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## **The future will challenge appraisers and their clients**

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Just in case appraisers and users of appraisal services have been asleep the past two years, come January 1, 2008, the requirements to become a licensed or certified appraiser will increase significantly. The accompanying table is a summary of these changes. The Appraisal Foundation mandated these changes, and each state has responded individually. Any interested party should contact the Real Estate Appraisal Board in his or her state for more detail as some states require very specific course work.

Therefore, come the new year, anyone entering the appraisal field must meet the new requirements. The increase in requirements will increase the time and expense necessary to become an appraiser. Demographically, the average age of appraisers is more than 50 years with some estimates as high as 55. This statistic alone means that many of the existing appraisers will opt to retire or experience health issues that may render them incapable of performing their craft. In addition, I have found a strong reluctance on the part of my colleagues in the field to bring on trainees due to the expense, time and liability of this commitment. This situation indicates to me that a severe shortage of appraisers looms on the horizon.

The current economic conditions indicate that the country may be headed toward a recession. The sub-prime debacle is resulting in a credit crunch whereby even qualified borrowers are having difficulty finding a mortgage as well as an increase in foreclosure activity due to the inability of some borrowers to keep pace with increased monthly payments when their mortgage interest rate increases. Foreclosure activity may flood the market with excess inventory that could have the net result of falling housing prices.

If qualified borrowers cannot get a mortgage and homes are being foreclosed upon, the housing market will suffer which in turn will create a cascading effect resulting in job losses in the mortgage industry, construction and manufacturing and produce ideal conditions for a recession. Recessions tend to be boom times for appraisers, as all the foreclosed properties need to be appraised.

Theoretically, the looming shortage of appraisers could coincide with a recession. To say the least, this situation is not a good occurrence and has the potential of radically altering our profession. If the lack of appraisers becomes too severe, alternate methods of determining value may be generated, possibly to the detriment of not only the profession, but also of the economy.

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