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## **What are appraisers to do? Catch up on education!**

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During the days of the last real estate debacle, appraisers were busier than one armed paper hangers. Lending institutions established appraisal departments and were ordering appraisals of all the troubled assets in their portfolios, USPAP was hot off the presses, FIRREA was in its infancy, and licensing for appraisers was just starting. Those were the glory days of the late 1980s and early 1990s when appraisers had more work than they could handle, fees reflected the high demand for our services, and the time between ordering an appraisal and the delivery of the report was as much as 12 weeks. Those days are long gone - this time around is a very different story.

Instead of worrying about how we are going to get all the work done, we are worrying about where the work is going to come from. What happened between then and the current real estate debacle now part of the "Great Recession?" Actually, a great deal has happened.

First and foremost, we are in the midsts of a technology revolution that has profoundly influenced not only appraisal, but every aspect of our lives, both business and personal. I also suspect that we are only in the very beginnings of that revolution with significant changes yet to come - changes we cannot even imagine at the moment. Just to provide some idea of the magnitude of this revolution, back in the glory days computers were a relatively new phenomena and had only a small fraction of the memory and computing power of today, the Internet did not exist as a tool for public use, and information had to be obtained by actually visiting a town hall and the county registry of deeds. Digital cameras were not in use. An appraisal report included photographs that were pasted onto the page with double sided tape. Quite simply put, the time and cost to produce an appraisal report has been reduced.

Secondly, the rules and regulations of FIRREA and USPAP as well as appraisal licensure have been a disappointment in that they did not eliminate the abuses these actions were intended to address. Part of the problem is the lack of enforcement, another is interpretation. In any event, the abuses that occurred prior to the late 1980s and early 1990s debacle still took place some 20 years later, albeit, in a slightly different format.

Third, during the prior debacle, the federal government took care of the troubled banks with the establishment of the Resolution Trust Corp. or RTC. No such bail out took place this time around. As a result, lending institutions are very hesitant to invest additional funds into a troubled property on an appraisal. Many are opting to get a much less expensive broker price opinion or BPO. The primary issue with BPOs is threefold. First, there are no universal standards such as USPAP for a BPO so that there is no consistency in produce or procedure. Second, the broker who performs the BPO has no accountability for the price opinion. Lastly, the broker is not a disinterested third party in that the broker often has the hope of getting the property as a listing in the future.

Meanwhile as we appraisers continue to hold on while this debacle runs itself out, we have a number of alternatives. Now is a great time to catch up on education, do some much needed

marketing, hone up on our computer skills, and refine our Internet research abilities. Others of us are just going to go fishing!

Pat Amidon, MAI, is president of Amidon Appraisal, Portland, ME.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540