



Appraiser Task Force

News & Updates

Standards of Good Practice in Appraisal Management

The Word on Appraisals by Jeff Schurman

RISMEDIA, February 23, 2010—Last spring and summer, there was considerable frustration in the industry around the length of time and cost to complete property appraisals:

1. A large drop in interest rates caused a tremendous surge in refinance applications and a huge spike in appraisal orders—upward of 200%. This put strain on appraiser capacity, resulting in longer timelines to complete orders.
2. Fannie Mae and Freddie Mac issued a new form for appraisers to complete (Market Condition Summary) that required appraisers to spend more time with each assignment. The extra work, about 20 minutes of time, appropriately resulted in the price of an appraisal increasing by about \$45.

At this exact same time came national adoption of the federal Home Valuation Code of Conduct (HVCC):

3. In a large number of cases where questionable values were observed, the appraiser had been selected by someone other than the lender. So to reinforce appraiser independence, HVCC was introduced. This shifted appraiser selection from a personal network to an arm's-length process, and resulted in many agents feeling like they had less control over transactions. A typical response was, "How can an appraiser I don't know do the job as well as someone I have experience working with?"

And while HVCC was just one component in the mix, it arrived during a perfect storm in the real estate industry, and became the acronym for overall frustrations.

Throughout summer 2009, dramatic headlines were getting replay-after-replay, even when the facts didn't quite match the headlines. Although market conditions were also a factor in the stories of the day, distance traveled by appraisers, quality and experience captured the most attention.

It was in this volatile environment that appraisal industry leaders saw a strong opportunity to help educate agents, real estate leadership and customers about the importance of truly professional, qualified, independent appraisers.

The result was the newly released Standards of Good Practice in Appraisal Management, produced by the Title Appraisal Vendor Management Association (TAVMA). The standards, which fall into three main categories, create a framework to ensure transparency, consistency and predictability:

Recruiting, Hiring and Training of Appraisers. The standards define qualifications and quality expectations for appraiser candidates as well as commitment to continuing education and training.

Assignment of Appraisers. These standards define how appraiser capabilities, expertise, geographic proximity and availability are considered in making the best assignments.

Customer Service and Dispute Resolution. These standards address escalation processes for customers and appraisers. While there is no doubt that government regulation is changing the industry, the value in having standard appraisal processes is in ensuring independence and integrity—and enabling liquidity in the market. As with all changes, communication across the family of real estate services is key in providing customers with an outstanding experience. And on this point, everyone is in agreement.

Jeff Schurman is executive director of TAVMA. For the complete text of the Standards of Good Practice in Appraisal Management, please visit www.tavma.org.

Are you interested in serving on the **Appraiser Task Force** in 2010? If so please contact Susan Jester at sjester@wsrar.com or 768-5560.

NAR's Blog for Real Estate Appraisal News: <http://appraisalinsight.blogs.realtor.org/>

Do you have a question or issue for the newly formed WSRAR Appraisal Task Force?

If so, please email Susan Jester, sjester@wsrar.com. The primary objectives of this task force are to improve communication between the two professions and to educate brokers about the appraisal process and issues that affect the appraisal industry.