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Challenge of training & hiring real estate appraisers - Part 1

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The training and hiring of new appraisers is a hot subject in the industry. Is there a shortage of appraisers? How do appraisers get trained? Does licensing protect the consumer from incompetent appraisers? To fully understand the issues we need to look at some past history.

Not long ago, there was an oversupply of appraisers and not enough business. The way that happened is this. In the last boom there was strong demand for real estate and appraisers. A lot of people entered the field and got some experience. The market eased but there was still a lot of business because of a tremendous demand for equity lines and rates were still low. Sound familiar? Then the amount of loans died and many appraisers went out of business or retired. Those who worked under someone else got laid off and either changed careers or continued appraising on their own. Many of these appraisers were now barely trained and were appraising now without supervision way before they were ready. Those that were smart joined an appraisal organization and made an effort to get up to speed quickly. Many didn't even do that and didn't realize how inexperienced they were and the work quality was marginal. And now the cycle repeats itself.

For the last few years there has been strong demand for appraisers. Honestly, the number of appraisers have not been able to provide the service the lenders need. Appraisal "turnaround time" was too long in 2011 and 2012. Of course, title companies and attorneys weren't keeping up with the volume either. Many people who wanted to become appraisers and heard there was demand, with money to be made, ran out and took classes and even got trainee licenses only to find out that they, along with hundreds of other classmates, would now need to find an appraiser who was willing to train them in the field. This process is costly and time consuming for appraiser owners. Their biggest concern is that there will be enough work for the long haul and that the appraiser will stay with them once they are experienced. I make sure my appraisers see how difficult the management end of an appraisal office is. Most appraisers would not necessarily make good business owners, especially managing other people, never mind clients. The skills required are totally different. Most appraisers are happy to do appraisals and get paid for their work without the added stress of running an office. In fact, many appraisers love the flexible hours of the job which gives them the ability to balance work and family better. As with any business, an owner puts in longer hours than the staff do. I have trained many appraisers over the last 26 years. I actually prefer to train someone from the beginning verses trying to retrain someone from another office, who may have learned things incorrectly or established poor work habits. I receive calls every week from people who want to be trained. If they do not live in my market area, I won't consider them because they will be looking for a job closer to home after they are trained. I have a long interviewing process because I need to get a strong feeling about the character of the potential trainee. I can teach someone how to appraise real estate but I can't teach them to be honest and conscientious. You either care enough to be professional or you don't. The paycheck must be secondary to quality of work. Being able to

multitask and pay attention to detail is also a key factor.

Part two will appear in the December 14th edition of NEREJ in the Appraisal and Consulting section.

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