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Are appraisers essential? They must be! - by Shaun Fitzgerald

November 13, 2020 - Appraisal & Consulting

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Appraisals

Are appraisers essential? They must be; just about every appraiser I know is flat-out busy. When the pandemic started, many, many people stopped working altogether, were told to work from home, were furloughed or laid off. Not so for appraisers. With declining mortgage interest rates and increasing property values, the loan-to-value ratios are also declining. So, you'd think that lenders might wish to go the route of computerized valuation solutions – but they're not. Lenders are opting for hands-on in-person inspections and market analysis. Moreover, the lenders and their Appraisal Management (AMC) partners aren't insisting on lowball fees for appraisers; they want to get the job done and they want it done right. Maybe because prices have been going up so much for so long, lenders are afraid that the market will top out and drop leaving them with underwater loans. Maybe they think that interest rates will finally stop decreasing and they will be left holding loans that they can't sell. Either way, they are relying on appraisers more than they have in the past.

But, I'm not just talking about residential loans and residential appraisers. Appraisers who conduct appraisals for estates, taxation, dispute resolution, eminent domain and other such non-lending purposes are very busy as well. We've had calls from people planning on selling their properties who want an appraisal. When we tell them that a real estate agent will probably give them a Broker's Price Opinion for free, they say no; they insist on a full-blown appraisal – and of course, they want it quickly. After years of downward pressure on fees, appraisers are finally getting their due. Fees are up and reliance on the opinions of appraisers is up.

Demand for appraisal expertise is way up, but availability of qualified appraisers is down. It has helped on the supply side that the Appraisal Qualifications Board (AQB) has relaxed slightly the requirements for licensing and certification. But much more must be done to invite people into the profession. The Appraisal Foundation (TAF) has three initiatives underway to address the appraiser shortage. Details are on TAF's website.

A Veterans Task Force has made substantial inroads with the Veterans Administration and with the Pentagon to assist veterans in transitioning into the appraisal profession. There are newer techniques for training veterans and there are incentives for currently certified appraisers to train new entrants to the profession.

Additionally, TAF's Special Committee on Diversity and Inclusion has a charge to promote more diversity in the valuation profession. It is modifying education requirements for current and aspiring appraisers to include specific content to address bias, discrimination, or fair housing issues in appraisals.

Finally, the Foundation (TAF) is shortening the timeframe for some to become an appraiser by establishing a Real Estate Degree Review Program where degrees in real estate are reviewed to determine how the education required obtaining a degree can be applied to the Required Core Curriculum in the Real Property Appraiser Qualification Criteria.

All of these initiatives have the specific intent of encouraging new entrants into the appraisal profession while increasing competency and maintaining the public trust.

Meanwhile, The Massachusetts Board of Real Estate Appraisers (MBREA), the Appraisal Institute (AI), the American Society of Appraisers (ASA) and the American Society of Farm Managers and Rural Appraisers (ASFMRA) are actively developing programs to eliminate "implicit bias" in all appraisal disciplines and functions.

The future looks good for the profession. Competency is up, professionalism is up, inclusion is up and fees are up.

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