

The fallacy of appraiser independence

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The HVCC and Appraiser Independence Requirements (AIR) stirred a pot of emotions. Loan officers cannot speak with appraisers, appraisers cannot be paid by the borrower, and who knows what real estate agents can or cannot do in conversing with appraisers. One thing that is not covered by either the HVCC or AIR is good business sense. I searched through these documents trying to find where an appraiser is banned from smiling or being cordial to people and could not find a word. This compounded the puzzling stories I hear from consumers and real estate agents that many appraisers are brusque, sometimes rude, and unappreciative of any offer of information.

Here is an example. The MBREA phone rings with a call from a consumer. The caller begins the conversation along the lines of, "How can I file a complaint against the appraiser who appraised my house." We do a bit of probing to learn about the issue before providing contact info for the State Board. Frequently, what we hear is, "The appraiser spent 10 minutes in my house, ignored comments I made about improvements and would not take my notes on houses that sold in the neighborhood. As a result we think his value is too low and killed our refinance."

Today, consumers are more knowledgeable than ever about the appraisal process. I have had callers recite Fannie Mae guidelines and USPAP standards. They know what makes a sale a comp. They may not know how it all ties together for analysis and reaching a final opinion of value, but they know enough to ask good questions and adequately present their complaint.

There are some issues we are able to explain to the caller. These might be about the appraisal process. But, complaints about behavior are harder to comprehend. Let's dissect a typical call.

1. Spending 10 minutes in the house is most likely a mis-recollection about how long it took to do the inspection. If it is not, then it's easy to see why a consumer may perceive the appraiser did not carefully evaluate their house.
2. Ignoring comments about improvements is hard to understand. It only takes a minute to make a note that tells the homeowner (or real estate agent) you are listening.
3. Not taking information about houses that sold in the area is a no-brainer. Say thank you and take it. While you don't have to use it and you have to independently verify any info you do use, you may find a gem of a comparable. More importantly, you will make the person offering the information feel like they contributed.

Appraiser independence does not prohibit friendliness, chattiness or the acceptance of information from homeowners or real estate agents. Conversely, not being friendly, chatty and rejecting information may lead to a complaint being filed against you. What's better? An extra few minutes at the subject site or hours spent responding to show cause letters? It's your decision.

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