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Seize the day? Time to take back some of the lost ground

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When I teach, I often get the opportunity to hear from practicing appraisers and how they are thinking. Don't worry, I am not about to tell secrets.

The majority of work done by appraisers is for lending transactions. Thus, my following comments are geared to those types of real world transactions.

Those who don't do lending transactions, compare your experiences with those who do. You may consider yourself lucky if you don't work in a lending environment.

How quickly do markets turn. A year ago, many residential (and commercial) appraisers were eagerly vying with one another to see how low they could bid on the limited amount of work available. The AMCs were calling the shots asking (and getting) rock bottom fees, unrealistic turnaround times, and changing scopes of work at will. There seemed to be no future in appraising. There were too many appraisers, not enough work, and fees were getting pushed down and down.

Fast forward a year. Most everybody claims they are busy. Everybody continues to harp about short turnaround times, low fees. But being busy is a great cure all.

Busy doesn't mean profitable, though. High volume does not equate to good take home pay. A big gross does not mean a large net.

A lot of appraisers are glad to be working again. It beats the alternative. Or does it?

The good residential appraisers I know well and respect don't do much AMC work. They can't afford to unless they engage in dangerous shortcuts in getting appraisals done.

My sense is that there a lot of appraisers who are doing low fee, short turnaround work who aren't shortcutting the process. And they are complaining about it.

I've talked to lenders who believe that there is an appraiser shortage right now. Given the increase in lending activity and the amount of appraisal work, lenders and AMCs are looking for appraisers to meet loan demand and are having a hard time finding them.

Appraisers, stop complaining about fees, turnaround times, scope creep, unrealistic demands, and invitations to violate USPAP. This is a time to take back some of the lost ground and get reasonable fees, make adequate time to complete assignments, push aside requests to engage in scope creep, and generally refuse demands to violate USPAP.

Returned from the ash heap, appraisers can assert our professional prerogatives and demand to be treated with some modicum of respect, in recognition of our important function in the lending process. This is a good time to think about how we would like to be treated in return for professional work.

By the way, all this talk about "customary and reasonable fees" strikes me as lazy on the part of the profession. Appraisers should not consider themselves as union workers, we don't need others to set our fees in a free market environment. If we want to become union workers, we will share the same fate of the union movement over the past 20 years.

Take this opportunity to test the market. Upgrade your clients, move on from those that are cheap, unreasonable, inflexible and/or coercive. If you do good work, find some clients that appreciate it. Expand your practice, take on some new practice areas. Not all clients treat appraisals as necessary evils. Appraisals should not be commodities; don't continue to let the market make it so!
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