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## **The spring market is here! Appraisers need to stay current - Maria Hopkins**

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Maria Hopkins

Maria Hopkins Associates

The spring market has arrived. We are hearing from many real estate professionals that there is a lack of inventory for their buyers. In many areas there are lines of people waiting to look at every house with multiple offers over asking. Pent up demand coupled with record low interest rates is causing values to go up in most areas of the state. Many areas of the state have already seen market appreciation over the last few years. There is no end in sight.

Apartment rents are increasing as well. Multifamilies are in high demand selling within hours, with record increases in rental rates. More and more unrelated people are sharing apartments because that's all they can afford. Multiple generations are also sharing living areas. Of course, there are a lot more people who end up homeless as the shortage of housing worsens. Availability of mortgage money for people with credit problems is still a barrier for some people to buy and live the American Dream. Government mortgage program's like FHA, USDA, Mass Housing and VA are more popular than ever and continue to allow more people to buy with reduced or no down payment.

Rates are at a all time low in history, enabling buyers to get more house for their money. Refinances are now booming which is causing appraiser and mortgage brokers to work overtime. Appraisal Management Companies (AMCs) are still the norm for mortgage companies to obtain an appraisal. Unfortunately, everything is money driven. As long as appraisers are not offered customary and reasonable fees and forced to do appraisals at lower rates or not get the work, there will be some that will take appraisal assignments in order to try and survive. The result often is poor quality work by inexperienced, poorly trained, often incompetent appraisers, who are often not even familiar with the town they are appraising in. So the once "great idea" to fix the system of obtaining appraisals has had somewhat of an opposite effect. Some banks and credit unions have kept control of the appraisers that are approved to do their work and rotate them. Often they are lending their own money and want to make sure of the quality of their appraisals. They are the smart ones and have traditionally had far fewer losses than the lenders who use AMCs.

In addition, these lenders will have local investors who will buy their foreclosures and this should allow them to again have a smaller loss than a big lender, who is so far removed from the process that every decision they make is irrational and causes a larger loss than necessary. And who pays for these bad decisions? We all do. Borrowers are expected to be financially responsible and qualify to borrow money but the large financial institutions often handle short sales and foreclosures in what every real estate professional (brokers, appraisers, investors, etc.) agree is the stupidest (forgive me for saying it) way possible. I could go on forever about the whole system, but it is good news for investors who will continue to pick up great real estate deals. Cash is still king and will bring bigger rewards than if financing is needed.

Appraisers have their work cut out for them to keep up, on a weekly basis, with what is happening in each market area. Every town may be different, and low end housing may be different than high end housing. New construction may be in a world of its own and under everything is the land, which really should be in demand more than ever. There is a beginning to be a shortage of appraisers in some areas as a great number of appraisers are now aging out of the profession. There is a shortage of new trainees coming in. Massachusetts has recently changed the regulations to entry into the field making much easier for new trainees to get licensed quickly. While the college degree was not necessary and rightfully eliminated, personally I think the two year experience requirement should not have been shortened to six to twelve months. Trainees should be supervised for at least the two years. Networking with other real estate professionals and attending meetings of professional appraisal organizations such as The Mass. Board of Real Estate Appraisers and The Appraisal Institute can really help appraisers stay current.

Maria Hopkins SRA, RA, is president of Maria Hopkins Associates, Spencer, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540