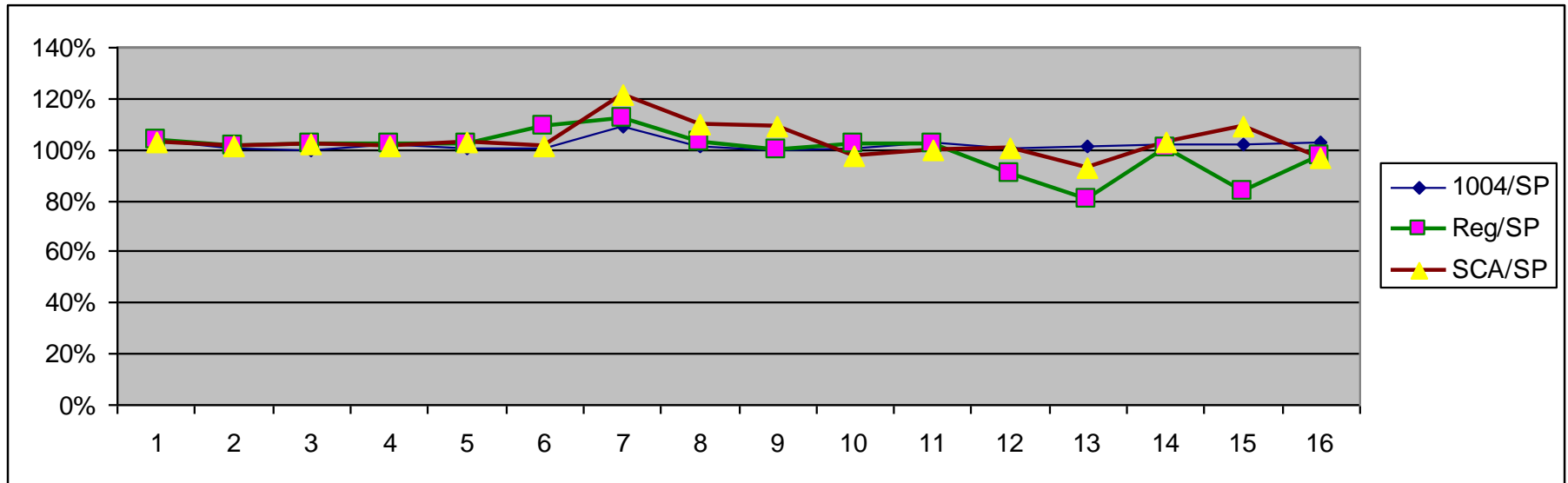
Analysis Accuracy

CVR Desktop vs. Full 1004 Appraisal Report



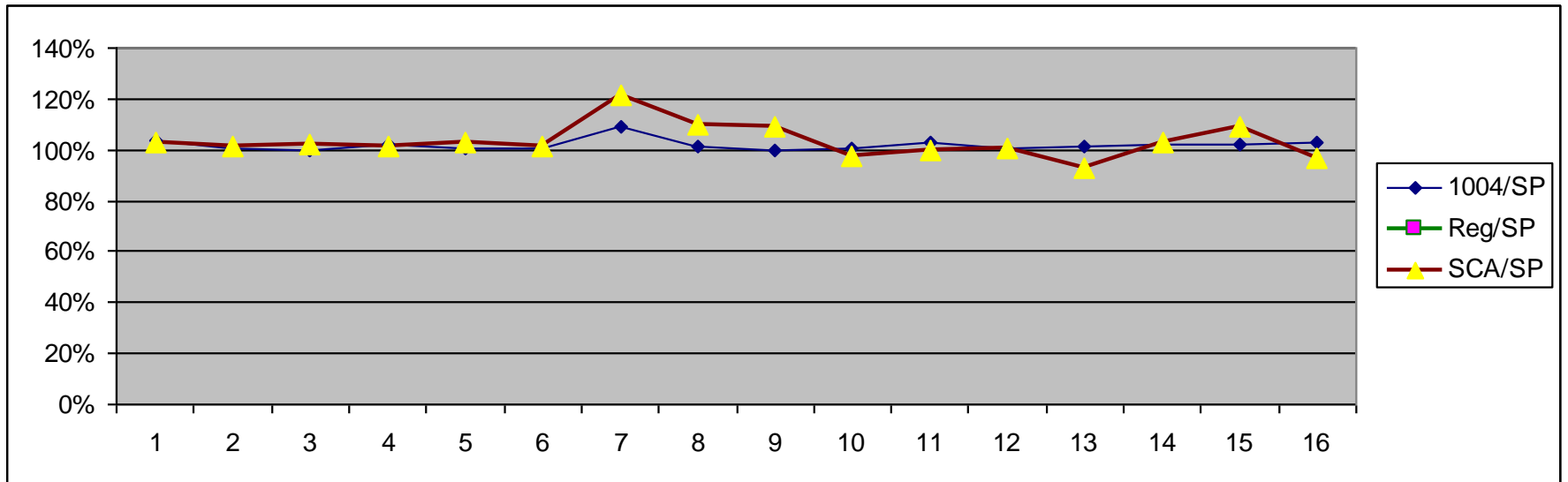
Analysis Accuracy

CVR Desktop vs. Full 1004 Appraisal Report



Analysis Accuracy

CVR Desktop vs. Full 1004 Appraisal Report



Appraiser Productivity

30 – 45 minutes



Computer Aided Appraisals

This is the future of appraising

Our First Partner



January, 2010

Forsythe Commits to
Train Nationwide Staff of Appraisers



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CVR Partners



US Bank Announcement

June 2010 – Commits to use CVR

U.S. Bank Incorporates New Collateral Valuation Report into Product Pipeline CVR Identified as a More Credible and Accurate Valuation Compared to BPOs

Minneapolis, MN— June 2, 2010—U.S. Bank, the nation's fifth largest bank, announced today that it will start to incorporate a new statistically supported appraisal, the Collateral Valuation Report (CVR™) as part of its ongoing efforts to use best-of-breed valuation products for its lending solutions.

Forsythe Appraisals, LLC, the largest independent provider of residential real estate appraisals in the United States and Valocity, LLC, a leading nationwide valuations provider, have been selected by U.S. Bank to provide the new CVR appraisal report on a nation-wide basis.

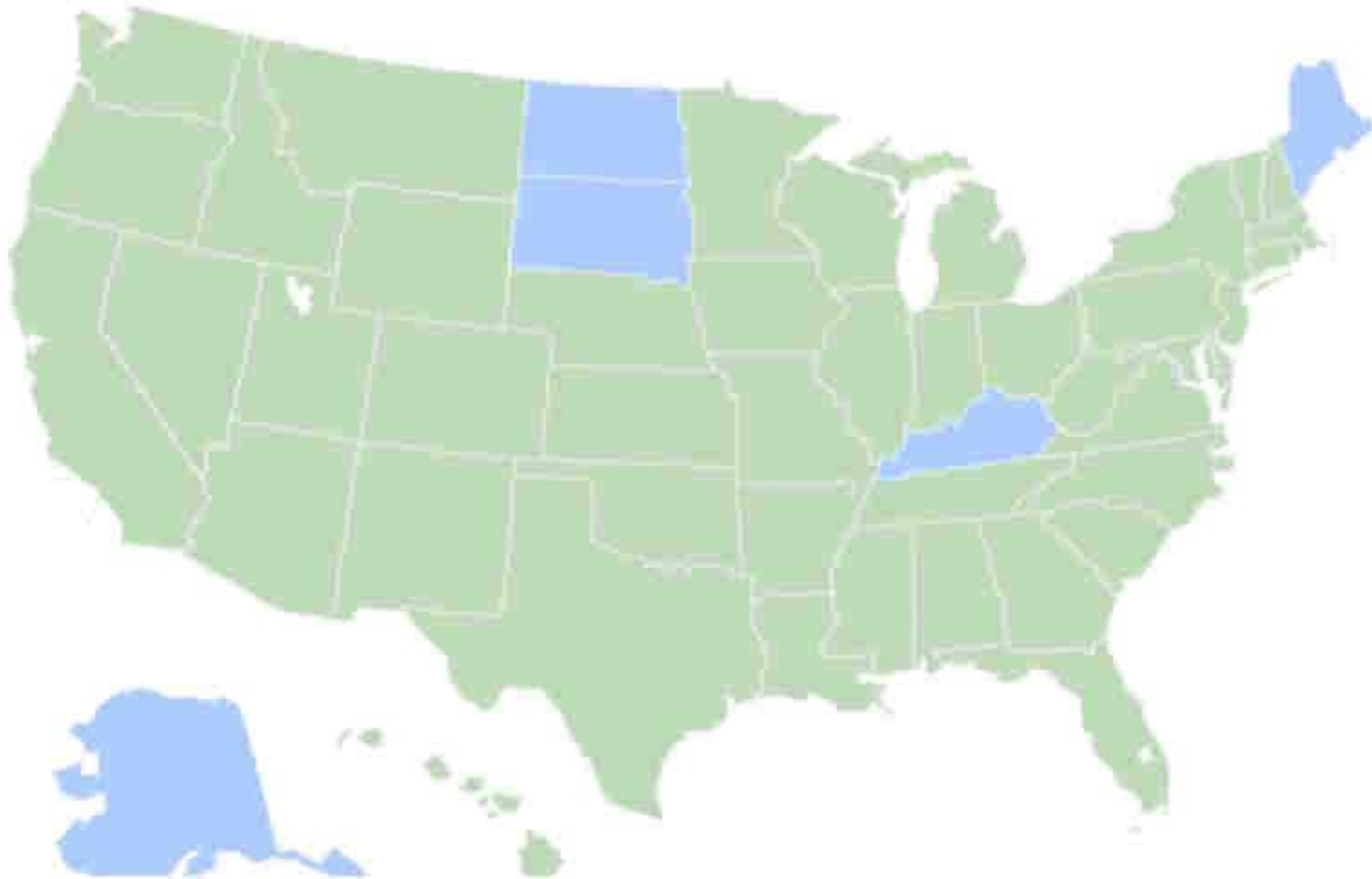
The CVR is an innovative, USPAP-compliant appraisal product that incorporates regression analysis performed by the appraiser to support the value conclusion. The valuation report and software was developed by Bradford Technologies, Inc. headquartered in Silicon Valley, as part of their suite of appraisal services. appraisers, appraisal management companies and lenders.

... provide the CVR as a much
... (CVR) which



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National Network of CVR Specialists



Bradford Technologies, Inc. - The Leader in Innovative Valuation Solutions

Product Enhancements

CVR with Exterior Inspection

CVR with Full Interior/Exterior Inspection

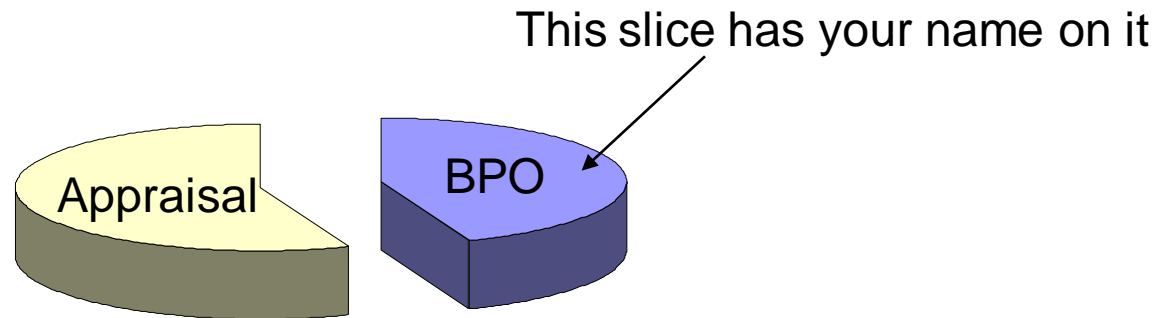
Enhanced Market Analysis Techniques



Thank You

“CVR is a powerful tool I have used to increase my business. Every appraiser in today’s market should have it in their appraisal arsenal.”

- Anne Fisher, Anne Fisher Appraisals



www.AppraisalWorld.com

