



Connections

Official Publication of the
Association of Texas Appraisers, Inc.

www.txappraisers.org

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

We just finished our ATA conference in New Braunfels. It was a great turn out with 144 in attendance (121 were members). Gail Pospisil, former appraiser and ATA Executive Director and current Mayor of New Braunfels, welcomed us on Friday. Doug Oldmixon, TALCB Commissioner, gave us an update on commission activities.



Friday afternoon, Wayne Pugh taught us about high-tech gizmos, gadgets and helpful websites for appraisers. We also heard from TALCB chairman Luis De La Garza on Friday afternoon. Saturday's workshop was the USPAP update class with Diana Jacob teaching. Additionally, we had our first networking reception and it was well-received by the attendees.

We had five vendors at the conference to share their products/services. They were FACT, LIA Administrators and Insurance Services, Treasure Valley Factors, Bradford Technologies and SFREP. The Appraisal Coach and Your Appraisal Office were bronze sponsors.

The ATA board has applied to be a member of The Appraisal Foundation Advisory Council (TAFAC). Diana Jacob explained what benefits were to be gained by the membership. A membership vote was taken to send Diana Jacob to be our representative for the interview portion, and our regular representative if we are accepted.

A membership update indicated we now have 203 members. We welcomed 6 new members and 3 designated members.

Our Annual Meeting is set for August 3-4 in Austin, at the Holiday Inn Town Lake on IH-35. Three board member terms will end this summer. All voting members are encouraged to contact Mike Braught, Candace Cooke, or Rick Neighbors if you are interested in being placed on the ballot to serve a three year term. Write-in names will also be accepted at the August meeting.

Con't on page 2

2011-2012 Board of Directors

Mike Braught, President, ATA-R	Frank Baker, ATA-R
Rick Neighbors, ATA-R, Vice President	Ken Becker, Director
Donna Green-Harris, ATA-G, Secretary	Dennis Crawford, ATA-R, Director
Arturo Palacios, Treasurer	Bobby Crisp, ATA-R, Director
	Candy Cooke, ATA-G, Past President

I would encourage everyone to start attending the TALCB meetings. Their next meeting is in Austin on May 18th.

There are also a series of strategic planning sessions scheduled around the state. See page 3 for dates and locations.



Mike

Welcome New Members

The president and members of the Board of Directors would like to welcome our newest members: **Stephanie Anderson**, New Braunfels; **Kimberly Attallah**, Pflugerville; **Spencer Balentine**, Corpus Christi; **Christopher Bidegary**, McAllen; **Jericho Cagle**, El Paso; **Raymond Cookus**, Spring; **Dwaine Daugherty, Jr.**, Tyler; **Erik Divjak**, Katy; **Wendell Duncan**, San Antonio; **Chris Evans**, Arcola; **Arnold Fulmer**, San Antonio; **Charles Gray**, Austin; **Donald Hall**, Beaumont; **David Hankins**, McKinney; **Barbara Holland**, Brownsville; **Darrell Holland**, Brownsville; **David Kemp**, Cibolo; **Kay Macik**, Caldwell; **Brian Marlow**, San Antonio; **Robert Mims**, San Angelo; **Roger Powell**, McAllen; **Kimberley Mitchell**, Garden Ridge; **Terry Posey**, Boerne; **Gary Ridley**, Abilene; **Philip Ridley**, Abilene; **Jerry Robinson**, Laredo; **Raul Salinas**, McAllen; **Sheron Taylor**, Allen; **Arthur Valdez**, Houston; **Bonnie Walker-Cox**, Harlingen; **Edwin White**, Ft. Worth and **Ted Whitmer**, College Station.

Designation Information



Congratulations to the following members who were recently awarded designations: **Dave Drapela**, ATA-R, **Robert Keeney**, ATA-R, and **Larry Muennink**, ATA-G.

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.

Houston Meeting

The next ATA meeting is scheduled for June 2nd in Houston at the Courtyard Marriott on Katy Freeway. It will be an 8-hour ACE course on "Canned Comments".

To register, use the Registration Form on page 141.

If you have any questions, please contact Teresa Walker at (210) 837-7123.

FHA FAQ's

FHA has updated the [Valuation Protocol FAQs](#) posted on the FHA Appraiser Roster web page. The most recent FAQ can be found on page 27 of the document and provides clarification for what constitutes an acceptable conventional heating system.



"Going to work for a large company is like getting on a train. Are you going sixty miles an hour or is the train going sixty miles an hour and you're just sitting still?" -J. Paul Getty

Are You Interested in Becoming Certified to Teach USPAP?

The 2012 Instructor Certification Course is scheduled for Dallas, TX on March 22-25. The limit for this event is 40 attendees. It is recommended that you register as soon as possible once your application to the AQB Certified USPAP Instructor Program has been approved by The Appraisal Foundation.



What are the prerequisites for individuals applying to the AQB Certified USPAP Instructor Program?

Individuals applying to the AQB Certified USPAP Instructor Program must meet the following prerequisites:

- At least 7 years of appraisal experience prior to the date of application.
- Minimum of 35 classroom hours of direct appraisal-related teaching experience, which was acquired within the last 5 years whereby the applicant was the primary or principal instructor.
- In good standing.

Log on to www.appraisalfoundation.org.

Frequently Asked Questions about the program: <https://netforum.avectra.com/eWeb/DynamicPage.aspx?Site=TAF&WebCode=ICC>

Link to the application: <https://netforum.avectra.com/eWeb/DynamicPage.aspx?Site=TAF&WebCode=ICCApplcation>

TREC and TALCB Schedule Strategic Plan Input Meetings

All license holders are encouraged and invited to participate in the agency's preparation of its 2013-2017 Strategic Plan by offering you input at one of the following sessions:

March 14th at 10 am Bryan College Station Association of REALTORS
Best Western Hotel
1920 Austins Colony Parkway
Bryan, TX 77803

March 21st at 11 am Permian Basin Board of REALTORS
Green Tree Country Club
1001 West Wall Street
Midland, TX 79701

March 29th at 11 am MetroTex Association of REALTORS
8201 North Stemmons Freeway
Dallas, TX 75247

If you are unable to attend, feel free to submit your comments via either of our websites: www.trec.texas.gov or www.talcb.texas.gov

The main purpose of these meetings will be to help guide the commission and board members during the strategic planning process. These discussions are meant to be an open forum to gain insight on the wants and needs of license holders and the public. For more on these meetings and other agency news please go to the TALCB website.

USPAP ISSUES

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



During the USPAP Update course held Saturday, February 25, 2012 in New Braunfels, there was a discussion regarding Intended User and FHA. There have been a couple of emails sent regarding this issue, so I thought it would be good to re-iterate what was said and avoid any confusion that may have been belted out on my part.

Issue:

Appraisal assignments for an FHA-insured loan. HUD Handbook 4150.2 Appendix D Page D-8, the intended user of the appraisal report is the lender/client and HUD/FHA.

Field	Protocol
Intended Use	The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.
Intended User	The intended user of this appraisal report is the lender/client and HUD/FHA
Definition of Market Value	"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus."

From Page 4 of the Fannie Mae Form 1004/Freddie Mac Form 70:

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

The URAR clearly says that additions to the intended user are not permitted. So, how do appraisers comply with HUD Handbook 4150.2 and comply with the form that HUD/FHA has adopted?

Many appraisers have been violating the form and adding HUD/FHA as the intended user....just as the FHA protocol requires. What was being offered in the class was an alternative so that appraisers may comply with the FHA protocol and the requirements set forth in the appraiser report form.

Suggestion:

At the top of Page 3 of the URAR, enter something similar to the following:

INTENDED USER: The intended user of this appraisal report is as described on Page 4 of this URAR. The preprinted Form 1004 states that modifications, additions or deletions to the Intended Use and Intended Users are not permitted. HUD/FHA has adopted the Fannie Mae Form 1004, yet requires that HUD/FHA be an Intended User (reference HUD Handbook 4150.2 Para 1-2B and Appendix D), and that the Intended Use is to support underwriting requirements for an FHA-insured mortgage. In that Item 23 of the Certification states that others (including mortgage insurers) may rely upon the appraisal report as part of any mortgage finance transaction, it is concluded that HUD/FHA requirements are met regarding this matter.

Hope this clears up what was being discussed in the classroom.

Food for thought!

A Word From Ramir Rodriguez – Treasure Valley Factors

First and foremost, I would like to thank the Association of Texas Appraisers for welcoming Treasure Valley Factors and allowing us to attend the recent ATA Mid-Year Meeting in New Braunfels, TX. It was great to meet and visit with many ATA members and board members. Thank you also to Teresa Walker for organizing such a great event!



Ramir Rodriguez
Treasure Valley Factors

May I also add that I have been to many appraisal meetings/events and have met many appraisers from around the country. With that, I was very impressed with the ATA and its members and the way you conducted yourselves as real estate appraisal professionals. I also felt a sense of unity among the organization. It is no surprise that the ATA membership has grown to over 200 members! Great job!

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### **“How Factoring Can Help Your Appraisal Business”**

Appraisers are expected to provide quality and timely reports and most do a great job meeting these expectations. Appraisers have their own expectations as well, and that’s getting paid in a timely manner. When this does not happen, it can be very frustrating and stressful for the appraiser.

In the December 2011 ATA Connections, I wrote an article called “*Where’s My Money?*” discussing a specific challenge appraisers face – GETTING PAID! I covered the importance of cash and its role in the survival and growth of an appraisal business. The article also introduced an effective financial tool called factoring, which is the selling of your accounts receivable (or invoices) to get your fees paid much sooner rather than waiting past 30, 60, or even 90 days.

### **Collection Challenges of Appraisal Businesses**

Many small appraisal businesses are “one man shows”. They generally wear many hats in order to meet the demands of running an appraisal business. The overwhelming responsibilities placed on the lone appraiser make it difficult sometimes to effectively collect on outstanding receivables.

Collection challenges, however, are not limited to small appraisal businesses. Appraisal businesses that have employees and are greater in size are not immune to slow paying clients, and therefore, not immune to the frustrations of potential non-payments. They may have an employee assigned to collect on unpaid invoices, however, having the added expense of employees make it even more important and urgent to get paid much sooner so payroll can be met.

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**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.**

Sometimes collection challenges stem from other reasons such as:

- Lack of or ineffective receivable or collection processes.
- Not enough time to make phone calls or follow up with their client regarding payment.
- Fear of upsetting their client if asked for payment.
- Not well-versed with administrative duties.

### Staying On Top of Your Receivables

It is very important to stay on top of your receivables. If you do not have an accounts receivable collection process - create one! If you already have one, find ways to make it more effective and efficient. Having a successful collection process helps you recognize slow paying clients and avoid any potential non-payments.

Consider this example:

AppraiserLoft closed its doors in October 2011 and left appraisers unpaid totaling more than \$3 million. Prior to the San Diego-based appraisal management company being deemed as insolvent, appraisers were experiencing slower and slower payments for orders they had completed. There were red flags with AppraiserLoft's payment history. HousingWire reported:

*"Rumblings about AppraiserLoft's financial woes have swirled for months. A number of entities have said they are owed money from AppraiserLoft and haven't been paid, including HousingWire. Others noted slow payments for some time."*

Much of the financial troubles involving AppraiserLoft could have been avoided if appraisers were mindful of the trend of slow payments. There were signs that appraisers were getting paid slower and slower and yet they continued to accept orders.

### How Factoring Can Help

Factoring can help appraisers with collection challenges. Factoring companies (called factors) help you get access to your cash that is generally tied to your accounts receivable. Selling your invoices to a factor helps you avoid the potential risks of non-payments. An appraiser working with the right factor can take advantage of the following benefits:



- Immediate Funding – Get your fees paid typically within 24 hours either by check by mail, same-day wire transfers, or next-day direct deposit.
- Non-Recourse Factoring – 100% of the collection risk is transferred to the factor. If your client does not pay, it is the factor's full responsibility to collect the debt. You will not be required to return the money that was advanced to you by the factor.
- Free Credit Check – Most factors can provide you free up-to-date credit analysis on new or existing clients. This allows you to take on new clients with confidence and reject any that have payment history issues.
- Online Account Management – Many factors provide an online "dashboard" showing details of each factoring transaction. Seeing when your invoice was submitted, funded, and paid allows you AND the factor to track any trends that may develop with your clients preventing any potential non-payments.

For more questions about factoring, please email me at [rrodriguez@treasurevalleyfactors.com](mailto:rrodriguez@treasurevalleyfactors.com) or visit our blog [Factoring Helps](#) or our website [www.treasurevalleyfactors.com](http://www.treasurevalleyfactors.com)

SAVE THE DATE

COMING  
UP

**Houston Meeting—June 2**

**ATA Annual Meeting—August 3-4, Austin**

## Marketing Time vs. Exposure Time

By: Bobby Crisp, ATA-R  
AQB Certified USPAP Instructor #10287



As we all know, USPAP has changed some things about Exposure time. First, "Exposure Time" has been added to the Definitions section of USPAP. Starting with line 73:

**EXPOSURE TIME:** *estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.*

*Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.*

USPAP has always required appraisers to develop an opinion of reasonable exposure time. Standards Rule 1-2(c)(iv) Comment says:

"When exposure time is a component of the definition for the value opinion being developed, the appraiser must also develop an opinion of reasonable exposure time linked to that value opinion."

So what does that really mean?

This is from USPAP **Statement 6** Reasonable Exposure Time:

Exposure time is always presumed to occur prior to the effective date of the appraisal and is based on the analysis of historical sales information (properties that sold after exposure and after completion of negotiations between the seller and buyer).

Exposure time is always about the Subject. So, based on what other properties have done in the market, what would happen to the subject if it were in the same boat as those other sales? How long would the subject have had a For Sale sign in its yard before it sold?

One of the other changes to USPAP is that it's not enough to develop an opinion about exposure time.

Standards Rule 2-2(a)(v); (b)(v); (c)(v) say that "When the opinion of reasonable exposure time has been developed in compliance with Standards Rule 1-2(c), the opinion must be stated in the report."

Now let's talk about **MARKETING TIME**.

"Marketing Time" is not in the Definitions section of USPAP. It is not discussed in Standard Rules 1 thru 10. The first time these words are mentioned is in **Statement 6** on line 2890. We should note that the Standard Rules do make reference to Advisory Opinion 7, but these are references.

Advisory Opinion 7

**Marketing Time:** *The reasonable marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.*

*Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.*

So what does that really mean?

The only place that Marketing Time is referenced in the appraisal form report (1004) is on Page 1 of the URAR in the "Neighborhood" section. This area discusses the Neighborhood.....not the Subject.

Taking a look at the properties in the Neighborhood....taking a look at the opinion of value you have concluded....how long would a property (any property) take to sell if it were offered for sale today (or whatever the effective date may be)?

How do we do that?

The opinion of Marketing Time may be a range and can be based on one or more of the following:

- statistical information about days on market,
- information gathered through sales verification,

- interviews of market participants, and
- anticipated changes in market conditions.

If it helps, remember that Exposure Time is about the Subject and what would it have done....Marketing Time is about any property in the Neighborhood and what would you expect it to do.

Food for thought!

## Understanding Prospective Market Value

By: Diana Jacob



As hard as we try, we still get a bit “fuzzy minded” with the terms and requirements of USPAP. For example, one of the questions that we are always asked in the 7-Hour USPAP Update course is to identify the assumption made in a prospective market value. The choices are 1) assumption, 2) extraordinary assumption or 3) hypothetical condition. Our USPAP is assignment specific, which is the first understanding we must grasp. In each assignment we have our standard assumptions regardless of the assignment. For instance, in each assignment, unless found during our research or we are told otherwise, we assume the title is free and clear with no liens or judgments that would prevent the title from passing.

If the assignment were to appraise the property assuming the current plans and specifications were complete on this effective date, we know it is not true. Therefore, we would employ a “hypothetical condition” in this specific assignment as the condition is false. The improvements are not completed, but in order to understand the value as if they were completed we must inform the intended user of the “false condition” that we assumed to be true in order to solve the problem of the appraisal assignment, i.e. the current market value “as if” it were completed.

The challenge is the third assumption on proposed construction when the improvements are still on the paper and not built according to those plans. Why is the prospective value utilizing an extraordinary assumption and not a hypothetical condition?

To visualize this dilemma assume that today’s date is March 1, 2012 and we receive an assignment to appraise a lot “as if it were improved” with these plans and specifications at the date of completion. The directive, date of completion, identifies the effective date, a date in the future. You’ve interviewed the builder who states that if the property can break ground next week the homeowner can expect to move into this finished house by approximately June 15, 2012 and even with Spring rains and delays it should not take any longer than July 1, 2012. You consider this confirmation of the future time of completion and you proceed with valuing the property as of July 1, 2012. You have three sales with settled dates of December 5, 2011, January 20, 2012 and February 15, 2012. The first sale, settled on December 5, 2011 so it will be 7 months old on the prospective future date of July 1, the other two sales will be within the six month preferred period of closing time. You complete your report date on March 2, 2012, being four months earlier than the effective date. The question, is the dwelling completed on July 1, 2012 the future date? The assumption, yes, and specifically it is assumed to be completed as the plans and specifications detail once finished on their future completion date. What’s the uncertainty? The extraordinary assumption is used because there is an uncertainty about whether or not the improvement will be as detailed in the plans and specifications. Why not a hypothetical condition? Because there is no false condition; the future is a projected period much like your next birthday. How old will you be on your birthday? Okay, God willing that you can fast forward in a time machine to that day - how old are you? Is that a hypothetical (false condition), of course not, it’s an absolute day in the future which will make you that specified number of years old on that future day. What’s so extraordinary about that date? I can’t believe you asked that question, clearly you haven’t met you yet! Personally, I think the fact that you are planning your future birthday is quite extraordinary. And by the way, if your plans don’t go exactly as planned; it’s okay - you’ve already noted what you expect and the impact on your party will be in direct proportion to the level of details that you change between now and then.



## MORE USPAP ISSUES

By: Bobby Crisp  
AQB Certified USPAP Instructor #10287  
Email: [crispappraisal@gmail.com](mailto:crispappraisal@gmail.com)



From time to time I receive emails, phone calls, and appraisers approaching me during breaks, lunch, and after classes at our ATA Meetings. I thought I would share some of these questions. You might have the same question rolling around in the back of your mind, too.

### Question:

I just appraised a new house subject to completion of plans and specifications (construction is about 50% complete). When researching the taxes for the property, I found that it has recently been platted and the county has not yet assessed the site. The client is asking me to provide them with an estimated tax amount for the upcoming year.

Is this something that I can provide?

### Response:

**No. The 1004 appraisal report asks for the amount of taxes assessed for a specific year. It does not ask for an estimated tax. The Subject section of the URAR is based on facts....what is known. Therefore, it would be inappropriate – and even misleading the reader – for an appraiser to provide an estimate of taxes. Taxes are based on an assessed value. Assessments are obtained using Mass Appraisal standards (Standard 6 of USPAP – also see Advisory Opinion 32), which are not the same standards used in Real Property Appraisals (Standards 1 and 2). The subject site has yet to be assessed and the tax rate for the upcoming year has not yet been established. Therefore, one could only “guess” – and that would be unethical.**

**When the tax rate for the year is known (discovered through other properties in the area), it might be appropriate to let the reader know what the tax rate for surrounding properties. But, that’s about as far as I’d go with it.**

**Here is an example that you might consider for your Comment Addendum if only the vacant site has been assessed with no improvements.**

REAL ESTATE TAXES: At the time of the appraisal report, the subject improvements had not been assessed by the Victoria County taxing authority. The taxed amount reported for 2011 is based on the vacant site. The tax rate set by the county is 2.207594 per \$100. The reader should be aware that any estimation made by the appraiser regarding taxes would be misleading information in accordance with USPAP Ethics Rule, Standards Rule 1-1 and Standards Rule 2-1(a) since the improvements to the property have not been assessed by proper authorities.

### Question:

I accepted an assignment to appraise a manufactured home that is a HUD REO. The real estate agent listed the property in MLS as “un-insurable”. This is due to the HUD tags missing. After examining the property for the appraisal, I found that the HUD data plate was present with the tag numbers, serial number, manufacturer, and year built, etc. I was able to confirm with the county that the house was declared real property. Knowing that HUD does not issue new tags for manufactured homes, is the property un-insurable?

### Response:

“As Is” – yes – since the subject does not have HUD Labels (the exterior metal plates). BUT, the property may be insurable with escrows as the subject’s HUD Tag (piece of paper typically in the kitchen or utility containing serial numbers, manufacturer, date of manufacture, etc.) and a Verification Letter may be obtained from IBTS (Institute for Building Technology & Safety). IBTS is HUD’s monitoring contractor for Manufactured Housing. They are required to maintain all reported certification label applications. Manufacturers report to IBTS with Data Plate information for every manufacture home constructed. Although they do not issue new tags (metal plates), they will issue a verification letter that will suffice (in most cases) for missing HUD Labels. This letter is obtained by the lender. You, the appraiser, report what you discover from your examination of the property.

**Question:**

You often talk about USPAP Standards Rule 2-2(b)(v) "state the type and definition of value and cite the source of the definition".

How do you suggest that we cite the source? If we are following Fannie Mae guidelines and using the Fannie Mae 1004, aren't we covered? What about Vacant Land appraisal reports?

**Response:**

First, here are some of the sources that say what type and definition of value to be used:

Fannie Mae – Fannie Mae Guide (04/01/2009) Section B4-1.2-03.

Freddie Mac – Freddie Mac Guidelines, Single-Family Seller/Service Guide, Chapter 44.

FHA – HUD Handbook 4150.2 Paragraph 4-1A.

VA - VA Pamphlet 26-7 (Revised) Chapter 11-2(b) which states "the VA definition of market value is consistent with that used by Fannie Mae, Freddie Mac, and the major appraisal organization." Fannie Mae Guide (04/01/2009) Section B4-1.2-03.

Vacant Land – 12 CFR 34-42(g)

Second, FAQ 203 – Citing the source of the value definition and Fannie Mae Form 1004/Freddie Mac Form 70. This FAQ provided by the Appraisal Standards Board (ASB) says that the value definition pre-printed on the March 2005 version of Fannie Mae 1004/Freddie Mac Form 70 has several references indicating that Fannie Mae and Freddie Mac are the sources for the form. No additional citation is required for USPAP compliance.

With that said, we must remember that FAQs are advice from the ASB. FAQs are not part of USPAP. If you have established that your assignment is for Fannie Mae or Freddie Mac, you're ok without any additional statement. Since VA has stated in their Pamphlet 26-7 that the definition they require is that of Fannie Mae, there is no need to add any other statements regarding "cite the source".

But, this is not true for HUD. If you are performing an appraisal for FHA-insured financing or USDA financing (who requires the appraiser to comply with FHA protocol), then a statement is necessary.

***Third, we need to remember that Fannie Mae, Freddie Mac, HUD, nor VA purchase, insure, or guarantee vacant land loans. Vacant Land Appraisal Reports are not Fannie Mae forms. So, it is important that you do not use the old 1004B (a Fannie Mae form) for your Statement of Limiting Conditions and Appraiser's Certification. There is language in this old form that says the following.***

***Limiting Conditions:***

***--you provided a sketch to show approximate dimensions of the improvements (Item 2)***

***--you provided land value in the cost approach and highest & best use of the improvements at their contributory value. (Item 5)***

***Certification:***

***--you personally inspected the interior and exterior areas of the subject property (Item 8)***

***AND YOU ARE SIGNING YOUR NAME TO THIS!!!***

***What should you be using instead? Check out your software. We all have separate Certification pages for Vacant Land reports. Many have the GPAR LAND forms (or something equivalent) with Certification pages.***

***Since Vacant Land Appraisal reports are not for Fannie Mae, Freddie Mac, HUD or VA, there must be a statement regarding the source of the definition used.***

***The FAQ says we don't need a statement when complying with Fannie Mae or Freddie Mac. USPAP says to "cite the source". Personally, I believe that citing the source in every appraisal report - regardless of the client - is a better way to go. It's one sentence!!! By citing the source, you KNOW you are in compliance with SR 2-2(b)(v). If you don't.....***

**Question:**

I have written an appraisal report using the UAD protocol and submitted an XML format to an Appraisal Management Company (AMC). The AMC has contacted me asking me to add a "0" for the Date of Sale on Page 2 of the URAR grid. This is something no other AMC is asking me to do. Is this appropriate?

**Response:**

Yes. The "0" for Date of Sale is because the settle date closed in a different month. All transactions that sold outside the effective date month have a different aspect/feature, yet not so significant that the market reacts. For this reason a ZERO needs to be entered in the adjustment grid to show no adjustment for the dissimilarity. As far as to why no other AMC has asked for this, only they can respond. This is a UAD requirement and has been confirmed by conversation with Fannie Mae.

**Question:**

I performed an appraisal four years ago for a local client. I am now being asked by a well-known large lender (who was not my client) to provide them with a copy of the appraisal. They said that they had purchased the loan, but had nothing in the file. They just needed a copy of my report to place in their file. Since they are servicing the loan, is it ok to give them a copy?

**Response:**

No.

USPAP Ethics Rule says:

275 An appraiser must not disclose: (1) confidential information; or (2) assignment results to anyone

276 other than:

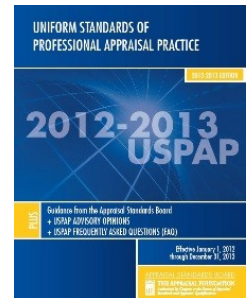
277  the client;

278  persons specifically authorized by the client;

279  state appraiser regulatory agencies;

280  third parties as may be authorized by due process of law; or

281  a duly authorized professional peer review committee



Assignment results are not to be disclosed to anyone other than the client and persons specifically authorized by the client. Just because the well-known large lender now has the loan on their books does not automatically make them the client or an intended user.

From FAQ 254:

An appraiser who receives a request from any party for a copy of an appraisal report must comply with the Confidentiality section of the ETHICS RULE which, states:

--An appraiser must protect the confidential nature of the appraiser-client relationship.

--An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results.

Food for thought!

## CFPB Proposes Separate AMC and Appraisal Fees

The Consumer Financial Protection Bureau (CFPB) has revised its two proposed mortgage disclosure forms which are designed to replace the current Truth in Lending Disclosure and the HUD-1 Settlement Statement. It is tasked to combine these two forms, along with some others, into more easily understood documents for the mortgage borrower (mortgagor).

In its most recent version of the form code-named "Hemlock" it has provisions that include clear disclosure of any fee paid to a "Local Appraisal Company" and to an "Appraisal Management Company". This is what some appraiser associations have been advocating for some time. By splitting the two fees, the consumer will be able to see that there are in fact two "appraisal" fees involved, and that lenders who do their appraisal management in-house, only charge them the an "appraisal fee".

To review the proposed forms go to <http://www.consumerfinance.gov/knowbeforeyouowe/>. Be sure to check out the form code-named "Hemlock". In the end, the CFPB wants a closing disclosure that meets the needs of both the consumers and the industry.





# Association of Texas Appraisers - Meeting Registration Form

Houston Area Meeting

June 2, 2012

Courtyard Marriott, 12401 Katy Freeway, Houston, TX

Name: \_\_\_\_\_ E-Mail: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

\_\_\_\_\_

|            |          |
|------------|----------|
| Member     | \$85     |
| Non-Member | \$170    |
| Total Due  | \$ _____ |

## Mail Registration and Payment to:

**Association of Texas Appraisers**

13530 Escort Drive

San Antonio, TX 78233

## Or Register and Pay on-line at:

For more information, contact:

**Teresa Walker** (210) 837-7123

([info@txappraisers.org](mailto:info@txappraisers.org))



[www.txappraisers.org](http://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 May 29. No refunds after May 29.**

Times:

Class: 8:00 a.m. - 5:00 p.m.

Lunch: Noon to 1:00 p.m.

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

A block of rooms have been reserved for ATA attendees at the [Courtyard Marriott](#). The on-line group code is TXATXAA. Sleeping rooms are \$89 (plus tax) per night for single/double rooms. Reservations must be received by **May 23**. After this date, reservations will be accepted on a space and rate availability basis. Call (800) 321-2211 and reference Texas Appraisers to receive this discounted rate.