

Appraisers, Bullies, AMCs and Banks

By Richard Hagar SRA

In many instances, the way the banking business is run today, looks like appraisers are the beaten victims of school yard bullies. Appraisers sometimes call the bullies by their generic names “AMC” or “Bank.” Before we go further, let’s look at some definitions.

Victim

(Noun)

- Anyone who is harmed by another.
- An aggrieved or disadvantaged party.
- A person who suffers any injury, loss, or damage.
- An unfortunate person who suffers from adverse circumstances
- *Narratology*. A character who is conquered or manipulated by a villain.

This definition could describe many appraisers who are trying to provide a product and service to an AMC or bank for a reasonable fee.

Bully

(Noun)

- A person who uses strength or power to intimidate.
- An entity that is overbearing, especially to weaker people.

(Verb)

- To intimidate.
- To act aggressively towards.
- Use of influence to intimidate a person toward a desired goal.

Appraiser

(Noun)

- A victim that is bullied by a poorly managed AMC or bank.

I understand that the above does **not** apply to all appraisers, banks or AMCs, but it does apply to many... way too many! There’s a business relationship between AMCs, banks and appraisers. For a business relationship to benefit all, there must be a balance. The problem today is the relationship is out of balance and very one-sided.

When a reasonable person reads the above definitions, I doubt they would ever say the appraiser was the bully. Ask appraisers, do they feel more like a victim or a bully? We all know the answer. Now ask the head of an AMC or bank, do they feel like they are victims of an appraisers bullying tactics? Again, we know the answer. Can appraisers **really** set their own fees or are they told what they will be paid by the AMC?

On a daily basis, appraisers are being intimidated, coerced, influenced and bullied by their “banking” clients. If an appraiser doesn’t come in at the value desired by the AMC or real estate agent, the appraiser must answer to a “reconsideration of value” even if the “reconsideration” is bogus. The appraiser has to stop what they are doing and consider sales or additional information that was supplied by the AMC or agent. Likely this additional information has no impact on the value or quality of the report. It’s a last gasp attempt to influence the appraiser and appraised value. It’s an attempt to bully the appraiser toward a desired value goal or **not** describing an adverse influence such as a failed roof or mold. Often it’s an attempt, by an AMC, to please their banking client and provide appraisals at a specific conclusion (value or condition). The reason doesn’t really matter, the goal is the same – bully or influence the appraiser until you obtain what you want.

I dislike bullies. I dislike the feeling of being a bully's victim or watching a bully push someone else around. Long ago I learned how to stop bullies - fight back and use everything at your disposal to do so. Bullies often flee people who stand up for themselves.

As the movie line goes: "I'm mad as Hell and I'm not going to take it anymore!"

So if you are "mad as Hell" **stop** whining and learn how to fight back. The new power and tools given to appraisers under the Dodd/Frank Act are amazing.... but you have to educate yourself regarding these new tools.

I'll show you what's prohibited, where to complain and how to bring a poorly managed AMC or bank to their senses.

In our 3 part class on **"Appraiser Independence and the Mandatory Reporting of USPAP Violations "** I'll show you how to stand up and fight for yourself and in the process increase your income.

The first two sections of the class will help you gain appraiser independence. The third section is where appraisers **must** learn about the **new USPAP enforcement system**. Unfortunately many appraisers are not going to like it but they **must** understand the information if they are to survive.

Bad Appraisals - The Other Side of Appraiser Independence

Lenders have problems also. Many lenders are willing and do pay reasonable fees for appraisals. They are frustrated because they are not getting their money's worth from appraisers. Even when paying a full and reasonable fee, lenders **are not receiving USPAP compliant appraisals**.

I supply training to lenders, banks, and credit unions. In **every** session, inevitably someone asks the following two questions:

- "Where or how do we find **good** appraisers?"
- "I know the appraisals we use in our bank are bad, but management won't let me turn the bad appraisers in to the state. What can we do about it?"

The myriad of new laws and regulations are designed to solve both of these problems. Many banks consider their internal appraisal departments, deal killers. They don't produce income, they consume it. Appraisals are "needed to make auditors happy," a bucket filler if you will. As a result management looked for ways to keep the appraiser department costs to a minimum. Their solution - hire cheap form filling appraisers.

But what if that solution, the use of cheap form filling appraisers, was no longer available? What would happen?

The third section of my class deals with the **mandatory reporting of USPAP failures** and this is a deal changer. In the new world order, Lenders, AMCs, and banks are required to perform USPAP compliance reviews **on every appraisal**. Appraisals that fail certain criteria **must** be turned in to the state and the state **must** seek disciplinary action against the appraiser.

People inside lenders, banks, and AMCs **must**..... and I mean **MUST** turn bad appraisers in or they face \$10,000 per day fines. While appearing harsh, this is designed to protect the people inside the appraisal divisions who want to do the right thing. No longer can management tell them to turn a blind eye on bad appraising. Now bad appraisers are being turned in. Fewer appraisers will survive and, lists of good appraisers are being formed. Good bank appraisal departments will smile. They won't have to put up with garbage appraisals or bad edicts from management anymore. (That's the hope and goal.)

Bullies and bad appraisals are not going to be tolerated any more. My classes are here to help appraisers fight bullies, get paid more and, become better appraisers. Education and knowledge will help appraisers become better, higher paid professionals. That same education will help lenders obtain superior appraisals and increase their profit margins. I'm trying to keep you safe out there, so everybody wins.

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