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## Who's calling the shots here? Appraisers show a range of responses to post-HVCC era

December 08, 2011 - Appraisal & Consulting

I just finished teaching a class full of residential appraisers. This was a well skilled, diverse group of experienced young and old appraisers from all over New England. This group knew their business and their opinions were worth listening to. So I did. I learned some things. (Hope they did too.)

Many appraisers have left the business and moved on. License renewals are way down. Relatively few appraisers enter the business. The evolution (or devolution) of the emerging plan is to get appraisers out of the lending industry, replace them with ever less skilled "form fillers" who exhibit total compliance with increasingly absurd AMC and GSE demands, with the final aim of replacing them with software induced avatars and inspection robots!

My spirited class of appraisers showed a wide range of responses to the post-HVCC era. Let's see how.

Some have simply decided not to let AMCs dominate their business and do as little work as possible for these entities. This is a difficult challenge, to diversify or wither away. This risk taking group may end up in strong niche markets.

Another group decided to fight the good fight and work for AMCs but to push back against unreasonable demands. Surprisingly enough, this group reports some success in getting AMCs to back away from particularly ridiculous or illegal requests. There's hope out there for appraisers willing to show backbone.

There is the group that tries to get along and walk the tightrope of trying to please the AMCs but walk an ethical tightrope. A perilous path that, acting, in essence, as AMC apologists.

The group that is out of the fee appraisal business includes appraisers who are now assessors, reviewers, analysts, or no longer real estate. Not remarkably, some appraisers have gone over to the dark side and now work for the opposition. Maybe they can affect some change from within.

While not every AMC should be painted with the same brush (there are some good ones), how did the acts of politicians make these profit hungry corporations rulers of the appraisal roost? Regulators now struggle against strong lobbies in order to reign in AMCs which take advantage of any and all loopholes to maximize profits. The AMC's rise, while not without some positive consequences during the crisis phase of the credit meltdown, has had mostly adverse consequences for consumers and appraisers. Consumers have been saddled with low quality appraisals and appraisers suffer from low fees and AMC intrusion in all areas of the appraisal process.

The GSEs have had a dismal run. The vast infusion of easily obtained housing credit is one of the single most destabilizing events in recent financial history. Blame politicians if you will, but it was the GSEs need to package and sell more "product." Relaxing underwriting and property standards allowed for the massive injection of easy credit into a greedy but vulnerable generation of consumers. We're left with essentially insolvent institutions that can't be allowed to fail and can't

easily be restructured given the enormous clout they wield.

Recent changes by the GSEs - MC1004, Uniform Mortgage Data Program including UAD - were made to benefit GSEs, to allow further automation of underwriting and appraisal function. There is no clear benefit to the consumer, who is a required part of the system until it can be figured how to eliminate humans that are so desperately needed to apply for these loans.

So why are we suffering under the oppression of these financially (and morally) bankrupt entities? This strikes me as another case of the inmates running the asylum. Am I suffering from a gap in perception and is everyone else seeing things as normal or do others feel the same way? If there are others, let's get together, maybe we can do something positive!

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