

2/27/17

House Business and Labor Committee

Opposition to HB 2501

Chair Holvey and Members of the Committee:

My name is Owen Bartels. I am the 2017 President of the Greater Oregon Chapter of the Appraisal Institute. Our chapter is the largest professional organization for real estate appraisers in the state. I am also the managing director of the Portland office of Integra Realty Resources. My office is a locally held small business and I employ 19 appraisers, analysts, and support staff.

I am opposed to HB 2501.

Real estate appraisal encompasses a significant industry in addition to the residential home loan transactions that appear to be the focus of this bill. Appraisal activity includes work with public/private partnerships, urban renewal programs, eminent domain acquisitions for infrastructure improvements, and properties from individual residential lots to downtown office towers. While this bill appears focused on residential transaction activity it paints too broad a brush to be practical.

We are near the crest in a very aggressive real estate market cycle in the state. We in the risk analysis and risk mitigation industry cannot allow that to erode the consumer protections inherent in the process. The appraisal process is the only time in the purchasing process that an impartial third party expert is engaged to provide a second opinion. While most of the time the transaction meets our tests of what constitutes a "market value," it is for the sake of the atypical instances we must protect the integrity of the appraisal process and ensure trained, credentialed, and accredited professionals complete that work.

Section 3 of this bill seeks to set fees for real estate appraisal activity. This approach is overly broad given the context of the full suite of appraisal services. Further, it attempts to interject fee regulation where the market is already responding to an imbalance of supply and demand. In the bid-ask fee setting system now in place potential appraisers have responded to higher fees by entering the field, illustrated by the licensure figures below as provided by the Appraiser Certification and Licensure Board.

	2011	2012	2013	2014	2015	2016
<u>ACTIVE</u>						
Certified General	534	548	550	546	553	623
Certified Residential	674	663	644	651	655	703
Licensed	289	234	205	192	176	184
TOTAL	1497	1445	1399	1389	1384	1510

Section 6 of the bill includes an addition to allow outside vendors to provide outside analysis for financial institutions and certain consumer finance companies outside appraisal regulations. This subtle change could expose lenders and consumers to unnecessary risk.

I encourage you to hold off on the provisions of this bill, until a better consensus might be built with input from appraisal professionals.

Thank you for your leadership,

Owen Bartels, MAI
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