



CELEBRATING
55 YEARS

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William Pastuszek - The "new" appraisal era - Is it here or is it already gone?

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I was talking with a colleague, a residential appraiser, not too long ago. He was talking about the state of the residential appraiser, how the residential appraiser had fallen even further down in terms of respect from clients, borrowers, and legislators. But he wasn't entirely sympathetic. He minimized the complaints of many residential appraisers that fees were too low and demands too great. His firm was thriving off the very kind of work - from Appraisal Management Companies (AMCs) - that most appraisers find to be Public Enemy #1 in the appraisal marketplace since the advent of HVCC and its de facto continuation under Dodd-Frank.

Naturally, I was curious, having heard the complaints over and over from practitioners and having had a couple, not many, but self-inflicted encounters with the AMC Evil Empire, as to how someone could operation with a smile in such a decidedly hostile environment. So I asked, "How do you do it and survive and thrive?" His answer was "It's all about the new appraising. The old appraising is dead: Long live the new appraising!" So I had to ask. "What is this new appraising?"

Our long conversation resulted in my understanding some of the new realities. Here were some of them.

- * Clients are going to hold appraisers accountable for not only their values but how they got them.
- * The report is key. The report needs to answer the questions the client needs to have answered.
- * It's not like the old days. Clients read reports and the reports get reviewed, often by people who don't know a lot, but often by very smart people.
- * Not all the additional requests for information, data, explanation, and analysis are frivolous. They're not all another example of "scope creep." The scope wouldn't be creeping around if it had been correctly designed to begin with. The scope of work is assignment, property, and market-dependent!
- * If you provide the information and analysis correctly the first time, there may not be a lot of follow up requirements. If you don't do it right the first time, the follow ups may never end. Solution: do it right the first time, even it requires a little overkill.
- * The secondary market has guidelines, suggestions, requirements. If you don't follow these various forms of advice, you should expect to have to provide explanations, addendums, and additional analysis.
- * Technology must be your friend going forward. The 1004 MC is just the beginning. Most appraisers have chuckled a bit at this analysis but there's more quantitative analysis on the way. Embrace it or you might not survive.
- * You don't have to take on this type of work. There are other clients out there. But, if you do, you have to do it right.
- * Not every AMC, not every client is unreasonable. Good clients will expect good work. Good appraisers will provide without a lot of complaining.

The new appraising is asking appraisers to do their work in accordance with secondary market guidelines, whose requirements exceed the minimums of USPAP. Observing these new requirements is part of an appraiser's observance of USPAP. Do it right! This is the new reality. If you do it right, all the other issues will begin to fall into place. Not everyone is capable of doing it right; if you can, you just might survive. With that, my colleague smiled like a Cheshire Cat and drove off.

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