

APPRAISERS

Not all appraisers are equally qualified. A fee appraiser is an appraiser for hire by the general public, as opposed to a staff appraiser working for a lender. As a general rule most lenders will not accept an appraisal from a fee appraiser unless *that* particular fee appraiser was designated in advance by the lender. This is to prevent collusion between the borrower and the appraiser to bring in an inflated property value.

There are certain professional "designations" that an appraiser can earn that will give him more universal acceptance by lenders and therefore increase the demand for his services. These designations are earned by a combination of classroom instruction and supervised work experience according to very strict standards established by professional associations of appraisers.

The most highly coveted is the M.A.I. designation, which stands for Member, American Institute of Real Estate Appraisers. Most lenders lending in a remote area in which they are not familiar will require that the appraiser be an M.A.I. This designation requires years of study and thousands of supervised appraisals, and is somewhat equivalent to *the* C.P.A. designation in accounting. Because of the demand for their services, M.A.I.s often command appraisal fees of two and three times those of the average fee appraiser for appraising the same property, and most M.A.I.'s have work backlogs of at least 3 weeks. Because of the prestige and fee premium offered by an M.A.I. designation, few M.A.I.s will risk their designation by conspiring with a borrower to over-value a property. The M.A.I. designation is the one designation that most lenders will accept, even if they do not *know the* appraiser personally.

Another highly respected designation is the SREA designation. This designation stands for Senior Real Estate Appraiser and is issued by the Society of Real Estate Appraisers. In theory, the SREA designation is supposed to be directly comparable to the MAI designation, the only difference being that it is issued by a different trade group. There was even some talk several years ago that the American Institute and the Society might merge. The merger fell through however, probably because the American Institute did not want to share their special reputation. While in theory an SREA designation is supposed to mean expertise directly comparable to that of an MAI designation, the reality is that the SREA designation has never achieved the same universal acceptance.

The SRPA designation is just one step below that of an SREA designation, and stands for Senior Real Property Appraiser. This designation signifies that the appraiser is well qualified to appraise income property. It is often a good compromise, if discussed with the lender in advance, between a lender's desire for an MAI appraisal, and the borrower's desire for a more reasonably priced appraisal.

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It is customary and proper to ask a new appraiser for a copy of his resume and references. All experienced appraisers have these already prepared and are happy to supply them upon request. Avoid any appraiser who refuses to supply a copy of his resume and references. It is a good policy to include a copy of the appraiser's resume and references directly behind the appraisal in a loan package. Most MAI appraisers automatically include their resume and references as an integral part of their appraisal package.