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Appraisers in the news - by Bill Pastuszek

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Appraisers like to do their job quietly, flying somewhat, under the radar. For the most part, they keep their heads down and stay focused on the task assigned. They do their important work quietly and generally without much fanfare. Faithful, above all, to the appraisal process, their work is based on verifiable market data and the result is a considered, supportable opinion of value.

The Preamble of The Uniform Standards of Appraisal Practice (USPAP) tells us that “it is essential that appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their services in a manner that is meaningful and not misleading,” and that the appraiser’s responsibility is “to protect the overall public trust.”

Appraisers love what they do because real estate appraisal is such a wonderful blend of science and art. But have we reached a point of inflection? Is the appraisal process and reporting due for overhaul, if not outright transformation? Has the industry become too conservative, too resistant to make what increasingly appears to be needed, meaningful and progressive change?

We live in an increasingly data driven world. Appraisers traditionally have served not only as data analysts as well as custodians of market data, doling out that precious data as needed. But data now is everywhere. More and better analysis is demanded. Have appraisers lost their analytical primacy, our analysis chops? In a space where information is readily available, our “public”—the term USPAP uses for those who rely on appraisers and appraisals in some way—is looking for greater transparency. We, as a group, haven’t responded very well to that trend. Are we playing Tin Pan Alley when the audience wants Smooth Jazz?

I know these are generalizations. So, for those appraisers who are embracing the Bold New World of Data, big and small, apologies and kudos.

Many appraisers may argue that there is nothing inherently wrong with appraisal in 2022 and that is a valid argument generally, but appraisers are losing in this larger national discussion. And other organizations and entities are deciding the pace and direction of change in our profession.

The last ten+ years should have seen some significant change in the appraisal process, and particularly in the residential appraisal process. To be sure, evolution has occurred with some changes, mostly dictated by Government Sponsored Enterprises (GSEs). At the start, appraisers complained loudly about these changes, which were largely data entry enhancements to allow the GSEs to compile statistical data.

More changes are due imminently; that’s how the appraisal process gets re-engineered.

The argument that residential appraising is held as a prisoner to GSE requirements and that the current form environment limits substantially the flexibility that USPAP and GSE requirements suggest appraisers should exercise. The discussion is not over.

Events of the recent past have initiated a movement for an external review of the appraisal process.

More than ever the profession needs to be less defensive and get on top of, ahead of, the issues facing it.

The issues around real estate appraising won't go away by our ignoring them. The public has realized how beholden the lending world and other processes are to appraisers, and they rightly want to know more. Trends—such as “no look,” hybrid appraisals—are also unfolding that will shape appraising in the near future. The increasing shortage of appraisers has appraisal users seeking solutions that may, in the end, make appraisers less comfortable about their future.

Appraisers have had to contend with unprecedented market conditions over the recent past and have come in for blame for supposedly not reflecting the markets' leading edges. And rest assured, we will get blamed when this market finally stalls out.

Maybe playing Smooth Jazz to calm the public isn't enough. Maybe it's New Age that will get us there and keep us out of the news!

More on this in future articles!

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