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This generation of appraisers: Taking responsibility for the assignment and controlling the process - by William Pastuszek Jr.

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After seemingly getting through the tunnel's darkness and getting to the bright end, it seems like residential appraisers may be entering dark times again. Not self-inflicted, but assault from without.

The residential appraisal profession went through a process of change during the downturn. The ensuing changes, while eliciting the usual appraiser complaints, were effective getting the appraisal process much more independent, free from undue influence, and technically more solid. While the evolution was bumpy and the results imperfect, end results provided appraisers with the ability to carry out assignments more objectively and with greater precision.

The changes also forced appraisers to deal with parts of the appraisal process that were often glossed over or ignored. Those parts would include, among others, more explicit support for comparable selection, more substantial support for adjustments, and enhanced market analysis and highest and best use consideration.

Appraisers have labored diligently to meet these requirements. Went to classes, did online seminars, webinars, networked with peers, and did the hard work in the office and the field, early in the morning, late at night. Worked often under not entirely reasonable client imposed working conditions, while all the while trying keep licenses clean and USPAP observed.

Things have changed a lot in 10 years. The transformation/evolution of the profession, behaviorally and technically, continues. Appraisers have more tools at their disposal than ever. Are they being used correctly? More to the point, are they being allowed to use them appropriately?

A generation, a thick cohort of hard workers, is aging out. The older end of this group experienced two major real estate downturns and generally learned lessons from each.

Many came to the profession from someplace else as America experienced monumental economic change during the 1980s, '90s and 2000s, with the unrelenting change continuing unto the current

day. The group brought a multiplicity of viewpoints and opinions to grow the profession. The Great Downturn kept many of those in the workforce longer than anticipated.

This generation learned that appraisal is all about taking responsibility for the assignment and controlling the process. It's a hands-on process with a bottom line that the appraiser did the work and stands behind it. The appraiser decided what the appropriate scope would be.

What has changed? Some things don't. The definition of market value: has it changed? No. Has our understanding of it evolved? Yes. Whoever worried about exposure time before USPAP made us think about it?

Scope of work changes in USPAP during the last downturn refined our understanding of something that was very internalized by practitioners. The standards board made most appraisers think about scope of work in different and mostly productive ways.

This generation is feeling threatened by a new group of unwelcome and counterintuitive changes. See following:

Raising the residential appraisal threshold. A universal appraisal threshold is not appropriate but it's always been that way and isn't going to change now. This is a regulatory work in progress and it's an ugly one. Despite much opposition by consumer groups, appraisal organizations, and legislators, regulators seem intent on pushing this change through. The impact could be severe for appraisers – loans below the minimum won't need licensed appraisers to do the work – and dangerous for consumers.

Hybrid appraisals. Decoupling inspections and valuation sound plausible and might just work if appraisers allowed choice. There are clients that see this as an opportunity to cut costs and further meddle with the appraisal process.

Exterior only appraisals. Wasn't this part of the problem back in 2005?

Reliance on regression and other technology fixes. Appraisers are capable of operating these technological tools and can use them wisely, peppering the output with judgment. In the hands of less experienced and less principled, trouble brews, if they succumb to the siren song of technology!

The recent past has seen a drop in activity in many residential markets. This trend is likely to continue. That means less sale appraisal work. The refinance market slowed when rates increased.

It's not all bleak. There are clients out there that care and want good work, well presented and well-reasoned. Those appraisers can seek out clients that have the same goals. The "new" appraisers are likely to adapt and evolve. With many of these new appraisals, there is a way to find professional solutions to valuation problems appraisers of any age. Appraiser's abilities to problem solve have not changed.

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