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Connections

Official Publication of the Association of Texas Appraisers, Inc.



Dennis Crawford, ATA-R
ATA President

I hope you are as excited as I am because it is already the first of March and in just two weeks, we will be celebrating the return of Day-Light-Savings-Time and the first day of Spring is just a week later. How great is that? I

think DLST should be a national holiday and I get excited about it because in my mind set, it means I will be able to take comp photos a full hour later. However, my appraiser wife reminds me that if I would just get out of bed an hour earlier, I wouldn't need that extra hour of daylight! March also brings us NCAA March Madness basketball and, this year, Easter falls on March 27th and this is a huge event at our house. Spring is also Tornado season so stay safe!

ATA's first meeting of the year was held February 19-20 at the Courtyard by Marriott River Village in New Braunfels. This was our fiscal Mid-Year Meeting and was also our largest attendance at an ATA Mid-Year meeting to date. So, a huge thank you to those of you who were able to attend and make it so successful.



Friday morning, the ATA Board of Directors held their Board meeting and discussed many topics. Future courses were a main topic. This topic is always a major item on our agenda and as your elected Board, we strive to be in front of the challenges we appraisers face today, and to provide quality, up to date education that keeps you informed, confident and compliant. Several new courses have been writ-

ten and approved for CE credit and more are being developed and awaiting approval for CE accreditation. Texas is comprised of so many diverse markets and economies driven by industries including oil, timber, wind energy, agriculture, recreation and gulf coast activities. As you can see, your Board has a large territory to cover and, to continue to be effective and successful, we need to hear feedback from you, our membership, in the development of these courses.

Another topic discussed was the growth rate of ATA and regions of the state we need to focus on. We had scheduled a meeting in El Paso for March 10-11 and unfortunately, due to the low number of people signing up, we made a business decision to cancel the meeting. We feel certain that as we grow ATA in the years to come, we will be in El Paso at some future date.

Also during the Friday morning ATA Board meeting, newly elected ATA Board member and former Chair of the TALCB, Mr. Luis De La Garza, gave us an update on the upcoming changes to the TALCB Board. He informed the Board that there are four TALCB Appraiser Members whose terms have expired and those vacancies require the Governor to appoint new Board members. Your ATA Board feels strongly that these positions being vacated need to be replaced with appraisers and not general public members. If no appraisers are appointed, then general public members who know little to nothing about the appraisal profession will determine the direction that our industry will be going in. We encourage any appraiser who is at a point in life where they could contribute to our profession and serve on the TALCB Board apply to the Governor's website: <http://gov.texas.gov/appointments/application>.

(Continued on page 2)

Upcoming Industry Meetings:

- Apr. 1-2—ATA Rio Grande Valley Meeting
- Apr. 8—AQB Public Meeting, Phoenix, AZ
- Apr. 8-10—AARO Spring Meeting, Phoenix, AZ
- May 12—NACAO, Naples, FL
- June 17-18—ATA Houston Area Meeting
- Aug. 5-6—ATA Annual Meeting, Austin, TX
- Sept. 12-14—Appraisal Summit & Expo, Las Vegas
- Sept. 30—TAFAC, Washington, DC
- Nov. 3-5—The Appraisal Foundation Board of Trustees, San Antonio, TX

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From the President (con't)

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While the ATA board was in session, ATA presented courses beginning with Friday morning's course "TREC Legal I" and the afternoon course, "Appraiser's Guide to Covering Your Appraisals".

After Friday afternoon's course, we held a networking reception, my favorite part of the day when we get to relax, visit and get caught up with everyone.

On Saturday, we presented the 7-Hour USPAP Update 2016-2017 course. The Speaker for this course was the very knowledgeable Amelia Lovorn, who presented the updates in an entertaining and fun atmosphere.

During our Saturday mid-day break, ATA's Past President Arturo Palacios was gracious enough to attend the TALCB Board meeting held on Friday

and gave ATA members an update.

Also during the break, we announced the recipient of the Central Texas ATA Appraiser of the Year Award. David McInturff, ATA-R, was presented with this much-deserved award.

If you feel someone is deserving, you can nominate them for an Outstanding Service Award. Here is a link for the guidelines and application form. <http://www.txappraisers.org/ATA%20Awards.pdf>.

I spoke with many of you after the courses and learned that these were some of the best speakers we have offered. My promise to you is that ATA will continue to provide the most up-to-date courses and presented by the most experienced speakers available.

For those of you who were unable to attend this meeting, ATA will again be



offering the ABC's to Support Your Appraisal and the 7-Hour USPAP Update 2016-2017 course on April 1-2 at our Rio Grande Valley Area Meeting in South Padre Island. Go to page 4 or the ATA website for future meeting dates and courses being offered. www.txappraisers.org

Dennis

TOTAL for Mobile



"Every appraiser I talk to I ask, 'why are you still using a clipboard?'"



Greg Mellies
Mellies Appraisal

"Between not having to type information over again, and not having to take it from a written sketch and put it back in, I'd say **TOTAL for Mobile saves me anywhere from 30 minutes to two hours per report.**

Going from clipboards to a digital device was a change but now it's taken out a lot of the process. It used to be you'd take a clipboard out into the field and you'd write everything down, hope you got it right with your measurements, come back, start plugging it in. So you were basically doing the work twice. Not only has

it taken away that extra step, but when I get back to the office, I don't have to worry if my house measurements are going to measure up or if I missed a wall. **How many times have I had to go back out and measure a house again? With TOTAL for Mobile I don't have to do that.**

It takes me about the same amount of time to sketch the property, take my pictures, and enter all of my information. Where the savings really happens is when I get back to the office and I don't have to redo all of that over again. **It's just a push of a button and it's in my report. Once you do it the first couple of times, it's a cakewalk from then on."**

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New Members and Designated Members

Welcome New Members

The ATA President and Board of Directors would like to welcome our newest members:

- **Silvano Alonzo**, Victoria
- **Lawrence Baca**, San Antonio
- **Vicky Carley**, Canyon Lake
- **Xavier Escobedo**, San Antonio
- **Paul Gaerther**, McAllen
- **Richard Martinez**, Victoria
- **Terry McDaniel**, Big Spring
- **David Mercer**, San Antonio
- **Melinda Otwell**, Denton
- **Brandy Nicole Perez**, Victoria

New Designated Members

Congratulations to those who were recently awarded designations:



Ian Martinez, ATA-R
Jerry Whitley, 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.

GET CONNECTED
stay connected

Terms of Financing Not in MLS



Ed Woodruff, ATA-R

You will see less and less the type of financing for a transaction in MLS, thanks to TRID (Truth in Lending Disclosures) changes implemented in October of

2015. Prior to this, we had the old HUD-1 Settlement Statement. Both the Buyer and Seller got the same form, and the type of financing was shown at the top of the form. The Listing agent would use this to update the MLS listing. Now, the Buyer gets a Closing Disclosure (CD) form, and the Seller gets an American Land Title Association (ALTA) form.

The ALTA form has most of the same information the CD has, but it does not have the loan type. So, the Listing

agent gets this ALTA form, and they don't know what to put in MLS, so they leave that space blank. But it gets better! In order for the agents to get those forms (on the Borrower's side), the borrower has to sign a release at time of loan application; they have to say which agent can have it, their license number, etc.

If a Borrower wants to keep that information confidential, nobody will know what kind of financing the Buyer gets. Most of the time you can just call the Selling agent and get the info, but in new construction builder sales, I have found they don't have a clue.

How to deal with this in UAD? Well, in the grid, under Type of Financing, one must click on "Other", then under

"Description" type in "Unk," then write about it in the comments. I state that while I do not know what type of financing was involved, it did go through a financial institution, or words to that effect. I'm still working on my official "canned" comment.

If you have any ideas or suggestions, please email me at Ed@WoodruffAppraisals.com.



ATA's Rio Grande Valley Meeting—April 1-2

Don't miss the Rio Grande Valley Area Meeting, April 1-2 at the Holiday Inn Express Hotel and Suites, 6502 Padre Blvd. South Padre Island, TX

Friday afternoon - 12:30 p.m. - 1:00 p.m. - *Welcome and Association Update*

Friday afternoon - 1:00 p.m. - 5:00 p.m. - *ABC's to Support Your Appraisal (ACE and MCE* Approved)* - 4 hrs continuing education. This course explores fundamental skills of developing a highest and best use, support for an opinion of site value, and a residential Sales Comparison Approach focusing on the evidence of support for adjustments.

The text opens with the discussion of Uniform Standards of Professional Appraisal Practice (USPAP) and the Principles behind the Sales Comparison Approach and the adjustments. This is a 4 hour course that spends the majority of its time in these key areas:

Recognizing those USPAP Rules and Standards that play a role in the Residential Appraisal 2. Understanding the methods and techniques for site valuation 3. Recognizing and making determinations regarding central tendencies in support the adjustment



process 4. Understanding and applying weighted statistical analyses 5. How to identify and develop of Economic Life and Effective Age from market data

Saturday - 8:00 a.m. - 4:00 p.m. - *2016-2017 USPAP Update Course** (ACE and MCE* Approved)* - 7 hrs continuing education. This course addresses:

- Revisions to the RECORD KEEPING RULE
- Revisions to STANDARD 3
- Revisions to the Definition of Assignment Results and Confidential Information and to the Confidentiality section of the ETHICS RULE
- Revisions to Reporting Standards
- Other USPAP Edits
- Retirement of all STATEMENTS ON APPRAISAL STANDARDS
- ADVISORY OPINION 33: Discounted Cash Flow Analysis
- ADVISORY OPINION 34: Retrospective and Prospective Value Opinions
- ADVISORY OPINION 7: Marketing Time Opinions
- ADVISORY OPINION 35: Reasonable Exposure Time in Real and Personal Property Opinions of Value
- ADVISORY OPINION 36: Identification and Disclosure of Client,

Intended Use, and Intended Users

These courses will also be taught by ATA's Chairman of the Board, Bobby Crisp, ATA-R.

A block of rooms have been reserved for meeting attendees at the Holiday Inn, 6502 Padre Blvd. South Padre Island, TX 78597. Sleeping rooms are \$88 (plus tax) per night for single/double rooms. Reservations must be received by March 8, 2016. After this date, reservations will be accepted on a space and rate availability basis. Call 956-761-8844 and mention code ATA to receive this discounted rate.

Use the registration form on page 13 to register or log on to <http://www.txappraisers.org/meetings.html>.



Don't forget to submit your nomination for the Rio Grande Valley Outstanding Appraiser by March 15. Log on to <http://www.txappraisers.org> and click on the link on the home page.

Upcoming Meetings

ATA will host the **Houston regional meeting, June 17-18**. The courses offered will be:

1. *ABC's to Support Your Appraisal* and the
2. *2016-2017 USPAP Update Course*

These courses will also be taught by Bobby Crisp, ATA-R.

A block of rooms has been reserved for attendees at the Holiday Inn Houston West - Energy Corridor. Sleeping rooms are \$79 plus tax per night for single/double rooms. Reservations

must be received by Thursday, June 9. After this date, reservations will be accepted on a space and rate availability basis. Call (800) HOLIDAY and mention ATA to receive this discounted rate.

The **ATA 11th Annual Meeting and Education Conference will be held in Austin, August 5-6** at the Holiday Inn Mid Town.

ABC's to Support Your Appraisal will also be offered in the following locations:

Abilene—Sat., April 23rd, 9am to 1pm

New Braunfels—Fri., May 13th, 1pm to 5pm

Dallas—Sat., June 4th 9am to 1pm

For more information, log on to <http://www.txappraisers.org/abc.html>.



Seven Myths About Alternative Appraisal Valuations



Dustin Harris
The Appraiser Coach

We are hearing more and more about alternative valuation products such as desktop or computer assisted valuations, or

for what they do not know. Fraud is knowing something significant, but choosing not to disclose it. Incompetency is not knowing when one should have known. Neither of those things applies here. Every assignment is going to have things that should be known and reported in the normal course of business and things that cannot be. Appraisers are only held liable for what they know or should know. If the scope of work includes obtaining tax records and a three-year old MLS sheet for the subject information, they are not responsible for the recent kitchen updating that they have no way of knowing about. The valuation is based on the available data sources. Just be sure to disclose, disclose, disclose and remember, extraordinary assumptions are an appraiser's best friend. Furthermore, a majority of lawsuits and/or state board complaints are consumer based and

under that hat – an appraiser cannot complete a BPO.

4. **They Do Not Pay Enough**—As appraisers, we are used to quoting fees based on job rather than time. However, perhaps we ought to look more at our per hour rates. Say a typical appraisal fee is \$400. Is it worth it to do a full, 1004UAD-MC at \$350? What if the \$350 appraisal took five hours to complete, but a \$400 appraisal took seven? Which is the better paying job? Why would anyone accept a valuation assignment for \$125? Well, if the total job from start to finish takes 1.5 hours, it may be the best paying job done all week! A full appraisal comes with many extras that one does not get paid any extra for. Extras such as drive time, wear and tear on your vehicle, gas, time spent setting up the appointment, sketching, photos (of both the subject and comps), etc. Desktop valuations are different. There is a reason

“evaluations”. It seems to be a taboo subject among appraisers, but we needn't be fearful. Here are seven common myths surrounding the subject of alternative valuation products:

1. **They are Not USPAP Compliant**—Actually, this is not a myth. It is a fact. Alternative valuation products are not USPAP compliant, but neither are 1004s, 2055s, or 1025s. It is not the product or report's job to be USPAP compliant, it is the appraiser's. Desktop valuations are no different than other appraisal reports. When a valuation service is performed, it is up to the appraiser to make sure they are doing everything in accordance with state law and USPAP. Often the paperwork provided by the client will need to be supplemented (sometimes heavily) in order for the appraiser to properly show compliance with the standards of ethics and state laws.
2. **There is Too Much Liability**—Some say doing a valuation without an inspection is risky because there are too many unknowns. Actually, the exact opposite is true. * I know several appraisers who refuse to do drive by appraisals. Their reason is liability. “What if I drive past the property and it appears from the outside to be in average condition, but is completely trashed on the inside?” One cannot be held liable



reflect valuation services done for primary mortgage purposes. Most (not all) of that does not apply with alternative valuations.

3. **A Desktop Valuation is just a BPO**—Whenever an appraiser completes a valuation of a property (under the hat of their appraisal license), they have completed an appraisal. As such, they are required by state law to adhere to the rules and regulations of USPAP. A “Broker's Price Opinion” is a very specific product and its name says it all; it is an ‘opinion’ of ‘price’ done by a ‘broker.’ In other words, by title – unless an appraiser is also a broker and is acting

they have a lower fee, but they typically have a higher per hour payoff. The other issue is the increased requirements placed on appraisers that are not put on other valuation professionals. By state law, appraisers are required to follow USPAP on all real estate valuations. That puts a higher scope of work on us that is not put on others who might (and can) complete the same work. This is something that must change if appraisers are to compete economically in this area.

5. **You Cannot Do an Appraisal in So Little Time**—This myth is closely related to the previous one. First, a pop quiz: Which of these two are appraisals;
 - Valuation of a 1200 square foot home or
 - Valuation of a 55,000 square foot warehouse? If you said “All of the above,” you are correct! Which will take longer to complete? Why? The scope of work is much different for a house vs. a commercial property. Yet, they are both appraisals. It will take far less

(Continued on page 6)

Alternative Valuations (con't)

(Continued from page 5)

time to complete a desktop valuation than a 1004 URAR because the scope of work is different. What has to be decided is whether a credible job can be done in a timely manner and justify the lower fee of a desktop product.

6. **You are Stealing Jobs From Appraisers**—It is true that there are more alternative valuation products being done each year. It is not true that this is caused solely from the lack of appraisers, and the banks' inability to get an appraisal done. Lenders are moving away from full appraisal products (due mostly to timing and fee issues) for purposes such as HELOCs, foreclosure, and asset management. It does not make sense for a lender to order a full, \$400 appraisal every six months for every property they own so they can assess their portfolio. Furthermore, though the lender would probably prefer to use a qualified valuation professional (such as an appraiser), it is not necessary. They can, and do, get

others to perform this type of work. In other words, refusing to complete alternative valuation products is a personal decision, but it will not likely affect the number of full appraisals ordered in the marketplace.

7. **Alternative Valuations are Alternative** Though these services have been referred to as "alternative valuation" products throughout this article, they are not alternative at all. Whenever an appraiser performs a valuation service in the capacity of their title as appraiser, they are performing an appraisal. These are alternative in the sense that they are not a 1004, but



they are still an appraisal. All US-PAP and state laws apply. Perhaps they are better referred to as "Non-Traditional Appraisal Products."*

Alternative valuation (ahem, "Non-Traditional Appraisal") products are here to stay. They are not going away. I have respect for any appraiser who personally decides that this type of work is not for them. Whatever the

reason, appraisers must run their businesses as they feel is best. However, none of them should make major decisions based on myths. There is a lot of misinformation about alternative valuation products, but there is good information available as well. With the prevalence of such services becoming more pervasive, adding such work to one's overall portfolio may be something to consider.

*Ideas taken from Ernie Durbin as heard on The Appraiser Coach Podcast Episode #075.

www.appraisercoach.com

Dustin Harris is a successful, 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 consultant. He also owns and operates The Appraiser Coach where he personally advises and mentors other appraisers helping them to also run successful appraisal companies and increase their net worth. His free podcast can be listened to on iTunes and Stitcher. He and his wife reside in Idaho with their four children. He has recently relapsed on his addiction to Swedish Fish.

ATA Awards/Scholarship

Don't forget ATA's **Regional Outstanding Service Awards**. If you feel someone is deserving of one of the Awards, you can nominate them for an Outstanding Service Award. Here is a link for the guidelines and application form. <http://www.txappraisers.org/ATA%20Awards.pdf>. You can also self-nominate.

Also, if you'd like to nominate (or even self-nominate) for the **Pospisil Scholarship**, please click on this link for the guidelines, procedures and application. <http://www.txappraisers.org/Scholarship.pdf>. It only takes a couple of seconds to nominate someone.



Through the Eyes of an Appraiser Trainee



Holly Alonzo

This article is to give some insight of what I see as a Trainee in the field and some recommendations for all who are wanting to make an impact to preserve the integrity of the profession. I came from a

health care background with a Bachelor's Degree in Health Care Administration. After 14 years in this field, I felt it was time for a change. The question was, where next? I had the persistence of a certain someone who really pushed me towards the appraisal field. I am definitely a nerd, so the numbers and statistics were right up my alley. So I decided to shadow my current Supervisor, Stacey Lee Cartwright, for a month to see what this appraisal field was all about.

A month passed by of going into the field and assisting with the detailed work of measuring the subject houses and sites. Needless to say, I had some work to do handling all the gadgets, but I had amazing training and support from my supervisor. The education required for Trainees was very helpful and gave me insight into what the future will hold as a Certified

or Licensed Appraiser. I had the opportunity of attending the annual meeting of ATA as a member in New Braunfels. All the experience in the field with my Supervisor, college courses and real life questions in this meeting assured me I was in the right field!

My future goal is to become a General Appraiser. Currently, I will obtain my License as an Appraiser through the State and continue on to obtain Residential Certification. I think the education requirements are on point for the General Appraisers but not so for Certified. I suggest that the Licensed and Certified require Associates degrees with the continuance of the certified requiring more experience/supervised hours. There are things in the field that a college course cannot teach you no matter how highly academically credentialed you may be. I think the requirements for the number of supervised hours are excessive and hopefully will decrease in the future.

Our future generation of professionals in the appraisal field have big shoes to fill. I hope more Appraisers consider taking on trainees and guide them with their real-world knowledge. This will positively impact our future considerably. If we do not take on this responsibility, our future markets will be adversely affected by the younger generation with no "real-world" experience. Though this might not affect you immediately, consider your children and grandchildren who will be affected by a market of skewed and

inaccurate numbers. We do not want the negatives in the history of the appraisal field to repeat itself.

In conclusion, my goal for this article is to emphasize the importance of more Appraisers supervising Trainees to preserve the integrity of the appraisal field. My opinion of value for Trainees

and preserving integrity of the profession...priceless!

Holly Alonzo
Texas Appraiser-Trainee



ANSI, Home Measurement, & The Power of Price Per Square Foot On-Line Discount

Bryan S. Reynolds (Bryan S. Reynolds & Associates, Reynolds Appraisal Service, ATA member and a Partner at Appraiser E-Learning) taught his course Appraisers Guide to Covering Your Appraisals at the Mid-Year meeting. Bryan is giving ATA members a 10% discount on his on-line ANSI, Home Measurement, & The Power of Price Per Square Foot class. To receive your 10% discount, visit www.appraiserelearning.com, click

courses, and put in promo code **ATA2016** on the ANSI course [order form](#). With this discount, the 7-hour class is under \$99.

For more information on this course, <https://www.youtube.com/watch?v=f27-ZDPQUc&feature=youtu.be>

Thanks Bryan for giving away one of these classes...Winner: Sheron Taylor.



Licensure Requirements Survey

The Appraisal Qualifications Board (AQB) is considering changing the requirements for appraisal licensure and has asked for public comment in a discussion paper. ATA has condensed their paper into an online survey to make it faster and easier to have our voices heard. Your responses are confidential, but the statistical results of the survey will be forwarded to the AQB. Please submit your responses prior to **March 20th**. The full AQB dis-

ussion paper can be found at the Appraisal Foundation website via this link: <https://appraisalfoundation.sharefile.com/d-s7cb15ac769e4cf4b>. The link to the ATA survey is below.

<https://www.surveymonkey.com/r/QV96RCV>



TALCB Corner



The Texas Real Estate Commission (TREC) and the Texas Appraiser Licensing & Certification Board

(TALCB) are pleased to announce our biennial strategic planning listening tour. License holders and the public are invited to participate in the agency's preparation of its 2017-2021 Strategic Plan by offering input at one of the following sessions:

- March 9th—10:00am; San Antonio Board of REALTORS
- March 10th—12:00pm; Lubbock Association of REALTORS
- March 18th—10:00pm; Waco Association of REALTORS
- March 22nd—10:00am; Houston Association of REALTORS
- March 23rd—12:00pm; McAllen Association of REALTORS

- March 24th—8:30am; Harlingen Board of REALTORS
- March 24th—12:00pm; Brownsville Board of REALTORS

The purpose of these meetings will be to help guide the Commission and Board members during the strategic planning process. The agency has published a list of questions on the website which will act as a guideline for discussion for this year's tour. These discussions are meant to be an open forum to gain insight on the needs and preferences of license holders and the public. Each session is planned for two hours and CE credit will be offered for license holders in attendance for the entire session.

In addition to the published questions, the Commission would like to hear license holder feedback on changes to its current advertising rule. Please give us your thoughts on the draft new advertising proposal. Your input will be considered by the Commission's Executive Committee prior to proposal of an updated advertising rule. Also, the Appraiser Qualifications Board (AQB) has published a draft of several initiatives it is considering to

add more flexibility to appraiser qualifications. TALCB would like to hear your thoughts on these.

If you are unable to attend a listening tour session, feel free to submit your comments via our online survey. Your responses are vital to this process.

Our agency protects consumers of real estate services in Texas by ensuring qualified and ethical service providers through education, licensing, and regulation. We oversee the providers of real estate brokerage, appraisal, inspection, home warranty, timeshares and right-of-way services, thereby safeguarding the public interest while facilitating economic growth and opportunity across Texas.

Upcoming TALCB Meeting:

The next TALCB meeting will be held on **May 13**. TALCB welcomes all interested parties to be in attendance or to monitor the session live via the simulcast link on their website.

Late Appraisal: USPAP Violation?



Isaac Peck
WorkingRE

In a move that outraged many Oregon appraisers last Sept., the Oregon Appraisal Board warned its appraisers via email that failing to submit an appraisal on time "can be" considered a viola-

tion of USPAP. According to many, this is a very creative interpretation of the Uniform Standards of Professional Appraisal Practice (USPAP)! The controversy has been simmering ever since. However, the AQB recently issued an FAQ on the subject, settling the matter once and for all.

In the email to the Oregon appraisers in Sept. mentioned above, Gae Lynn Cooper, the Administrator for the Oregon Board, writes that the Board "has been receiving an increasing number of calls regarding 'past due' appraisal reports." Lynn's email stresses that an appraiser should communicate with the client if there are unforeseen circumstances that prevent a timely submission of the report and adds that "accepting an assignment is also accepting the associated assignment conditions. Failing to adhere to the assignment condition can be an actionable violation of USPAP and Oregon Statute."

When an appraiser questioned Cooper how missing a due date could be a violation of USPAP, Larry Noe, an Investigator of Appraisal Compliance for the Oregon Board, responded in an email that, "A due date is an assignment condition and as such it is the appraiser's responsibility under the Scope of Work Rule (Problem Identification) to comply with all assignment conditions. In some cases (rare cases) it could be an Ethics violation (see line 249 on page U-7 in USPAP). Also, ORS 674.140(13)(a) involves actions that constitute 'bad faith'."

The Board's email announcement understandably inspired a great deal of controversy among Oregon appraisers. It also inspired a response from Scott Dibiasio, Manager of State and Industry Affairs at the Appraisal Institute. In an email to the Board, Dibiasio eloquently disagrees with the Board's position and argues that there is nothing in USPAP that says that a violation of an assignment condition is a violation of USPAP. "What USPAP does say is that accepting an assignment condition that precludes an appraiser's impartiality, limits the scope of work so that the assignment results aren't credible, or limits the content of a report so that it's misleading, is unacceptable. (Scope of Work Rule, U-14, Lines 441-442.) By accepting, and not meeting, an agreed upon Due Date an appraiser has not automatically done anything that would compromise their impartiality, the credibility of the assignment results, or limit the content of a report to such an extent that it is misleading," writes Dibiasio.

In other words, Dibiasio explains, "If an appraiser misses a Due Date but maintains impartiality, produces credible assignment results, and does not limit the content of the report to the point that it is misleading, then no violation of USPAP has occurred." Dibiasio goes on to disagree with the Board's interpretation that missing a Due Date means that the appraiser has performed that assignment in a "grossly negligent manner." "Missing a Due Date does not have any direct impact on the credibility of the assignment results," Dibiasio argues.

Dibiasio also takes issue with the idea that a late appraisal submission constitutes "an act or conduct...that constitutes or demonstrates bad faith, incompetency, or untrustworthiness, or dishonest, fraudulent or improper dealings." Dibiasio points out that the second part of 674.140 (13) from Oregon law states that an act must be "substantially related to the fitness of the applicant or holder of a certification, li-

cense or registration to conduct real estate appraisal activity" in order for a violation of the statute to have occurred."

"We do not believe that missing a Due Date in any way impacts the 'fitness of the applicant or holder...to conduct real estate appraisal activity' which is defined in Oregon State Legislature 674.100(1)(b) as the 'preparation, completion, or issuance of an opinion as to the value of real property or an interest in real property.'" writes Dibiasio.

While granting that missing a Due Date may be "a contract issue and a poor business decision," Dibiasio maintains that "It is in no way substantially related to the ability of an appraiser to prepare, complete or issue a credible appraisal."

Appraisal Foundation Weighs In
When the controversy first arose, the Appraisal Institute requested that the Appraisal Standards Board (ASB) of The Appraisal Foundation (TAF) issue a "Frequently Asked Question" to clarify whether missing a due date is a violation of USPAP.

Nearly five months later, on February 10, TAF issued a FAQ inspired by and addressing this very issue. Settling the debate once and for all, the FAQ states unequivocally that missing a due date is not a violation of USPAP.



Late Appraisal: USPAP Violation? Con't

(Continued from page 9)

FAQ 2016-08: Is Turnaround Time an Assignment Condition?

Question: My state's appraiser regulatory agency sent out a newsletter that says a due date is an assignment condition, and that failing to adhere is a violation of USPAP. Is this true?

Response: "Assignment due dates are contractual obligations, but are not assignment conditions under USPAP. Turnaround times and similar items are business practice issues, and are outside the scope of USPAP."

Assignment conditions are addressed in the Problem Identification section of the SCOPE OF WORK RULE (Lines 421-425). The Rule states in part: Assignment conditions include assumptions, extraordinary assumptions, hypothetical conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work. Laws include constitutions, legislative and court-made law, administrative rules, and ordinances. Regulations include rules or order, having legal force, issued by an administrative agency.

However, an appraiser failing to comply with contractual obligations could potentially be subject to civil penalties."

Behind the Curtain: Public Trust
In an interview with Working RE, James Baumberger, Chair of the Oregon Appraiser Board and President of Synergy Appraisal Services, offers some context to help appraisers understand what led to the Board's email warning about due dates and USPAP. Baumberger was quick to note that he is speaking only for himself, and his comments do not necessarily reflect the opinion or stance of the Board.

Baumberger explains that when the email was sent Oregon was one of a few states where there was a very strong demand for appraisal services. "Over the summer of 2015, turn times

on appraisals were getting extended and appraisal fees were going up rapidly. Much of what occurred was simply supply and demand and that's not an issue that the Board is concerned with," Baumberger said. "However, a trend began where appraisers would take assignments, agree to the due date, and not deliver an appraisal. The real problem is that some appraisers were going dark and not answering their phones, nor responding to emails, and not updating websites/portals. So there were a lot of sales transactions where people were being negatively affected," says Baumberger.

Before sending out the email warning, Baumberger reports that the Board checked with as many as 11 other state appraisal boards, to ask if they thought this might be a violation. To Baumberger's knowledge, only a couple of the boards thought that it was not a USPAP violation, so there was

consensus that it might be a violation.

The increase in the number of complaints and the number of people affected by the delays and the lack of communication caused the Board to begin to view the problem as one which was negatively affecting the public trust. "While I'm not authorized to speak for the Board, I can tell you that an important part of the Board's vision in Oregon is to protect the public trust. When the public has negative impressions of real estate appraisers, when the public begins to view appraisers as unprofessional and unreliable, then the public trust in the appraisal function begins to erode and that negatively affects financial institutions, credit systems and the countless families involved," argues Baumberger.

Under Pressure

The pressure on the Board from lenders, AMCs, home buyers, and even state and federal legislators continued

to intensify as a backlog of appraisals were delaying closings around the state. "Lenders and AMCs were up in arms and we received calls from families who were living in hotels with their possessions in a moving truck because they were waiting for an appraisal and the closing date had been missed," Baumberger said. "The Board also was contacted by several state legislators, and one federal legislator, who were hearing from their constituents that it was difficult to impossible to get an appraisal and that people could not buy and sell homes because a minority of appraisers were being unprofessional," says Baumberger.

Communication

The most important aspect to the Oregon Board's email warning, according to Baumberger, is to stress that communicating with the client is absolutely key for appraisers and that failing to do so has very real effects not only on

people's lives, but also on the public's perception of the appraisal profession as a whole.

"The Board's email was an attempt to encourage appraisers to communicate

with clients. It was very important that the Board issue some kind of notice because there were many families adversely affected. Nobody is faulting the appraiser if the agent/broker wants to delay the inspection, or the seller misses an inspection appointment. It's our genuine hope that most appraisers are shaking their heads because they already run their businesses like professionals, and hopefully those appraisers who have been unprofessional will take it as a warning. It doesn't help any appraiser if the public has a negative view of appraisers. All the Board and the public need is for appraisers to communicate with their clients," says Baumberger.

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Association of Texas Appraisers - Meeting Registration Form

RGV—April 1-2, 2016
South Padre Island, TX

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

Early Bird Fee (Before Mar. 18 with and with out the USPAP Document):

Member	\$125/195
Non-Member	\$250/320
Guest Lunch (not for attendees)	\$20

After March 18 with and with out the USPAP Document):

Member	\$145/205
Non-Member	\$270/340
Guest Lunch (not for attendees)	\$20

Total Due \$ _____

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 Mar. 28. No refunds after Mar. 28.

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

Schedule

Friday, April 1

11:30 a.m.	Registration
12:30 p.m. - 1:00 p.m.	Welcome and ATA Update
1:00 p.m. - 5:00 p.m.	<i>ABC's To Support Your Appraisal</i>

Saturday, April 2

7:30 a.m.	Breakfast
8:00 a.m. - Noon:	<i>7 Hour USPAP Update</i>
Noon - 1:00 p.m.	Lunch (included with your registration fee)
1:00 p.m. - 4:00 p.m.	<i>USPAP Update (con't)</i>

Don't forget to make your **Hotel Reservations.**

A block of rooms have been reserved for meeting attendees at the Holiday Inn, 6502 Padre Blvd. South Padre Island, TX 78597. Sleeping rooms are \$88 (plus tax) per night for single/double rooms. Reservations must be received by March 8, 2016. After this date, reservations will be accepted on a space and rate availability basis. Call 956-761-8844 and mention code ATA to receive this discounted rate.

Association of Texas Appraisers - Meeting Registration Form

Houston Meeting

June 17-18

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

Early Bird Fee (Before June 3 with and with out the USPAP Document):

Member	\$125/195
Non-Member	\$250/320
Guest Lunch (not for attendees)	\$20

After June 3 with and with out the USPAP Document):

Member	\$145/205
Non-Member	\$270/340
Guest Lunch (not for attendees)	\$20

Total Due \$ _____

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 June 13. No refunds after June 13.

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

Schedule

Friday, June 17

11:30 a.m.	Registration
12:30 p.m. - 1:00 p.m.	Welcome and ATA Update
1:00 p.m. - 5:00 p.m.	<i>ABC's To Support Your Appraisal</i>

Saturday, Saturday June 18

7:30 a.m.	Breakfast
8:00 a.m. - Noon:	<i>7 Hour USPAP Update</i>
Noon - 1:00 p.m.	Lunch (included with your registration fee)
1:00 p.m. - 4:00 p.m.	<i>USPAP Update (con't)</i>

Don't forget to make your **Hotel Reservations**.

A block of rooms has been reserved for attendees at the [Holiday Inn Houston West - Energy Corridor](#). Sleeping rooms are \$79 plus tax per night for single/double rooms. Reservations must be received by Thursday, June 9. After this date, reservations will be accepted on a space and rate availability basis. Call (800) HOLIDAY and mention ATA to receive this discounted rate.

Appraiser Removed from AMC Panel Due to Fraud



Dave Towne

Folks.....

I am sometimes offered information about appraiser issues in a confidential nature by other appraisers. When that occurs, I do not distribute specific information about the issue, but may choose to reveal facts via the 'big picture.'

This is one such case:

A homeowner decided to refi their home. Appraisal appointment scheduled and 'someone' showed up at the home to do the interior & exterior inspections and take photos, etc. When the homeowner asked who that 'someone' was, 'someone' provided a different appraiser name.

Report was completed and submitted to the AMC, then to the lender, who sent it to the homeowner per lending regulations.

Turns out the homeowner works as an assistant to another Certified appraiser in that regional location. The homeowner and the appraiser discussed the report and talked about the 'someone' who was at the home, as compared to the report's signing appraiser. The homeowner's employer (the Certified appraiser) happens to know the signing appraiser via classes and other interactions. That person's physical

description did not jive with the 'someone' who inspected the home. The signing appraiser's name was the one provided by 'someone.'

The Certified appraiser contacted me to discuss options the homeowner would have, since the homeowner was not comfortable with the apparent fraud that was committed. It was determined the best way to handle the situation was to have the homeowner contact the lender and reveal to them what happened during the property



inspection and subsequent report.

The lender contacted the AMC to report the situation, and the AMC & lender conducted their own investigation.

The outcome:

-The appraiser who signed the report (but did not inspect the home, yet signed the report using the 'did inspect' checkbox), was removed from the AMC roster as an approved appraiser,

for fraud. The signing appraiser also did not reveal 'significant appraisal assistance' in the report, a violation of USPAP.

-The 'someone' who showed up at the homeowner's house, gave the other appraiser's name, and lied about personal identity was given a warning. (seems to be a mild slap on the wrist instead of stronger sanctions) Incredibly, this 'someone' happens to be a Certified appraiser, licensed for many years.

This may not be the end of the situation for these appraisers. Per the Dodd-Frank law and other regulations, whenever a lender discovers appraiser fraud, the lender is required to submit a complaint to the particular state appraiser regulatory agency. When that is done, the agency conducts its own investigation and has the power to impose strict sanctions against appraisers.

The point of this true story is pretty simple: conduct yourself as an appraiser professionally, especially ethically, follow USPAP, and don't have 'someone' do your inspections unless the client is aware, the individual is correctly identified both to the homeowner and in the report, and you sign the report correctly, without lying.

By the way.....for the curious among you.....I won't reveal the place this occurred or people involved due to potential reprisals against them. So please don't bug me about this.

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