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Connections

Official Publication of the

Association of Texas Appraisers, Inc.

Mission Statement of the Association of Texas Appraisers

The Association of Texas Appraisers was organized to provide opportunities for continuing education and professional association for real estate appraisers and other interested parties within the State of Texas; to establish and maintain minimum requirements for membership; to confer membership designations to properly qualified appraisers; and to provide and maintain an organization that serves the needs of its members.

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From the Desk of the President

On November 22, 2013, I attended the TALCB meeting in Austin. I find these meetings to be a peek into the future of the real estate appraisal profession within the State of Texas. Every TALCB meeting I have attended, I learn about the up and coming rules and regulations which will be affecting all appraisers within the next twelve months. TALCB Board members are out there spearheading the future of all aspects of the real estate appraisal profession in the State of Texas. So what are we, certified general, certified residential, licensed residential, and appraiser trainees doing about the future of our profession?



Arturo Palacios, ATA-G

I started out my professional career as a management consultant. I worked with businesses of all sizes. I provided management consulting services which included Business Manual Development, Standard Operating Procedures Manuals, Pre-bankruptcy Consulting, Financial Planning & Budgeting, Franchise, SBA 7(a), 504 Loans & 8(a) & HUB Certifications, Revolving Loan Programs, Turnaround Management Consulting, ISO 9000 Consulting, and several others. I realized that in a majority of the services that I was providing, the client needed to hire an appraiser. I then started to work as an appraiser trainee while providing the above mentioned services. Finally, I was successful in obtaining all the necessary educational requirements and appraisal hours to sit and pass the exam. I became a certified general real estate appraiser and began providing real estate appraisal related services. After several years of providing real estate appraisal services, I found myself looking at the real estate appraisal profession through the eyes of a management consultant. In 2008, there were many changes that were being implemented, which I realized would be affecting the real estate appraisers by 2012. In January 2012, we held a conference in McAllen, Texas in which Mr. Douglas Oldmixon, TALCB Commissioner was the keynote speaker at the luncheon. What he stated at the conference was exactly what I had been telling the Rio Grande Valley ap-

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praisers. In February 2012 at the ATA meeting, I stood up and asked the first question to the opening keynote speaker, Mr. Oldmixon, to state what he had said in the meeting in McAllen. He did and the audiences went crazy and were in disbelief.



I carry around two quotes with me at all times. I have given the quotes to many of my consulting clients and real estate appraisers. At our monthly appraiser meeting in the Rio Grande Valley, I printed the quotes and laminated them and gave them to all the appraisers who were in attendance. I read them out loud and we discussed each sentence in both of the quotes. The first quote is as follows:

“To render an existing business entrepreneurial, management must take the lead in making obsolete its own products, and/or services than waiting for a competitor to do so”. Peter Drucker

I ask each and every real estate appraiser in the State of Texas “Is your real estate appraisal business entrepreneurial?” If it is, what are you doing to make your work obsolete? The affiliated real estate appraisal professionals are doing everything possible to make the real estate appraisers “obsolete”. Imagine if Bill Gates would have just sat there after his first successful venture and did not reinvent himself and his company. Or what about Steve Jobs doing nothing after the board members kicked him out of the company he created. Appraiser’s just got used to having financial institutions sending the continued flow of work with no questions asked. I remember going to market my services to each of the banks in my geographical area . They would reply that they already had an appraiser they worked with and I need not apply. I would send out mailers promoting a lower price than what the market rate was and would get absolutely no additional work. I created fee charts with lower fees with all the zip codes I would cover and would get no additional work. The only thing that was never up for negotiation was my final opinion of market value. And for that, I was kicked out of several financial institutions, mortgage bankers, builders, local, state, and federal entities’ approved list. I believe that all of these obstacles have made me a much better appraiser. Every two years I try to recreate myself and my business model. I am never stagnate. I take three to four times the amount of the 28 Hours of minimum continuing educational hours than are required. We all have to remember that 28 hours of continuing educational hours is the minimum. There are NO maximum hours we can take. Appraisers need to continue to reinvest into their education. I try to read every magazine article I can get my hands on to find out what other service industries are doing and then try to tailor their philosophy around the real estate appraisal profession. Since April 2013, I have been researching and re-educating myself into a new area of appraisal related services. I have taken classes to become familiar with the various aspects of that industry. I will begin to market those services to the various players in the market this coming year.



When I started completing real estate appraisals, I had to go out to take pictures and then go out and have the pictures developed. What are we doing today? We are using our digital cameras. Wait, digital cameras are antiques. I found out in Las Vegas at the annual appraiser conference that a majority of the appraisers are using their phones and/or their tablets to take pictures. I remember having to type all the appraisal forms. I used to buy a lot of white out to fix my mistakes. So I thought to myself that there had to be a better way to complete this appraisal reports in the form we had to use. I started to think of a way I could improve my production and quality at the same time. Since I was familiar with using Microsoft Word, I started playing with the various functions and learned how to use and make tables in Word. I then spent three days making the URAR 1004 form in Microsoft Word and my production and quality went up tremendously. I no longer needed my typewriter and I made that work obsolete. A few years later, several appraisal software companies started selling their programs. I am sure all of us have some type of example of what they have done to make their business more productive. The affiliated real estate appraisal professionals include banks, mortgage companies, appraisal management companies, and other professionals whom use real estate appraisal services are trying to make our services obsolete. They are using AVM’s, evaluations and/or FW-69 Forms, and the Realtor Property Reports by the realtors in the past few years. The new Interagency Appraisal & Evaluations Guidelines were published in December 2010. At the annual conference in Las Vegas last month, less than half of the real estate appraisers in attendance had ever heard and/or taken the time to read the guidelines. The guidelines sit next to my US-

PAP manual. I have read it several times and have used it in developing my strategy going into a litigation appraisal. It states that financial institutions must complete a residential appraisal report for single family homes with values of \$250,000 or more and commercial appraisal reports for \$1,000,000 or more. How many of your appraisal reports are over \$250,000? Financial institutions do not have to obtain real estate appraisal services for anything under those amounts. They can use any type of real estate valuation products and/or services. The Interagency Appraisal & Evaluation Guidelines MUST be read by every appraiser.

The second quote is as follows:

“Every company is subject to five forces: the competitors it currently faces, the threat of new competitors, the threat of substitutes for its products or services, the bargaining power of its suppliers, and the bargaining power of its customers. Within that environment, every company must choose a strategy and there are only three: achieving the lowest costs, differentiating its products and services, and dominating a niche. Trying to do some of each – getting “caught in the middle” – prevents a company from realizing the benefits of any of these strategies, and as a result it will lose to competitors who just chose just one”. Michael Porter

In our own markets, we all have our competitors we currently face. It may be one in another county or several within a city. The threats of new competitors are those individuals which we may have trained ourselves and they have gone out on their own. The threat of substitutes for its products or services includes AVM's and FW-69 Evaluations. The bargaining power of its suppliers includes appraisal management companies. And, the bargaining power of its customers includes anyone who needs real estate appraisal services which includes banks, attorneys, and individuals, local, state, and federal entities. So we must ask ourselves with an open mind, “What strategy am I going to choose?” Every single real estate appraiser who thinks that they don't have to do any of these things and/or all of them is going to get “caught in the middle” and not going to be able to maximize their entrepreneurial spirit.

If anything, every ATA member who was present at any of the conferences in which Mr. Douglas Oldmixon made his remarks should be glad he did. Mr. Oldmixon opened up every appraiser's eyes in the audience and started their thinking process. Mr. Oldmixon has given all appraisers who participate within ATA, as of today, a two year head start. It may all come to pass and nothing may happen. I do know that there are almost two hundred appraisal management companies registered in the State of Texas and they are using all their products and/or services, and they are a part of the everyday life of an appraiser. Each and every real estate appraiser must identify their forces and develop “ONE” strategy to be successful in today's real estate appraisal profession.



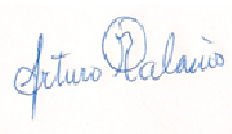
TALCB Commissioner Doug Oldmixon and ATA President Arturo Palacios, ATA-G

I want to personally thank Mr. Douglas Oldmixon for standing up in front of the audience and delivering that message. He has helped open up our eyes. I know the forces that I deal with on a daily basis, as well as my strategy, have changed in the past two years. I feel great about being a real estate appraiser. I will continue to attend as many TALCB meetings, ATA conferences, and other appraisal organization activities as I can.

At this past TALCB meeting, I was excited to see a new appraiser face in the audience. Mr. Kenneth E. Jones, Jr. traveled from Fort Worth, Texas to attend the meeting. Mr. Jones had a concern which was affecting his everyday appraisal business and wanted to see what he could do and who he needed to talk to. I introduced Mr. Jones to various board members and had him sign up on the agenda. He was the first person to speak. In all the TALCB meetings I have attended, I was informed that the individual only had three minutes to speak and that board members would not be allowed to answer any questions. Mr. Jones got the attention of several of the board members and they started to ask him questions. After his speech, he came back and was excited that he had taken the time off from his busy schedule to attend the meeting. I want to personally congratulate Mr. Jones for his efforts. His issue was heard and I believe that by having Mr. Jones come before the board and expressing his concern, he will indirectly help other appraisers in the State of Texas who are going thru the same issue.

I encourage each and every appraiser to read the quotes over and over again until it becomes a part of your everyday thinking.

Thank you for giving of your time.



Arturo Palacios

Welcome New Members

The President and members of the Board of Directors would like to welcome our newest members: **Larry Amyx**, McKinney; **Gail Blair**, Hudson Oaks; **Scott Craft**, Garland; **Kathy Dalton**, Hudson, Oaks; **John Moore**, Houston; **Sandra Opeka**, Ft. Worth; **Phyllis Prikryl**, Oak Point; **Kathy A. Reid**, Dallas; **Clint Dwayne Robinson**, Azle; **Ilyas Siddiqui**, Frisco; **Jennifer Stratton**, Ft. Worth and **Rebecca Swinnea**, Weslaco.



Designation Information

Congratulations to those who were recently awarded designations. Joyce Henderson, ATA-R, Curt Myrick, ATA-R and Roy Weber, ATA-R.

If you are interested in applying for a designation with ATA, please go to our website, www.txappraisers.org, and click on the Membership link and download the Designation Application.

ATA's South Padre Island and Mid Year Meetings

ATA has scheduled the South Padre Island meeting for January 24-25 at the Hilton Garden Inn (7010 Padre Blvd.), and the 8th Mid-Year Meeting February 14-15 at the Embassy Suites and Conference Center (1001 E. McCarty Lane) in San Marcos. At both locations, we will offer Understanding Promulgated Contracts on Friday afternoon and the 2014-2015 7-Hour National USPAP Update Course on Saturday.



On January 24 and February 14, from 1:00 p.m. - 5:00 p.m., Candy Cooke will present Understanding Promulgated Contracts (4 hrs ACE/MCE*). The course is designed for appraisers and brokers to give them insight into analyzing promulgated contracts with primary emphasis on information that may adversely or positively affect value.



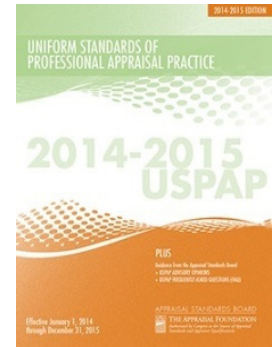
On January 25 and February 15, from 8:00 a.m. - 4:00 p.m., Bryan Reynolds (South Padre) and Mike Brunson (San Marcos) will present USPAP Update, No. 101** (7 hrs ACE). They will address the changes in the 2014-2015 USPAP. These modifications include:

1. Revisions to the DEFINITIONS of "Assignment Results" and "Scope of Work"
2. Revisions to the PREAMBLE - When Do USPAP Rules and Standards Apply?
3. Certification Requirement Related to Current or Prospective Interest and Prior Services
4. Revisions to the COMPETENCY RULE
5. Report Options in STANDARDS 2, 8, and 10



6. Revisions to Standards Rule 3-5
7. Retirement of STANDARDS 4 and 5
8. Revisions to Advisory Opinion 11, Content of the Appraisal Report Options of Standards Rules 2-2 and 8-2 and Advisory Opinion 12, Use of the Appraisal Report Options of Standards Rules 2-2 and 8-2
9. Revisions to Advisory Opinion 13, Performing Evaluations of Real Property Collateral to Conform with USPAP

(The Appraisal Foundation mandates that each student MUST have a current copy of USPAP in class-no sharing).



Attendees will have the opportunity to network with fellow appraisal professionals at the breaks and lunch.

Hotel Accommodations:

A block of rooms have been reserved for ATA attendees on **South Padre Island** at the Hilton Garden Inn. Sleeping rooms are \$79 (plus tax) per night for single/double rooms. Reservations must be received by December 23, 2013. After this date, reservations will be accepted on a space and rate availability basis. Call (956) 761-8700 and mention code AOT to receive this discounted rate.

A block of rooms have been reserved for ATA attendees the **Mid-Year Meeting** at the Embassy Suites. Sleeping rooms are \$129 (plus tax) per night for single/double rooms. This rate includes buffet breakfast and manager's evening reception. Reservations must be received by January 24, 2014. After this date, reservations will be accepted on a space and rate availability basis. Call (512) 392-6450 and mention code ATA to receive this discounted rate.

We will also hold the TREC MCE Legal class in San Marcos on Friday morning from 8:30 to 11:30 a.m. and have a Networking reception on Friday evening. Doug Oldmixon will also give a TALCB update to San Marcos attendees.

To register for either of these meetings, log on to www.txappraisers.org. Scroll down to the bottom of the page and select the appropriate meeting. Or you can use the **Registration Forms on page 15 & 16**. For information on Exhibiting or Sponsoring at either event, contact info@txappraisers.org.

2014 USPAP Instructor Certification Course

Have you considered becoming an AQB Certificated USPAP Instructor? The Appraisal Foundation only offers this 2 1/2 day course every other year. The exact date and location of the next course will be determined later this month. If you are interested in taking this course, contact Mavis Kleso at the Appraisal Foundation...mavis@appraisalfoundation.org.

For more information on the program, log on to www.appraisalfoundation.org and click on the USPAP Instructor, Become an Instructor link.



From the ATA Board and Staff

Success requires decision, discipline, and determination. Make the decision, discipline yourself until it becomes automatic, and stay determined until it becomes part of who you are.

NEW UAD

By: Bobby Crisp
AQB Certified USPAP Instructor #10287
Email: crispappraisal@gmail.com



There have been two new Fannie Mae and Freddie Mac Uniform Appraisal Dataset (UAD) Specification Appendix D that were released on November 5, 2013 (version 1.5) and on November 22, 2013 (version 1.6, which added instructions for condominiums). [Click here](https://www.fanniemae.com/content/technology_requirements/uad-specification-appendix-d.pdf) (https://www.fanniemae.com/content/technology_requirements/uad-specification-appendix-d.pdf) to see the new full Version 1.6 of the Field-Specific Standardization Requirements.

The following changes take effect as of **January 2, 2014**:

Design (Style)

New reporting abbreviations are required.

Abbreviated Entry	Attachment Type
AT	Attached Structure, use for row and townhomes that share multiple communal walls
DT	Detached Structure, does not share any communal walls, floor, or ceiling with another property
SD	Semi-detached structure, use for end-unit row and townhomes as well as duplexes



Number of Stories – The appraiser should enter a number up to 2 decimal places.

Description of Style – The appraiser should enter a brief description of the style of the property.

The PDF creator should display the input in the specified order. For Number of Stories, only display a number after the decimal point if it exceeds zero. There should be no spaces before or after the semicolon. The maximum number of characters permitted before the semicolon is 6.

Examples:

DT1.75;CapeCod
AT2;IntTwnhse
SD3.5;Duplex

Design (Style) (for Condominiums)

The appraiser should provide the attachment type, the number of levels and the architectural design for each comparable property.

Reporting Format:

Attachment Types – The appraiser should select one value from the specified list below:

Abbreviated Entry	Attachment Type
RT	Row or Townhouse - One in a row of identical houses or having a common wall; attached to another unit via common wall
GR	Garden - Structure is 1-3 stories tall, contains units with communal walls, floors, and/or ceilings
MR	Mid-Rise - Structure is 4-7 stories tall, contains units with communal walls, floors, and/or ceilings
HR	High Rise -Structure is 8+ stories tall, contains units with communal walls, floors, and/or ceilings
O	Other



Number of Levels – The appraiser should indicate the attachment type of the property followed by the number of levels of the condominium unit. The number of levels should be displayed in whole numbers.

Description of Style - The appraiser should enter a brief description of the style of the property. The PDF creator should populate the selected text from the specified list for 'Attachment Type', followed by the 'Number of Levels', and the 'Description of Style'. A semicolon should be used to separate the number of levels from the Description of the style. Note that no semicolon should be used between the Attachment Type and the Number of Levels.

Examples:

- O1L;SitecondoRamb
- RT3L;Twnhse
- GR1L;Garden
- MR1L;Midrise
- HR2L;Penthouse

Garage/Carport

New reporting abbreviations are required.

Garage/Carport

The appraiser should indicate the type of parking and number of spaces for each type identified.

Reporting Format:

The appraiser should utilize the below abbreviations, in the order that they are listed, preceded by the number of parking spaces without spaces or delimiters.

If there is no off-street parking, the appraiser should enter "None".

- The appraiser may include all parking types if all types are present. If all types are not present, only the appropriate abbreviations should be included.

Abbreviated Entry	Parking Type
ga	Attached Garage
gd	Detached Garage
gbi	Built-in Garage
cp	Carport
dw	Driveway



Examples:

2ga2dw

1ga2gd1dw

1cp

1ga1gd1gbi1cp2dw

None

Garage/Carport (for Condominiums)

The appraiser should indicate the type of parking and number of spaces for each type identified.

Reporting Format:

The appraiser should utilize the below abbreviations preceded by the number of parking spaces without spaces or delimiters between the types.

Additionally, the appraiser may use the additional space, as needed, for a text description. The PDF creator shall render a delimiter in the form of a semicolon (;) and insert the delimiter prior to the text description. Attributes such as assigned and owned may be noted within the text description.

If there is no off-street parking, the appraiser should enter "None".

The appraiser may include all parking types if all types are present. If all types are not present, only the appropriate abbreviations should be used.

Abbreviated Entry	Parking Type
g	Garage
cv	Covered
op	Open

Examples:

2g

1g1cv

1cv

None

None;street permit

1g1cv;1 Owned

2g1cv1op;1a 2ow

****Note:** In the last example, the appraiser should note the use of any additional abbreviations within the report so that the reader can interpret the entry.

The UAD abbreviations list has also been updated to include these new reporting requirements. If you have not received an update from your appraisal software company, updates should be made available in the near future.

You can also refer to eFannieMae.com and FreddieMac.com for further details regarding these new reporting requirements.

Food for thought!

(Just an FYI: Alameda has released the new forms for the UAD changes.)

We are always hearing from appraisers that they aren't attending this class because they don't need the CE. Have you ever thought that you might learn something new? Is it really all about the CE?

Why I Fly

As I write, I am approximately 30,000 feet above the ground. My legs are cramped, the cabin is stuffy, the turbulence is only bearable, and the guy next to me does not smell too good (I really hope he does not see that). When I left this morning, my wife was supportive, but obviously a bit put out that I was leaving again. I was in Vegas three weeks ago and am on my way back again. Sounds like a great vacation, right?

With all of these hassles, why is it I continue to do this? The fact is, there is not just one reason. Seminars, conferences and continuing education are almost becoming an addiction for me. Here are the reasons and why I think you should get addicted too.



Dustin Harris
The Appraiser Coach

Education

Obviously, the self-described purpose of continuing-ed is the knowledge gained. However for me, it is much more than what is gained through the advertised topic. Most of the education I get about appraisals, the industry, or other appraisers is gained in the hallways and dining tables between classes. Much knowledge can also be gained in the classroom itself, but for me it happens best when the conversation drifts away from the prepared PowerPoint. I have been known to be the shmuck who controls the rudder on many of those drifting trips.

Networking

This one is a no-brainer, but I continue to be surprised how few take advantage of this wonderful opportunity. Don't get me wrong, I have empathy. Let's face it, appraisers spend 8-10 hours of a typical day either driving, inspecting, or staring at a computer screens. By nature, we are hermits. However, conferences are no place to stay in our shell. Some of my biggest business opportunities have appeared after I decided to smile and say, "Hey, you as bored as I am?"

Specialization

Let's face it, appraisers are appraisers....right? Wrong. Appraisers are no more 'just appraisers' than doctors are 'just doctors.' When you have a foot problem, you go to a podiatrist. When you have a manufactured home on 12 acres with an indoor arena problem, you go to a ManuAcreArenaPrasier. Okay, so I made that up, but you get the idea. In this increasingly difficult world of the AMC slaughterhouse, it would be wise to pick up a few skills that your peers may not have.

Self-Improvement

I have saved this one for last because, well, it is the most important for me. Indeed, it actually capitalizes on all the others. Never have I been to a conference, class, or seminar where I did not come home with a renewed desire to do and be better. As humans, we need those reminders and self-imposed 'pep-talks' on a frequent basis if we are to be successful.

Though there are more, these are the main reasons I continue to cause my wife stress, have leg cramps, and breathe the fresh air of an airplane cabin. I have said it before and I will repeat it here: If the number of hours your state requires each year in continuing education matches the number of hours you get each year, you are doing yourself a HUGE disfavor. So, hop on the Internet. Find your next class and book that ticket.



See you in the friendly skies.

Now, go create some value!

Dustin Harris is a multi-business owner, but he made his fortune as a self-employed, residential real estate appraiser. He has been appraising for nearly two decades. He is the owner and President of Appraisal Precision and Consulting Group, Inc., and is a popular author, speaker and mentor. He owns and operates The Appraiser Coach (www.theappraisercoach.com) where he personally consults and mentors other appraisers helping them to also run successful appraisal companies and increase their net worth. He is also the Founder and President of Your Appraisal Office (www.yourappraisaloffice.com) which implements some of the systems he has developed to help lower costs and free up time for real estate business owners. He and his wife reside in Idaho with their four children. This article may be reproduced and distributed only in its entirety without permission from the author.

USPAP ISSUES

By: Bobby Crisp

AQB Certified USPAP Instructor #10287

Email: crispappraisal@gmail.com

On November 5, 2013, Fannie Mae & Freddie Mac released the latest Appendix D to the Uniform Appraisal Dataset (UAD) Specification - Document Version 1.5. On November 22, 2013 Document Version 1.6 was released. [Click here](https://www.fanniemae.com/content/technology_requirements/uad-specification-appendix-d.pdf) (https://www.fanniemae.com/content/technology_requirements/uad-specification-appendix-d.pdf) for the latest version of the UAD. These new versions have introduced updated instructions for reporting “Design (Style)” and for “Garage/Carport”. Since the release of these new versions of the Field-Specific Standardization Requirements, there has been some great conversations taking place between some of our ATA members.

The big topic of conversation has been about reporting “Design (Style)”. For many years, it was quite simple. Most appraisers just entered “Traditional” or “Conventional” and everyone knew what they meant...or did they?



In December 2005, HUD released Mortgagee Letter 05-48. The big deal about that Mortgagee Letter is that it introduced Appendix D to HUD Handbook 4150.2. On Page D-21, HUD addressed “Design (Style)” when completing an appraisal for an FHA-insured loan saying “Enter a brief description of the house design style using historical or contemporary fashion. For example: Cape Code, bi-level, split level, split foyer, colonial, town house, rowhouse, etc. Do not use builder’s model name. Avoid generic descriptions such as Traditional or Conventional.”

Well...there goes Traditional or Conventional...and this was back in 2005...eight years ago! Yet, “Traditional” is the chicken fried steak of choice. It just feels good using it. Who cares if chicken fried steak is bad for you? I like it!...and I’m gonna keep eatin’ it. I don’t care what the doctors say.

Then, in December 2010, Fannie Mae & Freddie Mac released their first version of the UAD. The what? Now we’ve got to learn this new language? I like “Average”. I like “Typical”. I like “Traditional”. I LIKE MY CHICKEN FRIED STEAK!

On Page 16 of that very first version of the UAD, Fannie & Freddie addressed “Design (Style)” saying “*The appraiser should enter an appropriate architectural design (style) type descriptor that best describes the subject property. Valid descriptions include, but are not limited to, ‘Colonial,’ ‘Rambler,’ ‘Georgian,’ ‘Farmhouse.’ Do not use descriptors such as ‘brick,’ ‘2 stories,’ ‘average,’ ‘conventional,’ or ‘typical’ as these are not architectural styles. Design style names may vary by locality. The appraiser should report the name of the design style that is applicable within the local market area.*”

What do you mean “Traditional” is not an architectural style? Sure it is! That’s like saying chicken fried steak isn’t a real steak. So what? I like it!

Diana Jacob and I have conducted a lot of research into “Design (Style)” long before there was such a thing called UAD. We have found websites that show what we have been calling “Traditional” all these years is actually called “Neo-Eclectic”. I have also found websites that show similar designs being identified as “New American”. I have been using these for many years now. I use Neo-Eclectic when it applies. I use Texas Hill Country when it applies. I use Mediterranean...Spanish...Ranch...Colonial...and others. I use a ‘best fit’ scenario.

Here’s the deal. Whatever you choose as the “Design (Style)”, you need to have a source. I believe it should be a source that the reader of an appraisal report could research and look up easily (i.e. the internet).

In my appraisal reports, I have a Comment/Paragraph that I title
“REAL ESTATE INVOLVED:”

Why do I call it such? In USPAP, Standards Rule 2-2(b)(iii) says that a Summary Appraisal Report must at a minimum...summarize information sufficient to identify the **real estate involved** in the appraisal, **including physical and economic property characteristics** relevant to the assignment.

So, I have a paragraph titled the same. I list all of the sources I use to identify the subject’s physical and economic characteristics.

--All of us use a mapping source and enter the map number in the Subject Section of Page 1. Does anyone provide the source of that Map Number? Most appraisers do not.

--We all provide a census tract number in the Subject Section of Page 1. Does anyone provide the source as to where that number came from? Most appraisers do not.

--We provide a FEMA Flood Map Number and Date. Does anyone provide the source as to where this information was retrieved? Some appraisers include the actual Flood Map within their reports. The map typically will show the source as to where it was generated. But, for those that do not provide a flood map within a report...example: when the property is not within a hazardous flood area, does anyone provide the source as to where the Flood Map Number and Date came from? Was it from the FEMA website? Maybe from First American Flood Data Services? Or was it from some other flood data service? Most appraisers do not.

--What about the physical address for the subject? Yes, we all know that we receive an appraisal request and it has the address on it. But, how do we verify that it is correct? What about the spelling of the street? Is it even a “Street”? Maybe it’s really a “Drive” instead of a “Street”. Did you use USPS? Appraisal District? Or Tax Records? Or some other source? Does anyone provide the source where they obtained the info regarding the physical address? Most appraisers do not.

--In the Site Section of Page 1, we are to provide the site dimensions...at least I hope you are providing them. Does anyone provide the source as to where the dimensions came from (survey, recorded plat, MLS, tax records)? Most appraisers do not.

--Also in the Site Section of Page 1, we provide the Specific Zoning Classification. Does anyone provide the source as to where that information was obtained? Most appraisers do not.

--What about economic characteristics of a property? Although many do not realize it, much of what has been discussed falls into this category, as well. Census numbers are economic as these are used for statistical demographics. These are also used by lending institutions so that specific areas are not being targeted (for good or bad). How much land is available? How many houses are available? What is the demand for a property like the subject? Do the improvements on the subject site have an affect on the value of neighboring



sites? Are the utilities and infrastructure at the subject site permanent? If not, this could have a negative affect. A parcel with no utilities on a dirt road may have a lower value than a parcel with utilities and a paved road. Does the size and design of the subject fit the market area? Is it too big, too small? Is it on the largest lot in the area? All these are economic characteristics. Do appraisers summarize this information? Most appraisers do not. They simply check the boxes on Page 1 and move on. You have heard us say it over and over. A “form” cannot be USPAP compliant. Only an “appraiser” can be USPAP compliant.

Many of these sources seem obvious...and even a little ridiculous to have to mention in an appraisal report. The subject is a tract home in a residential neighborhood...cookie cutter. Shouldn't common sense play a part? Well, maybe. But, what if the underwriter is in California or Arizona? They have absolutely no idea about any of this information. They don't know one neighborhood from another. USPAP is in place to promote and maintain a high level of public trust. Not everyone knows the market area like we do. We've been doing this for years. WE know the area. Most others do not. They are relying on us to inform them. Checking a box is not “information”. Checking a box gives an “idea”...a “glimpse”.



Some of you may remember my friend from Kentucky, Bryan Reynolds. He has traveled from Kentucky to instruct some classes during our ATA meetings. Bryan once said something and it has stuck with me. “I don't like using the term ‘proof’. Proof is very definitive. There is not a lot of room for flexibility when you have to ‘prove’ something. I choose to use the word ‘support’ instead. I may not be able to prove my opinions exactly, but I can certainly show support for my opinions.” To me, that is so simple that it just makes perfect sense.

So - what are the sources that appraisers should be using to identify the physical and economic property characteristics? It doesn't matter! What matters is whether or not the identification made by the appraiser is verifiable and from a recognized source.

This is something all appraisers should be currently doing...and should have been doing from the beginning of time! Standards Rule 2-2(b)(iii) is not something new. Standard 2 is the one that directs us as to what is to be written in an appraisal report. This rule has been here from the start. This is not a Fannie Mae or Freddie Mac thing. It's not just because the UAD has brought attention to it. This is USPAP!

If an appraiser's opinion of “Design (Style)” is Neo-Eclectic or New American or Ranch Texas Hill Country or whatever – does the appraiser reference the source to show support for his/her opinion? Most appraisers do not!

Here are a few links to help you out (Diana and I have given these out in several of our ATA classes – there are a bunch more – Google is a wonderful thing):

New American (and others)

<http://www.builderhouseplans.com/new-american-house-plans>

<http://www.dreamhomesource.com/house-plans/dhs/styles/new-american-house-plans.html>

Older House Styles

<http://www.oldhouses.com/styleguide/>

Neo-Eclectic Architecture

http://en.wikipedia.org/wiki/Neo-eclectic_architecture

Ranch

<http://www.dreamhomesource.com/house-plans/dhs/styles/ranch-house-plans.html>

The opinions and statements expressed herein are those of the individual authors and do not necessarily reflect the viewpoints of the Association of Texas Appraisers or of its individual members.

Mix of Style (Cape Code, Colonial, and others)
<http://architecture.about.com/od/periodsstyles/ig/House-Styles/>

These websites have an enormous number of different styles and designs. Regardless of what you choose to use when you are identifying the physical property characteristics...have a source that supports your opinion! Don't just call it something out of the blue (right or wrong, it's pretty arrogant to assume the stranger in Montana should trust you). Fannie & Freddie have discovered too many appraisers are doing just that. Result: UAD!!!

I really do love my chicken fried steak. But, I haven't had one in over two years. Things change. Now, I eat a lot of salads with "lettuce" that looks like weeds pulled up from the backyard. Sometimes, we have to change with the changes, whether we like it or not.

Food for thought!

(A special THANK YOU to Diana Jacob for her extra set of eyes and input)
If you would like to make comment on this subject, please do so on the ATA Forum.

FDIC Releases Technical Assistance Videos on Flood Insurance and Appraisals

The Federal Deposit Insurance Corporation (FDIC) announced on December 5 the release of two new videos in its third installment of technical assistance videos to provide useful information to bank directors, officers, and employees on regulatory issues and proposed regulatory changes. These videos pertain to flood insurance and appraisals and evaluations.



The flood insurance video addresses key regulatory requirements, strategies for building an effective compliance management system, and frequently asked questions. This video is intended for compliance officers, lenders, and other bank personnel with responsibilities for flood insurance compliance.

"Flood insurance is one of the more challenging areas of compliance for community banks to navigate, due to the complexity of the flood insurance requirements," said Mark Pearce, Director of the Division of Depositor and Consumer Protection. "We hope this video provides useful information to bankers on how to develop an effective system for managing compliance in this area, along with some tips to avoid the most common errors we identify in our examinations."

The video on appraisals and evaluations addresses regulatory requirements and supervisory guidance for appraisals and evaluations, highlights when an appraisal or an evaluation is needed, and discusses validating appraisals and evaluations. It also covers the application of the appraisal regulation to particular situations as well as the review process for appraisals and evaluations.

"The video on appraisals and evaluations provides a series of examples that address common questions raised by community banks," said Doreen R. Eberley, Director of the Division of Risk Management Supervision.

Four additional videos will be released as part of this third installment of videos. The additional videos will be released later this month and will cover fair lending, troubled debt restructurings, the allowance for loan and lease losses, and evaluation of municipal securities.

We spend so much of our lives worrying about yesterday and tomorrow, yet one is buried and the other is unborn. There's not a thing we can do about either—except let them steal today right out of our hands.

The first installment of six videos was released in early April and was aimed at new bank directors to help prepare them for their important fiduciary role. The second installment of six videos was released on June 30 and was a virtual version of the FDIC's Directors' College Program. The initial video under this third installment of videos addressed interest rate risk and was released in August. The FDIC's technical assistance videos and additional information can be accessed at http://links.govdelivery.com:80/track?type=click&enid=ZWFzPTEmbWFpbGluZ2lkPTlwMTMxMjA1LjI2MDg3ODIxJm1lc3NhZ2VpZD1NREltUFJELUJVTTC0yMDEzMTlwNS4yNjA4NzgyMSZkYXRhYmFzZWlkPTEwMDEmc2VyaWFsPTE2NzkyOTMzJmVtYWlsaWQ9YXJ0dXJvcGFsYWNpb3NAc2JjZ2xvYmFsLm5ldCZ1c2VyaWQ9YXJ0dXJvcGFsYWNpb3NAc2JjZ2xvYmFsLm5ldCZmbD0mZXh0cmE9TXVsdGl2YXJpYXRISWQ9JiYm&&100&&http://www.fdic.gov/resourcecenter?source=govdelivery&utm_medium=email&utm_source=govdelivery.

Ft. Worth Meeting Recap

For those of you that missed the ATA Ft. Worth Meeting, Sept. 27-28, Dustin Harris (The Appraiser Coach) traveled from Idaho Falls, Idaho to provide a 4-hour course on Mobile Appraising which was well received. Diana Jacob, ATA-G instructed courses on Interagency Guidelines and an Overview of the Complaint Process. If you have never had a class with Diana, she's one of the best.

During this meeting, we also presented our first Outstanding Service Award in the North Texas Region to Rick Neighbors, ATA-G. (For more information on our awards, log on to <http://www.txappraisers.org/ATA%20Awards.pdf>.)

The door prize winners were:

Charles Bratton
Tisha Lemon

Sheron Taylor
Scott Craft

Kenneth Jones
Brian Marlow

A Special Thank You From Rick Neighbors, ATA-G

I just wanted to thank everyone for the award this past weekend.

It was very nice of you and I was totally surprised.

Joining the ATA has been one of the best decisions that I have ever made, and I have Bobby to thank for that!

I just wish this association had been around when I got my start in appraising...I sure would have been a better appraiser.

It is my hope and goal that we get most of the over 5,000 appraisers in Texas to join our association and change appraising in Texas for the better.

Thank you again, I am honored.

Sincerely,

Rick Neighbors ATA-R



Bobby Crisp, ATA-R, Rick Neighbors, ATA-R (Outstanding Service Award Winner for North Texas Region) and Arturo Palacios, ATA-G

 * **Have an idea for a course or speaker you would like to see at an upcoming meeting?** *
 * **Email us at info@txappraisers.org and let us know.** *

Association of Texas Appraisers - Meeting Registration Form

South Padre Island Meeting January 24-25, 2014 Hilton Garden Inn

Name: _____ Name for Badge: _____
Address: _____ E-Mail: _____
_____ Phone: _____

All prices increase \$20 after January 10

Member	\$99
Member with Book	\$164
Non-Member	\$198
Non-Member with Book	\$263
Guest Lunch	\$20

Total Due \$ _____

Please Note: The Appraisal Foundation mandates that each student MUST have a current copy of USPAP in class-no sharing.

For more information, contact:
Teresa Walker (210) 837-7123
(info@txappraisers.org)

Mail Registration and Payment:

Association of Texas Appraisers
13530 Escort Drive
San Antonio, TX 78233

Register and Pay On-line:

www.txappraisers.org (Scroll down on the home page and select the appropriate meeting. Go to the bottom of the meeting page and it will take you to Pay Pal.)

Registration form and payment must be received by January 20. No refunds after January 20.

For more information, contact:
Teresa Walker at (210) 837-7123
(info@txappraisers.org)

Schedule

Friday, January 24

Noon Registration
1:00 p.m. - 5:00 p.m. *Understanding Promulgated Contracts*

Saturday, January 25

7:30 a.m. Breakfast
8:00 a.m. - Noon: *USPAP Update Course, No. 101*
Noon to 1:00 p.m. Lunch (included with your registration fee)
1:00 p.m. - 4:00 p.m. *USPAP Update Course, No. 101 (Con't)*

Don't forget to make your **Hotel Reservations at the Hilton Garden Inn.**

A block of rooms have been reserved for ATA members at the Hilton Garden Inn, 7010 Padre Blvd, South Padre Island, TX. Sleeping rooms are \$79 (plus tax) per night for single/double rooms. Reservations must be received by **Dec. 23, 2013**. After this date, reservations will be accepted on a space and rate availability basis. Call (956) 761-8700 and mention code AOT to receive this discounted rate.

Association of Texas Appraisers - Meeting Registration Form

Mid-Year Meeting February 14-15, 2014 Embassy Suites, San Marcos

Name: _____ Name for Badge: _____
Address: _____ E-Mail: _____
_____ Phone: _____

All prices increase \$20 after February 1

Member Legal MCE	\$25
Non-Member Legal MCE	\$35
Member	\$99
Member with Book	\$164
Non-Member	\$198
Non-Member with Book	\$263
Guest Lunch	\$20

Total Due \$ _____

Please Note: The Appraisal Foundation mandates that each student MUST have a current copy of USPAP in class-no sharing.

For more information, contact:
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(info@txappraisers.org)

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Association of Texas Appraisers
13530 Escort Drive
San Antonio, TX 78233

Register and Pay On-line:

www.txappraisers.org (Scroll down on the home page and select the appropriate meeting. Go to the bottom of the meeting page and it will take you to Pay Pal.)

Registration form and payment must be received by February 10. No refunds after February 10.

For more information, contact:
Teresa Walker at (210) 837-7123
(info@txappraisers.org)

Schedule:

Friday, February 14

11:30 a.m.	Registration
8:30 a.m. - 11:30 a.m.	<i>TREC Legal MCE</i>
1:00 p.m. - 5:00 p.m.	<i>Understanding Promulgated Contracts</i>
5:00 p.m. - 6:00 p.m.	Networking Reception

Saturday, February 15

7:30 a.m.	Breakfast
8:00 a.m. - Noon:	<i>USPAP Update Course, No. 101</i>
Noon to 1:00 p.m.	Lunch (included with your registration fee)
1:00 p.m. - 4:00 p.m.	<i>USPAP Update Course, No. 101 (Con't)</i>

Don't forget to make your **Hotel Reservations at the Embassy Suites.**

A block of rooms have been reserved for ATA members at the Embassy Suite, 1001 E McCarty Lane, San Marcos, TX. Sleeping rooms are \$129 (plus tax) per night for single/double rooms. This rate includes buffet breakfast and manager's evening reception. Reservations must be received by **January 24, 2014**. After this date, reservations will be accepted on a space and rate availability basis. Call (512) 392-6450 and mention code ATA to receive this discounted rate.