





## Why Current Clients are Gold

Experts say that most businesses derive 80 percent of their revenues from the top 20 percent of customers. That's why it makes sense to nurture your current relationships with clients and tap into these folks to generate new business. Reward the people that help you penetrate into new markets and be sure to ask existing customers about any new products or services they may need. Remember, it will cost you six times more to sell something to a new customer than to an existing client. - (source: [www.gmarketing.com](http://www.gmarketing.com))

dramatic decrease in the number of refinances. The real estate sales market is slowly beginning to cool off, at least in some areas. Some reports are indicating a drop in refinance activity to roughly 18-20% of what it was a year ago for the same time period in February 1999 as compared to February 2000.

### Key Disparities Make a Difference

While there are dramatic similarities in some economic indicators between President Carter's economic Administration and President Clinton's Administration, there are dramatic differences as well. Unemployment was extremely high as compared with the current expansion within the employment sector and record lows in unemployment not seen in over three decades. While some modest decreases are occurring in residential construction, current residential construction is still at near record levels and existing home supply in some market areas is far outpaced by demand.

At the same time, we are seeing more and more automated valuations and other forms of limited appraisals and restricted reports. An appraiser can't help but consider the impact on the appraisal profession and the consequences on the lending industry. Already lenders have reported a sharp increase in foreclosure rates, nearly 3 times that of little more than ten years ago.

### But Opportunities Abound

The current demand for appraisers should be looked upon as an opportunity for appraisers. It allows us all to re-invent ourselves and re-introduce our

product and services to not only the lenders we serve, but to other potential consumers of appraisal reports.

### Private Mortgage Insurance

Today, over three-quarters of every home loan made requires some form of PMI (Private Mortgage Insurance), due to homeowners having put down less than 20% on the purchase of their home. This creates great potential for appraisers in areas where values continue to rise and home equity has increased – homeowners are in the market for appraisals so they can have PMI removed. In many areas of the country, both purchase prices and loan amounts have been recorded and are readily available information to appraisers willing to do a little homework and marketing to potential users of their service.

### Thinking Outside the Box

There is always a demand for appraisers to perform services for attorney's handling divorce, estate, and bankruptcy cases both for the appraisal itself and for expert witness testimony. Also providing opportunities are Certified Public Accountants for tax purposes, and both large and small companies for potential purchases or sale of real estate. Even REALTORS® and homeowners who have had real estate listed for excessive periods of time may need the help of a professional appraiser. Another avenue of business is through relocation companies and businesses that relocate employees through a home purchase program.

### Awareness Campaign

If appraisers actively marketing their services, they can actually create a net increase in the demand for appraisals. By heightening the awareness of potential consumers of your appraisal reports, you'll gain business and see a definite increase in the total volume of business by those that might not have otherwise considered using an appraisal report.

### Take Full Advantage of Slow Periods

Appraisers should also take a look at slow periods not only as an opportunity to explore new avenues of marketing potential to diversify, but as a time to sharpen skills, research markets, get offices in order, and fulfill re-certification requirements. While many offices are cognizant of current technology to become completely EDI (Electronic Data Interchange) ready, many have avoided it - some afraid of the cost and others afraid of the learning curve and some both. For those of you who have not yet learned how to electronically transmit an appraisal report, complete with attachments, it is easier than ever before to learn. Even if you still like to use 35mm cameras, sketch by hand, and use photo copies of exhibits like maps and plats, you can still use them by simply scanning them into the computer and making them part of the appraisal.

### Combining Old and New Ways

In the past we had been led to believe we had to learn how to use electronic sketching programs in order to take advantage of and use EDI, this is

not true. You can make your sketch by hand and either fax or scan into your computer and convert to a jpeg, pcx or bitmap file for use in most appraisal software programs. Adobe Acrobat is a program that is widely used which allows appraisers to send reports as a PDF (Portable Document File), a format that can be downloaded and printed by all end users via the use of a free (that's right free) "Reader".

### Conveniences of Acrobat

The great advantage of Adobe Acrobat is that it allows you to merge different types of files together as one. For example, you can take an appraisal completed in a Windows-compatible appraisal software program, your qualifications from a word processing program, exhibits from an accounting program, your license scanned in as a data file... and make them all into a single PDF file. You can then transmit them via the internet, intranet, or directly point to point to your client. Your client can print as many copies of your report as desired – all that is required is the free Adobe Acrobat PDF "Reader," available for download at [www.adobe.com](http://www.adobe.com). Your cost for the Adobe Acrobat software, available for purchase from Adobe or from one of the resellers

(some appraisal software companies are resellers), is far less than the cost of the average appraisal report fees today.

### Digital Cameras

For those of you who have not yet purchased a digital camera, prices now for very basic models can be purchased at some large department and electronics stores for under \$100.00 and comparatively very good quality digital cameras for between \$400.00 and \$500.00. With most appraisers, the investment in a digital camera will easily pay for itself in a very short period of time. Today's digital cameras have significantly superior quality and memory and on-screen color display. Most use common batteries like AA batteries. While the quality has not yet reached that of a 35mm camera, the quality far exceeds that which is required by clients today. With the ease of use, low cost, and ability to transmit without ever printing a single photo, appraisers can take more pictures than perhaps they would have otherwise, giving the user of the report a better understanding of the property being appraised.

### What Goes Around Comes Around

While there are many technological changes that have occurred over the last

15 to 20 years within the appraisal profession, the basic tools, concepts, and underlying qualifications have remained virtually unchanged. My family has been involved in real estate appraising for four generations and I can tell you first hand that good judgement and the process of forming an opinion to value will never be replaced by that of a machine or a computer. The advent of the computer age is the creation of a new tool with which we will continue to define and refine for use within the appraisal profession.

### Final Thoughts

The idea that we will have to re-invent ourselves is as true now as it was when my great grandfather began doing appraisals nearly nine decades ago. We must re-invent ourselves everyday by adapting to new ideas and new tools. But the age old concepts of performing an appraisal remain unchanged.

Wise appraisers will also re-invent themselves by realizing new opportunities and potential users of appraisal reports. This will help all of us to continue adding value at an increasing rate – not only to the lending process, but to our profession and to the consumers of our services.



### About the Author

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## Embracing Change

Every industry is in a constant state of change, but savvy business people find ways to innovate, build, and advance their business in order to ensure a foothold in the marketplace. People who are good at marketing themselves and their businesses embrace change. They realize that if they can innovate and adapt, they can prosper. Ask yourself:

- What new products and services would allow expansion into different markets?
- What elements are shaping the landscape of the industry next year and beyond?
- What parts of your business will gain the most from these developments? - (source: [www.gmarketing.com](http://www.gmarketing.com))

