

Raleigh "Mortgage Man" Predicts Further Drop in Home Values

Raleigh's own "Mortgage Man," David M. Damaré predicts as much as 20% further drop in home values due to new approved legislation for home appraisals called the Home Valuation Code of Conduct (HVCC).

Back in 2007, Washington Mutual pressured appraisers into falsely approving high appraisals, adding to the home value crisis. New York State Attorney General Andrew Cuomo introduced legislation, now being implemented into law, creating third-party appraisal management companies to prevent contact between lenders and appraisers. One appraisal expert said, "It's is like using a sledgehammer to hang a wall picture."

Why is this system so damaging to residential homeowners? Appraisers are now randomly selected to appraise property in areas where they are unfamiliar. Damaré found cases of appraisers driving over 150 miles to complete an appraisal in a different state, and in some cases, incorrectly devaluing home property values. In addition, the management companies are now requesting as much as half of the appraiser's fee.

Damaré comments, "Just yesterday we had an appraisal management company try to assign an appraisal to an uncertified appraiser. These practices hurt the borrower and realtor as well as home values in the community."

Many banks and lenders implemented this program before it became law to work out these problems. Sources now say many of the better appraisers have refused to sign on and borrowers are now paying as much as \$500 for a worthless appraisal that can devalue their property by as much as 50%.

Damaré stated, "Once it's done, it's done. You cannot change the appraisal or order a new one from a professional that knows the area who can provide accurate comparable sales and take into account current market conditions. We have already seen an overall drop in home values appraised under this new law in stable markets such as Raleigh, North Carolina." This new legislation is going to have a dramatically negative impact on areas that were hardest hit such as Florida, Arizona and California. Many of the quality appraisers in these areas are no longer in business.

As a homeowner or realtor, what can you do? Borrowers and realtors are allowed to have direct contact with appraisers and can request background information to protect themselves.

The most important and first step is to obtain hard copy of their appraiser's license and Errors and Omissions insurance and check the dates. In addition, be sure to ask background questions like how long have they been a licensed appraiser, where is their office located and what neighborhood they live in, what area they most worked prior to the new Home Valuation Code of Conduct and request a copy of their appraiser's license, insurance and references. Visit <http://www.davidmdamare.com/> for a complete appraiser's questionnaire.

The David M. Damaré Team with ADR Mortgage-Andy May Group, LLC was founded in 2003, dedicated to helping people achieve their short term and long term financial goals, achieving home ownership and finding financial solutions that best fit their lifestyles. For more information, please call 919-851-0999.
