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R.I. chapter updates and upcoming events

April 09, 2008 - Appraisal & Consulting

The officers and directors of the R.I. chapter of the Appraisal Institute held its] monthly meeting on March 18th at the R.I. Realtors Building in Warwick. Among the many issues discussed, the following are highlighted:

1) The board discussed the "Cuomo Agreement" and the proposed "Home Valuation Protection Program" as the Appraisal Institute was seeking by March 31st feedback from the chapters for comments and/or concerns. The agreement proposes to establish the "New Home Valuation Protection Code" which creates requirements governing appraisal selection, solicitation, compensation, conflicts of interest and corporate independence.

While on the surface the agreement appears to head in the right direction in removing mortgage broker/lender influence over appraisers, the code is proposed to be monitored by the "Independent Valuation Protection Institute" (to be called the "institute" but should not be confused with our Appraisal Institute). This new institute will have the ability of establishing appraisal management cos. (AMC) for the express duties of ordering and reviewing Fannie Mae and Freddie Mac appraisals so as mortgage brokers/lenders will no longer be involved in the process.

The chapters constituting region IV of the Appraisal Institute discussed the potential effects of the agreement and the region's initial reactions as documented by Patricia Amidon, MAI of Portland, Maine were summed up as follows:

1. AMCs may become too powerful.
2. AMCs take the lowest priced appraiser.
3. AMCs want the fastest turn-around.
4. AMCs keep large portions of the appraisal fees.
5. AMCs control the appraisal ordering process.
6. Appraisers don't think AMCs care about quality.
7. Appraisers do not want to see the banks have to divest themselves of appraisal departments.

I am very proud to report that the R.I. chapter, as spearheaded by Jerry Roch, SRA was instrumental in bringing forth the appraiser's concerns of the agreement even though it was the general consensus of the board that the proposed changes are as Roch wrote, "a monumental step in the right direction in alleviating appraiser pressure." Jerry's letter which will be distributed to chapter membership went on to state "the concern is - will the bulk of the assigning [appraisals] be taken over by 1, 2 or 3 AMCs? And if so, what type of guidelines will they institute in selecting their appraisal panels? Will it be based solely on lower fees and faster turnaround time? Or will it be based on more meaningful criteria? "

2) Erin Angel of The Washington Trust Co. and a chapter director has volunteered to be program director for 2008. Erin's charge will be to secure varied guest speakers for chapter events and

meetings, with the ultimate goal of expanding networking and continuing education opportunities for the membership.

3. The chapter will hold its first general membership meeting on April 29th. The educational topics will include the green building technology employed in the construction of the Save The Bay building and an overview of the Providence sewer overflow construction project, a 150 ft. deep tunnel system which extends from Field's Point through downtown Providence over to the Foundry Complex on Promenade St. This event will be from 2 - 4:30 p.m.

4. The chapter is pleased to announce a new member, John Sullivan of Union Bank in Cumberland.

5. Region IV of the Appraisal Institute announced that its spring regional meeting will be held in Newport, R.I. on May 16th and 17th. The Newport Marriott will serve as the meeting place and a regional cocktail reception/dinner will be held at the Clarke Cooke House. The R.I. chapter is honored to have this event scheduled in our home state.

Thomas Andolfo, MAI, SRA, is the 2008 president of the R.I. Chapter of the Appraisal Institute, Providence, R.I.

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