

House Committee on Business and Labor

**RE: VOTE NO ON HB2501**

I am a residential appraiser in Grants Pass with over 43 years of experience in this profession. My business is Pat Bange, SRA Real Estate Appraiser, serving Josephine County. This email is to give to you some history and a little more understanding of the profession and how we arrived that this point.

Requirements: I started my career with a bachelors degree in business, followed by many years of on going education to obtain my SRA designation and provide a service to people so that they can make an informed, **supported decision about what is typically the biggest investment in their life.** I do not believe the requirements to become an appraiser are unrealistic. Please compare these requirements to that of a CPA. The requirements are not arduous when compared to the work and responsibility.

**Why there is a shortage of appraisers:**

1. 65% of the appraisers in the nation over age 50 and focused upon retirement in the near future
2. Mentoring a trainee is producing the appraiser's competition
3. Mentoring a trainee requires two years. Most lenders require that the mentor accompany the trainee to every subject and view every comparable for TWO years.
4. This level of "hand holding" is unnecessary and not financially feasible for the mentor.
5. The level of compensation since the introduction of the AMC into the industry does not attract any one when their investment in education can produce a more lucrative career in another field.
6. FHA requires the appraiser to perform inspections in the crawl space and attic that are beyond the scope of the appraisal and should be completed by a licensed building inspector trained to look for deficiencies. This gives the public a false sense of security and increases the liability to the appraiser. This is the reason why I and many appraisers no longer accept FHA assignments.
7. VA does not add many appraisers to their panel. At last count, there were only 2 serving Josephine and Jackson Counties. VA makes the same requirements as FHA to expand the scope of work and liability to the appraiser as well. VA regulates their fees. Could that be an additional problem?
8. The **introduction of the AMC** eliminated many appraisers from the industry and is probably the **BIGGEST reason for the problems** we now face by reducing appraiser's fees to the level that it was **necessary to find other careers and employment**, so many left the industry. The AMC sucked their commission from the appraiser's fee instead of adding a fee for their services. Some banks, like Wells Fargo and Bank of America, even created their own AMCs so that they could make that income for themselves off the appraisers' work.

**CURRENT FEES and TURN TIMES::**

1. The AMCs, fighting to keep their lender clients satisfied and on board, now broadcast for a fee and turn time among several appraisers or they attempt to offer their low fees (based in a metropolitan area) in hopes that someone will take it and they will make more for themselves. They often do not understand the rural area or complexity of the property thinking

that the world is like their world of LA tract homes. Those AMC's who have invested in learning about the areas they serve now offer a more reasonable fee.

2. The AMC often broadcast a ridiculous low fee for a rural area. No one takes it. The lender gets discouraged and sends it to a second AMC. They do the same, no appraiser accepts. Sometimes it goes to a third AMC for the same action. This adds incredible turn times for the lender and home owner. Currently there is a lender working through several AMC's, requesting a DRIVE BY appraisal on a river frontage property composed of three homes and large acreage behind a locked gate....its been offered on the system for many weeks. Of course no one is going to take that assignment and accept that liability for \$350. The AMC and lender did not do their homework on the specific property. This **shopping around through several AMC's is common adding time** to the transaction, all for more income for themselves.

3. In 2015, I was charging a base fee of \$450 for a residential appraisal in this rural area of complex properties, no increase in my income for years and often less. . Today my base fee without an AMC involved is \$550. Most of my AMC clients now OFFER \$650 - 750 and accept turn times that are generally below what has been the average Oregon turn time of 30 days. If a RUSH appraisal is needed it means giving up even more of my nights and weekends. That's call "overtime pay" in most fields and is most deserving in this one! Those rush assignments are offers generally, not a requested fee from the appraiser. If the client does not like the fee, they are able to shop for something less, setting the market.

4. The testimony given by Betsy Johnson and others regarding fees was **exaggerated**. The people who testified regarding long turn times and "inflated fees" are from Tillamook and Klamath, both very rural areas with complex properties and few appraisers; often serviced by appraisers from outside the area. **I'm quite sure if they wanted to get any service of any kind; perhaps a roof replaced, they would experience the same problem of long waiting periods and higher fees.**

#### **CONCLUSION:**

**If you regulate the appraisers' fees the result will be the same as when the AMC's were introduced into the industry, only more so. More appraisers will leave the field and no one will be attracted to replace them.**

**Please call if you have any questions.**

Sincerely,

Pat Bange  
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