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There is a silver lining: Preparing for improvement

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With the housing market experiencing a slow down many appraisers are finding themselves with more time on our hands. Time that can be spent reviewing and analyzing our business expenses. Most of us have a good idea of the dollar amount of our annual expenses, an experience we revisit every April 15th. While we know what the expenses total, we often do not look closely at the individual numbers and how they benefit us.

Expenses for data sources such as MLS, the Warren Group, Co-Star or software maintenance and update contracts are essential to a successful business. However, I have found differences in pricing of residential software from provider to provider and differences for additional features. Careful evaluation may indicate that some of the features are not being used or are used infrequently. After going through this exercise recently, I was surprised at the savings I found. Many of the individual savings were small, but when taken collectively they became significant.

I recently found that a service I was using once every two or three months was costing \$22 per month. This particular cost was not worth the value I got from the few time I used it. This does not sound like much but it is \$260 over the course of a year.

Another area that can produce savings is newspapers. They are important for knowing what is happening in a market. Many are now available on-line. Even if there is a charge for the internet version it is almost always significantly less than subscribing to delivery of the newspaper itself.

One expense that appraisers may feel they cannot afford is membership in a professional trade organization. As a member of two professional groups I took a hard look at this expense item. Membership is an expense item that comes once a year and thus can look very large when we are writing a check. Again, breaking it down to a monthly expense helps to put it in prospective.

For example dues in the MBRE for a State Licensed or Certified appraiser are \$275 per year. This is only \$22.92 on a monthly basis. The MBREA keeps appraisers up-to-date with what is happening in the appraisal industry both in New England and on the national level through regular emails, meetings, and a web site.

A recent e-mail from the MBREA addressed topics such as the Cuomo agreement with Fannie Mae and Freddie Mac. This agreement, if it goes into effect on January 1, 2009, will have far reaching impact on the appraisal industry. Another article noted that the comptroller of the currency, John Dugan, is asking for withdrawal of the agreement, while another noted that the republicans were considering a challenge to the agreement. This is an important issue that the MBREA keeps me up to date on.

There are free member only workshops. The next workshop features an attorney and an accountant who will discuss the pros and cons of various types of business entities for use by appraisers. There are also discounts on classes and seminars as well as discounts on service like

E-USPAP, Staples business advantage benefits, discounts on life and disability insurance and on auto, home and other personal property casualty insurance, and a 10% discount from the Warren Group Real Estate Records Search. At effectively \$22.92 a month the potential benefits and savings make this an expense you must have. By any yardstick MBREA membership is a tremendous value.

Most appraisers probably keep very good control of expenses. This article has been devoted to the need to continually evaluate if we are getting value for the dollars spent. Our needs and usage are continually changing. Now is a perfect time to take a new look at what we are paying for and get in good shape for the future. The silver lining of a slower market is that we gain time to be better prepared for the market's improvement.

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