

To: Oregon House Committee on Business and Labor

**Fm: Allan Rodrick, SRA
State Certified Residential Appraiser
Hood River, OR**

Re: House Bill 2501

Date: 2/23/2017

To HB 2501 Chair and Committee Members,

I wish to express my opposition to House Bill 2501. I am concerned with Section 3 which proposes adopting rules regarding payment rates for independent contractor appraisers. I understand that this is in response to the current, temporary shortage of available appraisers, which has resulted in long turn times, and in some cases, exorbitant fees. However, attempting to improve turn times by controlling fees will only make it that much harder for borrowers in rural areas to find an appraiser at all. Fees and turn times are simply a function of supply and demand.

After the real estate market bubble popped in 2006/2007, 20% of licensed real estate appraisers in Oregon left the business because there wasn't enough work. Because of the oversupply of appraisers during this period, appraisal fees dropped and fast delivery times were the norm. Between 2007 and 2014, fees remained low and, as a result, new appraisers did not join the profession. Record low mortgage interest rates have created a busy real estate market over the past two years. In the past year, most appraisers were finally able to raise fees, and these higher fees are already encouraging potential appraisers to enter the field. Our appraisal office has received multiple inquiries from young people interested in becoming an appraiser because they have heard there is a shortage of appraisers, a demand in the field, and the income potential is finally attractive enough. Our company hired an appraisal assistant for this very reason, and we expect her to be licensed by next year. The issue of fees and turn times will resolve itself as fees become more in-line with the skills and education needed to become a competent appraiser. Even in the short term, the slight increase in mortgage interest rates has already reduced the number of appraisal assignments, which has shortened delivery times.

Fee regulation will result in exactly the opposite of what is intended. Instead of helping borrowers in rural or remote areas, it will have the unintended consequence of harming the real estate markets in these areas. With demand for appraisals currently higher than the supply of appraisers, appraisers will make the appropriate business decision to accept only the assignments that warrant the "regulated" fee. Anything more difficult or remote will simply be turned down. Because real estate is of primary importance in our less populated areas, such as the Oregon coast and rural communities throughout the state, this will have a detrimental effect for real estate agents, buyers and sellers, and the general public.

As mentioned above, attempting to help constituents in rural or remote areas by controlling fees will only make it that much harder for borrowers in these areas to find an appraiser at all. Imposing regulations on appraisal fees will completely stifle this upward trend and the shortage will continue, or more likely, worsen.

Thank you for your consideration.

Allan Rodrick, SRA
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