DMBA Appraisal Update – March 2020!!

Special request questions for DMBA Members? If any of you have questions during the month, please feel free to email me or call and I will be glad to personally respond. If the topic is of enough interest, I will be glad to expand it and include it for the next monthly update. Thanks,

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Mark's Market Thoughts!

Lower rates, market refi's, healthy sales! Sound like a good combination for the start of Spring! Yes, another spring market is just around the corner. It appears our inventory for the mid-price ranges is good, the entry point markets remain tight and the luxury market is weak however still moving.

This year the "Presidential Race" will be front of thought and many conversations. Sometimes politicians like to throw a baby under the bus so they can make noise about things they would like to change. The lending and real estate business has always been some of those babies and this time Joe Biden is throwing appraisers under the bus. Funny how this was one of the same screams from 2008 resulting in more regulations. Before that is was everyone should be entitled to a house. . . . and so on.

The appraiser's primary professional / representation body is via the "Appraisal Institute" or "AI" as identified from the summary article below. Naturally, as appraisers and normal citizens, we oppose any more regulations, especially if they result in an overlapping redundancy. The following well summarizes this thought and my question is "what more is really necessary"

March 04, 2020

AI Opposes Biden's Call for More Appraisal Standards

Responding to presidential candidate Joe Biden's call to "establish a national standard for housing appraisals," the Appraisal Institute said March 2 that a new standard is "unnecessary … because one already exists."

The Appraisal Institute's letter to Biden's campaign agreed with his stated desire to end discriminatory and unfair practices in the housing market, and it noted that AI shares his expressed wish to tackle any racial bias that could lead to homes in communities of color potentially being appraised below their market value.

"But the reality is that national appraisal standards and ethics requirements already require appraisers to perform their work with impartiality, objectivity and independence, without bias," said the letter from Appraisal Institute 2020 President Jefferson L. Sherman, MAI, AI-GRS. "Real estate appraisers are not the culprit."

The Appraisal Institute's letter noted that under the Uniform Standards of Professional Appraisal Practice, known as USPAP, appraisers "must not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value."

AI's letter also said: "To be quite frank, the assertion that appraisers would systematically undervalue or overvalue real estate due to these factors is absurd and shows a profound misunderstanding of the real estate valuation profession. Appraisers have nothing to gain by such behavior, and in doing so we would lose the hard-fought public trust we have achieved over many, many years."

The letter concluded: "Since national appraisal standards and ethics requirements already are in place, and since those requirements are enforced as law, there is no need for additional standards. We urge you to reconsider your position, and we look forward to working with you to tackle community and economic development challenges facing this country."

U.S. Foreclosure Activity Up 13 Percent in January 2020, 2nd Consecutive Month-Over-Month Increase

February 19th, 2020

Bank repossessions see uptick nationwide

Lenders repossessed 20,759 U.S. properties in January 2020 (REO), up 49 percent from the previous month and up 70 percent from a year ago, following the holiday season.

Counter to the national trend, those metropolitan areas with a population greater than 200K that saw a month-over-month decrease included Cleveland, Ohio (down 40 percent); San Antonio, Texas (down 28 percent); Las Vegas, Nevada (down 27 percent); Dallas, Texas (down 26 percent); and Atlanta, Georgia (down 24 percent).

Foreclosure Starts Decrease Nationally, While REOs Increase From a Year Ago

There were 60,085 U.S. properties with foreclosure filings in January 2020, up 13 percent from December 2019 and up 7 percent from a year ago. Nationally, one in every 2,270 U.S. properties received a foreclosure filing during the month of January.

Counter to the national trend, 16 states posted month-over-month decreases in foreclosure activity in January 2020. Including Iowa (down 44 percent); Oregon (down 28 percent); Nevada (down 28 percent); Louisiana (down 24 percent); and Washington (down 20 percent). ATTOM's Foreclosure Market Trend Reports offer a detailed look at foreclosure data.

Foreclosure starts decrease from last year

Lenders started the foreclosure process for the first time on 26,858 property owners in January 2020, down less than 1 percent from the previous month but down 9 percent from a year ago.

Counter to the national trend, 19 states posted year-over-year increases in foreclosure starts, including California (up 27 percent); Tennessee (up 21 percent); Georgia (up 14 percent); Illinois (up 9 percent); and Ohio (up 3 percent).

Also, counter to the national trend, 75 of 220 metro areas analyzed posted year-over-year increases in foreclosure starts, including San Antonio, Texas (up 66 percent); Los Angeles, California (up 63 percent); Riverside, California (up 22 percent); Nashville, Tennessee (up 19 percent); and Chicago, Illinois (up 14 percent).

New Jersey, Delaware and Illinois post worst foreclosure rates

States with the worst foreclosure rates in January 2020 were New Jersey (one in every 1,046 housing units); Delaware (one in every 1,098 housing units); Illinois (one in every 1,139 housing units); Maryland (one in every 1,507 housing units); and Ohio (one in every 1,517 housing units).

Among 220 metropolitan statistical areas with at least 200,000 people, those with the worst foreclosure rates in August were Atlantic City, New Jersey (one in every 703 housing units); Rockford, Illinois (one in every 726 housing units); Peoria, Illinois (one in every 952 housing units); Fayetteville, North Carolina (one in every 957 housing units); and Trenton, New Jersey (one in every 984 housing units);

Among 53 metro areas with at least 1 million people, those with the highest foreclosure rates in January were Chicago, Illinois (one in every 1,027 housing units); Cleveland, Ohio (one in every 1,029 housing units); Philadelphia, Pennsylvania (one in every 1,072 housing units); Jacksonville, Florida (one in every 1,144 housing units); and Riverside, California (one in every 1,189 housing units).

Bank repossessions see uptick nationwide

Lenders repossessed 20,759 U.S. properties in January 2020 (REO), up 49 percent from the previous month and up 70 percent from a year ago, following the holiday season.

Counter to the national trend, those metropolitan areas with a population greater than 200K that saw a month-over-month decrease included Cleveland, Ohio (down 40 percent); San Antonio, Texas (down 28 percent); Las Vegas, Nevada (down 27 percent); Dallas, Texas (down 26 percent); and Atlanta, Georgia (down 24 percent).