

Taking Advantage of Order Overload, Some Appraisers Engage in Price Gouging

Perhaps you saw the Sept. 29th report on 9News. It described how some appraisers are exploiting the hot market and the shortage of appraisers to charge "rush fees" for doing appraisals quickly. One of my own broker associates, Chuck Brown, brought that story to my attention because, coincidentally, the appraiser interviewed by 9News, Brian Boizot, was the same appraiser who charged Chuck's buyer a \$1,000 "rush fee" for doing his appraisal in 3 days instead of 10 days. This appraiser simply had enough work that he could give priority to those buyers who succumbed to his extortion-like demands.

REAL ESTATE TODAY



By **JIM SMITH, Realtor®**

Mortgage lenders pay the appraiser, passing that cost on to the buyer, but this rush fee was invoiced directly to the buyer through Chuck, and it was the only way this buyer could count on getting the appraisal done and avoid another month's rent (\$2,500) if the closing was delayed, so he paid it. It was a VA loan. It doesn't have to be this way. Many larger mortgage companies have appraisal desks which manage the process and can limit such abuse among their preferred appraisers. Speaking with Scott Lagge, a loan officer at Eagle Home Loans, I was told that it's common for him to pay \$100 to \$300 for a bona fide rush, but, while he has heard of \$1,000 rush fees, he has never paid one and considers that excessive.

Another mortgage broker, Jaxzann Riggs of The Mortgage Network, told me she once had to pay \$1,600 for a rush appraisal. That was for a conventional loan. The problem is worst for VA borrowers, like Chuck's buyer. Contributing to that problem is VA's requirement that appraisals be ordered only through the VA web portal, which delays the process considerably. In the case of Chuck's buyer the VA didn't assign the appraisal to Brian Boizot until 24 days after the order was entered on the VA portal, 5 days beyond the appraisal deadline in the contract. As I've written before, VA buyers are already disadvantaged in winning bidding wars, and this appraisal situation only further victimizes them.

Such delays, whether or not through the VA, can be attributed largely to the shortage of appraisers. It is not uncommon for one appraiser after another to decline an assignment because he/she is already overloaded. The shortage of appraisers began several years ago when appraisal management companies (AMCs) were introduced to isolate lenders from appraisers and avoid the type of fraudulent appraisals that created to the "toxic loan" crisis. The AMCs take a percentage of the fees that previously went entirely to the appraisers. This pay cut was so extreme that many appraisers simply quit the industry. Combine that with today's heavy workload, and you've created a situation that is ripe for price gouging.

My advice is to use a mortgage lender with a good appraisal desk. Credit unions are also good at avoiding this kind of exploitative pricing of appraisals. When choosing a lender, ask their experience with rush fees.

Beverly Heights Home Just Listed Below Appraised Value



This two-story home at **2100 Mt. Zion Drive** is located near the top of Golden's Beverly Heights neighborhood, uphill from Golden proper. It's a favorite neighborhood for professors at the Colorado School of Mines because of its proximity to campus as well as to open space. Cyclists also like to live here because it's on one of their favorite bike routes — the Lariat Loop Road, which climbs past the famous "M" to Buffalo Bill's Grave at the top of Lookout Mountain. This home backs to that road. Built in 1959, it's classified by the county as a ranch with walk-out basement, but it's really a 2-story home, with kitchen and common living space on the ground floor and four bedrooms and two baths upstairs. Although it needs updating, it's priced below appraisal (which I'll provide) and is definitely worth it, as you'll see in the video tour at www.BeverlyHeightsHome.com. We'll be holding it open this **Saturday, 11 a.m. to 2 p.m.**

Morrison Home Just Listed by Jim Smith & Kim Taylor

Feel the love at this meticulously maintained bi-level home at **4665 S Zang Street**. It has a Morrison address, but is in the unincorporated Jeffco subdivision known as Friendly Hills. Minor updates were made to make it a more open living area for family and guests. The wood deck off the kitchen and fenced backyard are great for entertaining. It has two bedrooms and a full bath upstairs with the kitchen, dining and living room, plus a third bedroom and second bath, plus another living area with a wood-burning fireplace on the lower level. The 2-car oversized garage has a professional shop for the owner's woodcarving business. The equipment is gone, but two work benches and shelving is included. A backyard shed with Toro mower & other lawn care items are included, as is a large woodpile for the fireplace. View a narrated video tour at www.FriendlyHillsHome.info. We'll be holding it **open on Sunday, 11 am to 2 pm**. If you can't wait, call Kim at 303-304-6678 for a private showing. All offers will be considered on Sunday at 5 pm.



Meadowlark Hills Ranch Just Listed by Chuck Brown



This ranch style home at **40 S. Ammons St.** is located just a few blocks west of the Belmar shopping center in Lakewood's Meadowlark Hills neighborhood. At 2,930 sq. ft., this 4-bedroom, 3-bathroom home is priced at just \$135 per sq. ft. — quite a bargain compared to the most recent sold properties in the neighborhood. The lot is approximately 1/3 acre and features a large front yard, large backyard with a gazebo, and a well for irrigation. The house needs some updating, but major items such as the roof, furnace, water heater, flooring and paint have been done recently. For all of the details about this home, view the narrated video tour at www.MeadowlarkHillsHome.info, then call your agent or Chuck Brown at **303-885-7855** for a private showing. There will be an **open house this Saturday from 1-3pm**.



All Agents Are Certified EcoBrokers®

Jim Smith

Broker/Owner

Golden Real Estate, Inc.

DIRECT: **303-525-1851**

EMAIL: Jim@GoldenRealEstate.com

17695 South Golden Road, Golden 80401

WEBSITE: www.GoldenRealEstate.com



Like us on Facebook at

www.Facebook.com/GoldenRealEstate1

