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## **The appraisal faucet has been turned back on**

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After a long drought, we are officially back into what appraisers call a "Refi Boom." Once again rates are at an all time low. Those who have not wrecked their credit scores and have a high enough market value can refinance. Many people are getting rates in the "fours." It's too bad the market is at the bottom which will preclude some from having the value they need to take advantage of the rates. Usually a lowering of the rates would encourage buyers to get out there and buy, which ultimately has a positive affect on market values. There should be a corresponding increase in commercial refinances but I'm not really seeing that yet. It may just take a bit to kick in. There is some new construction (still preferred by buyers) that is moving. Builders are still complaining that there isn't much profit but they just want to get through the inventory they have. The biggest problem for builders and commercial investors is the lack of credit. Small businesses as well are having a hard time with cash flow. The credit that used to be easily available from the local lender is just not available for many. The regulators have most of the control and it is putting a damper on the lender/customer relationships.

Although HVCC is finally going away in the near future, the system of ordering appraisals will remain changed forever. Most lenders are just rotating their approved appraisers and separating the person who orders appraisals from the loan department. The volume of appraisals has increased tremendously. Luckily it's summer and appraisers can go out and inspect houses in the evening to avoid the traffic and the sun. If it were winter, it would be more difficult.

There is still a problem with the AMC's (Appraisal Management Companies) bidding out assignments to the cheapest, fastest appraisers who tend to be inexperienced and often have never been to the town they are doing appraisals in. Since the lender is ultimately responsible for choosing appraisers who have "Locational Competency," this presents a problem. It should be interesting how it plays out.

Appraisers should take this time to evaluate their client needs or I should say "wants" and adjust their fees accordingly to the amount of time they are spending on appraisals for various clients. It is easy to get caught up in working hard night and day only to find out later that there is little to no profit being realized from some of that work. This is also the opportunity for trainees to break into the field and get some experience or for experienced appraisers to switch to another company to work for. I'm always trying to tell appraisers that they need to change companies when it's busy, not when it slows down.

So as much as it is a challenge to keep up with this volume, if you love what you do, it's great. I'm thoroughly enjoying it and am not looking forward to when the faucets get shut off again.

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