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A world without appraisers: Need to train the next generation

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Since 2007 there has been a 39% decline in the number of Massachusetts appraisers' credentials. The biggest hit has been in the trainee category with a loss of 1,300 aspiring appraisers. However, we now see attrition in the licensed residential and certified categories. Just in the past year, 21 certified general, 43 certified residential and 22 licensed residential credential went unrenewed.

Why is this at all important? The answer becomes clear when you consider a couple of facts:

1. Excluding trainees, when we last checked earlier this year the state had 647 certified general and 1,180 certified residential appraisers. There were 317 licensed residential appraisers as well. But, for the majority of residential mortgage appraisal assignments there is a maximum pool of appraisers of about 1,800. Consider most certified general appraisers don't perform residential assignments; the pool for mortgage lenders becomes more constrained.

2. Studies tell us the average age of an appraisers is north of 50. A significant number are older than 60. The graying of the profession is accelerating which will lead to an increase in the exodus of appraisers through retirement.

3. It takes a minimum of 24 months for a trainee to become a certified residential appraiser and 30 months to become a certified general. In addition to the timeframe, a trainee has to accumulate 2,500 to 3,000 hours of on-the-job experience. Here's the rub about experience. Most lenders prohibit the use of trainees on assignments. As a result, the financial incentive a certified appraiser might have by employing a trainee is eliminated. Thus, very few certified appraisers are willing to take on trainees resulting in very limited opportunities for trainees to accumulate experience hours.

What's the cure to this problem? The answer lies squarely in the hands of the lending community. First, loosen the restriction on the use of trainees to perform assignments without being shadowed continuously by a supervisory appraiser. Take note of the fact the supervisor signs the report and puts their reputation and E&O insurance on the line for each assignment completed by a trainee.

Second, recognize that licensed residential appraisers have earned their credential through education and experience. There may be several reasons they chose not to upgrade to certified, e.g. lack of a college degree, but they are generally a highly qualified appraisers who perform very credible reports.

Without the opportunity to gain experience, trainees will not be able to move up to certified. Experience is gained when clients allow trainees to perform up to 100% of the appraisal assignment. How much of an assignment a trainee can do is best determined by the supervisor who measures a trainee's competency and expands the scope of work a trainee can perform accordingly. So, how about it lenders, isn't it about time you put faith in your certified appraisers to bring on the next generation?

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