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## **Who knows best? Why, an appraiser of course! - by Steven Elliott**

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and Associates

So, when Jeff called and asked if I could put together an article in 48 hours, and he suggested I work off something recent, I thought well, that's an easy way out but no, I won't do it. Well, upon reconsideration, yes, I partially will. Thanks to Steve Sousa for forwarding me an article from The Washington Post, it seems my fears that I mentioned in the last article (<http://nerej.com/continue-to-perform-appraisals-at-the-highest-levels-by-steven-elliott>) are actually coming true.

If you didn't read or remember the last article, part of it railed against FNMA and FHLMC for their decision to eliminate the need for appraisals on certain loans. This would allegedly speed up the process and save consumers money.

Well, the Post article states, "During 2017, Fannie Mae acquired roughly 60,000 no-appraisal mortgages — 5% of its total 1.2 million home-loan acquisitions." The article goes on to say that at an average of \$500 per appraisal, consumers saved \$30,000,000.

Wow, what a windfall. How does that stack up to the billions lost during the last recession as a result of bad loans and investments made on poorly or improperly valued real estate?

Also, how much would consumers save if attorney's fees were reduced or if the banks didn't charge points? The article goes on to say that with just a bit of investigating they have already uncovered a number of abuses and potential problems.

Read the article, it is very interesting.

Also, if you have the time and have had any experiences with problems on properties you've appraised or situations where people are substantially overpaying, pass them along to Steve. I'm sure he'd be pleased to act as a repository for such information and would be happy to pass it along

to the powers that be. If he doesn't, then send them to me and I'll send them somewhere, where hopefully they may open someone's eye as to what a perilous decision it is to forego appraisals.

Now to switch gears, I've also just read the Warren Group's, Data Insider for May. You know Tim Warren's company is still pretty darn good at what they do and what they provide, and this monthly snapshot is always interesting. The top three articles are all worthwhile.

The first, "Another Year of Record-Breaking Prices - MA Median Single-Family Median Tops \$350K", provides some good insight into where prices have increased significantly and also, it gives some of the reasons why. It also expresses some areas of concern and, are we in another "bubble"?

The second article, "Condo Prices Surpass Single-Families: A New Normal?", is also intriguing. It states the median condo price in the state was \$389,000, \$35,000 higher than the median single-family price of \$354,000. This is the second month in a row it has happened, and it has only occurred two other times since the Warren Group has been tracking it, which was 1987.

Finally, its third article, "Boston Climbs Global Ranks in CRE Investment", talks about greater Boston, "topping Silicon Valley and 11 other global markets categorized as 'innovators' in a new JLL report."

Pretty heady stuff. Everything appears to be moving forward on all cylinders with both the commercial and residential markets continuing to improve.

The key question is for how much longer?

That, ladies and gentlemen, is more than the \$64,000 question; it's more like the \$64,000,000,000 question.

And, getting back to the first part of this article, who knows best? Why, an appraiser of course!

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