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Appraisal Institute: What's It All About?

April 06, 2010 - Appraisal & Consulting

The "it" in this article is the Appraisal Institute and principally the Massachusetts chapter, while the "about" refers to our purpose as well as our recent and planned actions for the betterment of appraisers and users of valuation services.

The chapter has about 450 members, associates and affiliates that provide real estate appraisal and consulting services. We are part of a U.S. based, international non-profit organization committed to developing and maintaining "best of the best" appraisers. As a result of this effort, users of appraisal services recognize the value of the MAI, SRPA and SRA designations held by our members. In return, according to a nationwide survey, 36% of our designated members earned more than \$100,000 in 2008.

In spite of the average, and although opportunity exists for residential appraisers with specialized skill, over the past two years many residential property appraisers have experienced declining incomes. One of the unintended consequences of the Home Valuation Code of Conduct, the proliferation of Appraisal Management Companies (AMCs), is likely to have a severe negative impact on the earning potential of residential appraisers who rely upon bank work. Essentially, the ability of some to turn a federal government program into a financial windfall at the expense of the public good has struck again.

AMCs are providing appraisal and appraiser management services that have generally diminished the role and the compensation of the only disinterested third party in the process of securing a real estate mortgage. Incredibly, the only independent real estate expert whose compensation is not contingent upon the closing of the loan is being effectively cast aside. What could possibly go wrong with this?

In response, the chapter supports Massachusetts Senate Docket 2412 whose aim is to regulate AMCs. Nine other states have enacted controlling legislation and many others are in the process. We urge you to contact your State Senator in support of this bill.

Broker Price Opinions (BPO), a product designed to accommodate receipt of a listing, has also seen expanded use. Having just returned from a regional meeting of AI Chapters, and lest you think that the BPO is strictly a residential product, the Appraisal Institute has engaged the Federal Reserve Board regarding the acceptability of commercial BPOs as a form of "evaluation" under the Interagency Appraisal and Evaluation Guidelines. The response was a clarification to guidelines that BPOs do not satisfy the requirements for an evaluation. A full report on AI Industry Initiatives is available from the 1st Quarter 2010 - Government Relations Report at AI's national web site at www.appraisalinstitute.org/.

The AI and the chapter are continuously improving their educational offerings as well as services to their members. Upon completion of a recent AI course, the rating from several attendees from the Real Estate Finance Group of a Boston-based Life Insurance Company was "amazing".

See our web site (www.ma-appraisalinstitute.org) for details on education, membership and new initiatives. For example:

*In June the chapter will begin its Mentoring Program. The goal of this program is to assist "would be" to advanced stage member appraisers with advice on education, testing, standards, and practical valuation issues on a one to one basis. From our Chapter web site, members will be able to post a question and receive a response from a select group of designated appraisers having expertise particular to the issue. As appraisal is substantially a cottage industry, this process is intended to initiate a professional relationship designed to foster growth in ability and to assist in appraiser advancement.

*In order to minimize travel time for participants Mass. and several other New England area chapters have agreed to pool resources in order to offer some appraisal courses on a regional basis.

*The Massachusetts chapter's Hewitt Fund is offering significant scholarships for appraiser education.

The Massachusetts Chapter of the Appraisal Institute includes many members having outstanding credentials. If you wish to enter or advance in the appraisal profession and you strive to be the best of the best, this where you belong.

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