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## **If the future is not here yet, it soon will be**

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The mortgage market has been moving along very smoothly since the start of the year; the threat of a stalled U.S. economic recovery due to euro troubles in Europe and poor U.S. job growth has continued the pressure on the Federal Reserve to keep interest rates at historic low levels.

In addition to the refinances, housing sales and new construction have picked up recently in 2012, putting strain on the mortgage processing system; banks are hiring staff to help process the applications and appraisers are getting backed up with appraisal requests. "Normal" turnaround time for an appraisal is now two plus weeks, up from the standard one week.

The complexity of completing the appraisals on the new UAD form has increased the amount of time it takes to complete one assignment. Lender call back requests for report clarification also have increased due to new compliance concerns and further delay the appraiser's ability to complete appraisals in a timely manner.

Appraisal fees have risen in the past few months in response to the increase in appraisal orders. Appraisers with established lender relationships have been asking clients with lower fees to increase appraisal fees to the standard rates. Appraisers who accept AMC appraisal work are quoting higher fees based on their availability (AMCs traditionally have paid less than local lenders due to volume). All this has occurred with a modest increase in home sales over the past few months. Heaven help us if we have a full blown sales recovery on our hands!

The refinances will peter out eventually and the sales will ebb and flow, but the future is staring us in the face. The presence of new appraiser trainees has not been detected and Massachusetts residential appraisers are dropping at a rate of 5 to 10% per annum. The long turnaround times and higher fees may abate now, but if the future is not here yet, it soon will be.

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