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## **“May You Live in Interesting Times” - by Laurie Mentz Nichols**

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“May you live in interesting times,” is an English translation of an old Chinese proverb which is as much a blessing as a curse. In the three short months since the first reported outbreak of the coronavirus (COVID-19), the World Health Organization (WHO) declared a pandemic. The rapid spread of the virus has caused worldwide economic disruptions reflected by increased volatility in the financial markets. In the hopes of calming the financial markets, the Federal Reserve aggressively cut interest rates and the Senate approved a historic two trillion dollar stimulus deal. Government-Sponsored Enterprises (GSEs) and agencies worked together and eased standards for both property appraisals and employment verification in an effort to facilitate liquidity in the mortgage marketplace. State and local municipalities took immediate measures to contain the pandemic and prohibited and cancelled large-scale gatherings; closed municipal offices, public parks, and recreation areas to the public; and to the dismay of many parents, closed schools.

Businesses not considered “essential” were urged to close or have employees work from home. Shelter-in-place and self-quarantine became phrases used in everyday conversation, and face masks and latex gloves became de rigueur. Panic buying ensued and grocery shopping went from being a weekly errand to an all-out planned event to find paper products, dry and canned goods, and the seemingly non-existent antibacterial cleansers.

Adding to the chaos, lowered interest rates spurred homeowners to refinance, the numbers of which have not been seen since prior to 2008. Appraisers now faced health concerns when doing interior inspections and some have encountered homeowners who refuse to allow entry into their homes. When scheduling appointments, many appraisers concerned for their health started asking homeowners if anyone in the household was ill and requested to have no one present in the home during the inspection, and to leave the lights on and doors open, limiting the appraiser’s exposure. Some appraisers took a step further and opted to limit their business to exterior inspections and desktop appraisals, while others put a hold on all inspections until the “all clear” was given.

In answer to the question as to whether to perform an interior inspection during the pandemic, GSEs

and agencies addressed the potential cascade effect of the coronavirus on the financial marketplace by temporarily suspending interior inspections with drive-by appraisals, desktop appraisals, and waivers, when possible.

Another issue to be addressed was the analysis of market conditions. How does one accurately capture the economic effect of the coronavirus on the number of days a property is on the market or the sales price? Add to that fluctuations in the stock market and lowered interest rates and the analysis becomes more complicated. The coronavirus may be impacting market conditions, but it is not clear to what extent. When addressing the market conditions section of the report, the appraiser should note that if they make a statement that the coronavirus will have a negative market effect, then they will have to support a negative adjustment, which cannot be supported yet as it is too early to see an effect.

The Appraisal Institute stated that the market analysis in appraisal reports should include a discussion of market conditions, and to mention the coronavirus outbreak and its possible impact. A disclaimer or an extraordinary assumption should not be included in the analysis as it would suggest that the appraiser is not taking responsibility for the analysis of market conditions. For further information, appraisers should reference Guide Note 10, Appraising in the Aftermath of a Disaster, and Guide Note 12, Analyzing Market Trends. Both Guide Notes can be found on the Appraisal Institute's website.

While we are living in interesting times, it is also a tough time for all. I urge all of you to err on the side of caution when it comes to your health. For those of you who now find yourselves with the additional roles of art, physical education, English, geography, history, science, and math teacher as well as principal and school nurse while homeschooling your children, may I say that I feel your pain and offer my wishes for your continued sanity.

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