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Appraisers of the World need to unite to help enforce and clarify USPAP!

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I thought about what readers of NEREJ would want to read. We have heard too much about derratives, the ephemeral securities causing so much havoc. I thought about the appraisal profession, that people outside the appraisal profession might not be interested in appraisal, but appraisal is a great part of the current economic mess. Securitization is about manipulating market value. The Fannie Mae fiasco is about easy credit combined with manipulating market value. Manipulating market value became a way of life. Why would appraisers be part of the problem, after all they are highly regulated? Well, some appraisers acted in self-interest, shortcutting the process, creating adjustments, comps, and robot-like making the deals work. There was the fee splitting issue that resulted in \$150 for a URAR appraisal. Herd mentality i.e. justifying short cutting by fitting the scope of work into the fee was (is) common. Reviewers were facilitators and the "lender/brokers" were in reality encyclopedia salesmen with sales quotas. Some appraisers participated in intentional fraud, but more commonly, those that crossed the line were simply negligent. His or her defense was that everyone was doing likewise.

We (appraisers) must unite. We need to unify. Appraisal is the only profession with more than 30 different professional associations competing with each other as to being the preeminent dispenser of religious-like appraisal dogma. Business valuation alone has 17 distinct appraisal designations each with their own brand of appraisal standards, e.g. the AICPA business valuation standards of 2008 copied parts of USPAP to fit their interpretations but generally ignored the rest. We are not evolving as a profession, but turning on ourselves. We need a reformation to rid ourselves of babel, dogma, and boilerplate. We must consolidate, amalgamate, and join together, as one professional association similar to the American Bar Association and the American Institute of Certified Public Accountants. Appraisal societies are infighters, jealous, protective, dogmatic, selfish, and exclusionary clubs. Each holding on to a failing status. We could and should be one powerful group.

I recently published a 400 page text, Narrative Appraisal Report Writing, wherein I skewer and otherwise lambast my peers for not endorsing and enforcing USPAP. I compare some appraisal associations to the "Order of the Raccoon" starring Art Carney and Jackie Gleason in the Honeymooners, where the members tend to spend more time pretending to be important than becoming important. I should mention I am a Senior Member of the American Society of Appraisers with four appraisal designations. I am also a past international governor, peer review committee member, constitution committee, etc., and have been appraising for over 35 years. And I have taught USPAP since 1992 around the country and from Kaunas Lithuania to Mexico. I teach the Appraiser as Expert Witness, USPAP, and Narrative Appraisal Report Writing for five different appraisal associations." I am also a lawyer handling a dozen lawsuits against appraisers and a few defending appraisers. So, here is the charge:

*We must work to clarify and enforce USPAP! The AICPA is not alone with its own brand of appraisal standards. There is also the International Valuation Standards applicable to real, personal, and intangible appraisals. The market is confused with so many varied standards. Work to have the multitude of appraisal organizations adopt USPAP exclusively.

*Real Property appraisers must lobby for legislation to mandate state licensing to appraise any real estate! Connecticut, until last year, had regular appearing real estate appraisal licenses that said in fine print "not good for federally related transactions." The Appraisal Subcommittee threatened to shut down the state. The state retracted the licenses.

*Most people understand the word appraiser to mean a real estate appraiser. Surprise, there are tens of thousands of other appraisers, including appraisers of antiques, sports memorabilia, wine, fine art, cars, businesses, jewelry, machinery and equipment, utilities, mines, farms, and even trademarks, pensions, and patents. Many "merchant-appraisers," i.e. jewelers, machinery dealers, business brokers, and antique dealers use appraisal to get a consignment or to buy the thing appraised. Their reports seldom contain a scintilla of evidence supporting the value assertion. Get them involved with USPAP and then as peers.

*If we are to be professionals act like professionals. URAR appraisers often appear in public looking like homeless people. How do you expect to be regarded as a serious professional if you appear at the bank, assessor's office, or law office in hip hop clothing?

*Commercial real estate appraisers need to stop the cut and paste, disjointed boiler-plate, and write comprehensible appraisal arguments. I review all types of appraisal reports regularly. I have yet to put down a report and say, "I wish that report had been longer."

*Finally, help join appraisers together as one professional organization, invite other groups to your meetings, and make 2009 the year of progress and improvement.

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