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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.

From the Desk of the President

Welcome to this issue of our ATA Connections! This is just one of our tools to keep our ATA Members up-to-date with what has been happening in their association, and what is to come. Teresa Walker, our Executive Director does an excellent job of producing this informative newsletter...and reminding all of us that our articles are due. ☺



Rick Neighbors, ATA-R

Each time I contribute to the Connections, I have a hard time getting started with my thoughts, and an equally hard time knowing when to stop. We are well into 2013 and I'm sure we all have both anticipation and concern as to where our appraisal industry will go this year! Hopefully between your membership and participation in this association, as well as the leadership we have in place in the ATA, we can help guide the appraisal profession in a positive way. One way is our participation in the TALCB meetings in Austin. I would like to ask as many of our members as possible to try their best to attend these meetings. Especially those that live fairly close. Bobby Crisp has been our anchor at these meetings, but sometimes he is there all alone. Let's give him some support and show the TALCB that we are an association that cares what they are doing!

We have recently completed our yearly meetings in New Braunfels, and had a great turn out! Special thanks again to both Diana Jacob & Bobby Crisp for keeping our classes interesting and informative! We are fortunate to have Instructors of their caliber.

The class on Interagency Guidelines was very eye-opening, and I am currently in the process of re-reading the text of Saturday's class on Residential Sales – The Adjustment Process. I am also rearranging the books on my bookcase above my computer so I can add these new reference books to my growing collection. ☺ While I was attending our Board of Director's Meeting, one of our Past Presidents, Candy Cooke, was instructing some of our members in Real Estate Ethics. A warm thanks to Mr. Douglas Oldmixon for his continued participation in our meetings, and updates on what is happening in our industry! We also appreciate the attendance of several TALCB staff members.

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2012-2013 Board of Directors

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Dennis Crawford, ATA-R, Director	Mike Braught ATA-R, Past President

Our membership has now grown to almost 300 people, and I receive emails almost everyday announcing a new member. I try to personally welcome each new member to our association with a quick email.

As you probably heard, it appears that this will be our last yearly meeting in New Braunfels due to several factors, the least not being that we are outgrowing our meeting facilities. This is a good thing! Next year we are looking at several venues, one of which is in San Marcos. This is exciting news, and should make for an interesting site. As always we try to find a happy balance of 'safe, professional quality, and affordability...for both the ATA and it's members.

Welcome New Members



The President and members of the Board of Directors would like to welcome our newest members: **Rodney Curry**, Houston, **Rene De La Cruz**, Mission; **Peter Denney**, Pampa; **Troy Filer**, Spring; **Mike Garcia**, Katy; **James "Mike" Gass**, Cibolo; **Howard Haberman**, Austin; **Heath Hanson**, Hutto; **Joyce Henderson**, San Antonio; **Stayton Jalufka**, Moulton; **Lauro Leal**, San Benito; **Gaston Liu**, Austin; **David Losleben**, San Antonio; **Rodney Lloyd**, San Antonio; **Darren Wade McDonald**, Austin; **Walter McMillan**, Austin; **Kimberly Meredith**, Stamford; **David Morgan**, Dallas; **Patrick O'Shaughnessy**, Georgetown; **Greg Palacios, Jr.**, Edinburg; **Deanna Peden**, Odessa; **Elizabeth Scheffer**, New Braunfels; **Kevin Dale Smith**, Colleyville; **Laurel Smith**, La Vernia, **Steve Swope**, Wimberley and **Ron Whitlow**, Bryan.

Also, welcome back Bridgett Blankenship, Tom Carr, Jack Kiser, Chet Theiss and Arthur Valdez.

Membership Recruitment Winners

Congratulations to the following ATA members who received at least a \$20 gift certificate towards their 2013-14 dues for recruiting new members during our membership campaign: Chris Evans, Mario Garza, Wade Gibson, ATA-G, Donna Green, ATA-G, Diana Jacob, Mava Jalufka, George Harrison, Kay Macik, Brad Mallett, Kevin McWatters, Kevin Muhammad, Rick Neighbors, ATA-R, Arturo Palacios and Jacob Valverde.

Galveston Meeting

Our next meeting will be held in Galveston June 7-8, at the Hilton Galveston Island Resort (5400 Seawall Blvd). The following education will be provided:



- Friday, June 7 from 1:00 p.m. - 5:00 p.m. - *Interagency Guidelines, No. 078* - 4 hrs ACE. The course is designed for lenders, appraisers, and brokers to give them an understanding of the special requirements of regulators that apply to all appraisal services and evaluations performed for federally regulated institutions.
- Saturday, June 8 from 8:00 a.m. - 5:00 p.m. - *Residential Sales—The Adjustment Process, No. 151* - 8 hrs ACE/MCE (provided by Columbia Institute, TREC #0188). The course explores fundamental skills of developing a residential Sales Comparison Approach focusing on the evidence of support for adjustments. The text opens with the discussion of the Principles behind the Sales Comparison Approach and the adjustments. The course spends the majority of its time in three key areas: 1. Recognizing the role of the Sales Approach in the Residential Appraisal 2. The need to support the adjustment process 3. Understanding how to identify and develop reasonable adjustments for residential properties.

A block of rooms has been reserved for ATA members at the Hilton Galveston Island Resort. Sleeping rooms are \$100 (plus tax) per night for single/double. Reservations must be received by **May 7, 2013**. After this date, reservations will be accepted on a space and rate availability basis. Call (877) 425-4753 and mention Association of Texas Appraisers to receive this discounted rate.

To register, use the **Registration Form on page 14**. For information on Exhibiting or Sponsoring this event, contact info@txappraisers.org.

SAVE THE DATE

COMING
UP

Mark Your Calendar:

8th Annual Meeting and Education Conference, San Antonio, TX

August 2-3, 2013 (11 hrs)

FHA Seminar

FHA appraisers may be interested in this one hour webinar covering FAQ's. Be sure to adjust your listening time to where you are located in the multiple time zones across the country:

Webinar Title: Appraisal Frequently Asked Questions

Event Duration: March 20, 2013 from **11:00 AM to 12:00 PM Eastern**

Registration: <http://www.visualwebcaster.com/event.asp?id=92580>

Event Description: This FREE webinar addresses the most common questions FHA receives from appraisers specific to completing residential appraisals for FHA-insured mortgage purposes. Topics will cover a diverse blend of questions ranging from new construction, property inspection requirements, to the FHA Appraiser Roster. Appraisers with all levels of experience will benefit from this course.



Special Instructions: Please hold on to the e-mail you receive after you register, **you will need it to access the webinar.** This webinar will be archived. Closed captioning available.

Questions? E-mail us at denverhoc-pudtraining@hud.gov.

Upcoming Industry Meetings

The next public meeting of the **Appraisal Practices Board (APB)** will be held in Austin, April 26, 2013 from 9:00 a.m. to Noon at the Sheraton Austin at the Capitol, 701 East 11th Street, Austin, TX.

The purpose of the APB is to issue voluntary guidance on recognized valuation methods and techniques in the marketplace. This guidance is designed to be of assistance to appraisers, appraiser regulators and educators. The following topics are on the Board's meeting agenda:

- Identifying Comparable Properties
- Appraising Green Buildings – Background Competence
- VFR WG 2: The Valuation of Customer-Related Assets
- VFR WG 3: Control Premiums for Financial Reporting
- VFR WG 4: Contingent Consideration



To register, go to www.appraisalfoundation.org and click on events.

The **Association of Appraiser Regulatory Officials (AARO)** will also be meeting in Austin, April 27-29. This meeting will consist of presentations from individuals involved in appraiser and AMC regulation.

AARO is an association of state appraiser regulatory agencies which formed to promote uniformity and encourage communication among states and federal agencies.

For more information, log on to www.aaro.net.

The next **Texas Appraiser Licensing and Certification Board (TALCB)** meeting will be held on May 17 in Austin.

"People might not get all they work for in this world, but they must certainly work for all they get."
--Frederick Douglass

Appraisal Standards Board (ASB) Issues Two Exposure Drafts

The ASB has issued two exposure drafts. Exposure Draft of Proposed Changes to ADVISORY OPINION 13 (AO-13), *Performing Evaluations of Real Property Collateral to Conform with USPAP* and Exposure Draft of Proposed Changes to ADVISORY OPINION 21 (AO-21), *USPAP Compliance*.

For copies of these exposure drafts, log on to www.appraisalfoundation.org.



Why Appraisers Get Sued, by Philip G Spool, ASA

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Lawsuits can be divided between those you cannot control and those that you can. Here's what you need to know about each.

Lawsuits that you cannot control are typically pursued by *plaintiffs* (filing the lawsuit) who are dissatisfied with your value more than any mistake you might have made. Even if you have taken precautionary measures to reduce your chances of being sued, in the mind of the dissatisfied person, there is good reason to sue you. Even a "correct" value doesn't protect you. Anyone can sue you for just about any reason.

A lawsuit doesn't have to originate from the lender, Fannie Mae, FDIC or any other purchaser of the loan associated with the property you appraised. You can be sued by the buyer if you appraise the property for less than the contract price, especially if the borrower now has to put up additional money for the down payment. The seller might want to sue you if the real estate transaction falls through because as real estate agents typically say, "the property did not appraise" or "the appraiser did not come up to value." Sound familiar? The buyer may have to put up additional money, or if the sale falls through, the seller does not get to sell the house and the real estate agent loses a commission. Who is the first to get blamed? Of course it's the appraiser. It's easy to blame the appraiser. Again, this is a situation that most likely is out of your control.

Another situation that is out of your control is fraud committed by the mortgage broker. In this case, there is a good chance that the lender would have a "blanket" lawsuit suing everyone involved in the loan. This includes the mortgage broker, "straw" buyer, seller, real estate agent representing the buyer, title company and the appraiser. It might be only one person or several who are in on the fraud, but everyone might be implicated. You may be implicated if the appraisal request states: "estimated market value of \$..." or "call me if the value is less than \$..." or something similar. Not only is it a violation of USPAP, either one of those two statements gives the appearance of your collusion with the mortgage broker.

Why Appraisers Get Sued

I recently taught a continuing education class on mortgage fraud. I conducted a survey as to why appraisers think they get sued and who they believe sues them. The results of the survey, as to why appraisers think they get sued, in descending order are: (1) value issue, (2) loan goes into default, (3) appraiser has E&O insurance, (4) mistake in the appraisal report, (5) falsified information in the report and (6) using non-MLS comparables that were not verifiable. The results of the survey as to who appraisers think sues them, in descending order are: (1) buyer or seller, (2) lender or the GSE (government sponsored enterprises such as Fannie Mae, Freddie Mac, FHA or VA) and (3) spouse in a divorce case. Well, the fact is that appraisers get sued for all of these reasons. In any of these cases, your only defense is a supportable appraisal report. A bad appraisal report is not supportable. A good appraisal report that has good comparable sales, reasonable adjustments and a good text addendum that explains the important aspects of your findings and conclusions is considered supportable.

Having a complaint filed against you by your state appraisal board is bad enough; being sued by the lender, Fannie Mae or other purchaser of the loan, however, can seriously affect your livelihood as well as your pocketbook. The



number-one reason why a lender might sue you is if the borrower defaults on the loan. If the loan goes into default, the lender or GSE might hire an appraiser to perform a “retrospective” valuation of the subject property without going inside the house, with the date of the valuation being the effective date of your appraisal. It’s ironic, isn’t it, that the lender typically doesn’t hire a review appraiser when the loan is made, but is eager to do so after the loan is in default.

Fraud, Incompetence & Bad Appraising

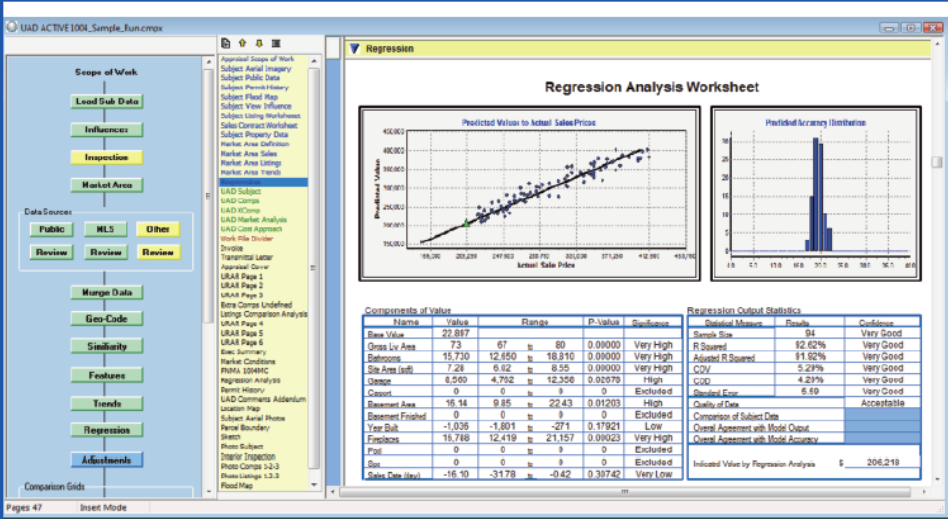
What constitutes a valid reason to sue? One is fraud. What constitutes fraud? Fraud occurs if you falsify your comparable sales or intentionally ignore an attribute that the comparable may have that your subject does not have or vice versa. A good example is if the comparable is on a lake or golf course but you ignore that and your subject is not on a lake or golf course. If you claim that your failure to indicate that your comp is on a lake or golf course is a “mistake,” your mistake still misleads your client and that is a valid reason to be sued, especially if you failed to make an adjustment for the view difference or if the waterfront or golf course property would appeal to an entirely different type of buyer than a house not on a lake or golf course. But fraud is hard to prove and most likely a lender will not sue you for fraud. A good reason is that your E&O insurance coverage excludes fraud.

Intentional or Unintentional - Oops!

Instead of your appraisal being considered fraud, the report might be considered just a bad appraisal due to incompetence if it violates Standards Rule 1-1 (a) and/or (c). Standards Rule 1-1 (a) states that the appraiser must correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal. Standards Rule 1-1 (c) states that a series of errors, in the aggregate, affects the credibility of those results. Read up on appraisal theory and proper appraisal techniques. Take classes that relate to the

CompCruncher 3 TM

The Power to Produce Statistically Accurate Appraisals




The screenshot displays the 'Regression Analysis Worksheet' within the software. It includes a scatter plot of 'Predicted Value to Actual Sales Price' and a histogram of 'Predicted Accuracy Distribution'. Below the charts are two tables: 'Components of Value' and 'Regression Output Statistics'.

Components of Value					Regression Output Statistics		
Name	Value	Range	P Value	Significance	Result	Result	Confidence
Raw Value	22,887				Residual Size	84	Very Good
Gross Liv Area	73	67 to 80	0.0000	Very High	R Squared	92.62%	Very Good
Sales Price	15,720	12,450 to 18,310	0.0000	Very High	Adjusted R Squared	91.92%	Very Good
Site Area (sqft)	7.28	6.62 to 8.55	0.0000	Very High	COV	5.23%	Very Good
Garage	6,560	4,702 to 12,356	0.02078	High	CCD	4.23%	Very Good
Cost	0	0 to 9	9	Excluded	Overall Error	6.59	Very Good
Basement Area	16.14	9.95 to 22.43	0.01203	High	Quality of Data		Acceptable
Basement Finished	0	0 to 9	9	Excluded	Comparison of Subject Data		
Year Built	-1,035	-1,801 to -271	0.17921	Low	Overall Agreement with Model Output		
Fireplaces	15,768	12,419 to 21,157	0.00023	Very High	Overall Agreement with Model Accuracy		
Pool	0	0 to 9	9	Excluded			
Stair	0	0 to 9	9	Excluded			
Sales Date (day)	-16.10	-3178 to -0.42	0.30742	Very Low			

Features

- ▶ Market Analysis
- ▶ Regression Analysis
- ▶ Comparable Scoring
- ▶ Reconciliation Dashboard
- ▶ One Click Report Builder
- ▶ 100% UAD Compliant
- ▶ Property Data Included



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sales comparison and cost approaches. You may have initially taken an accelerated appraisal course in order to obtain your trainee license and then were taught poorly or in too short a time to know the proper way of making adjustments or determining if the subject is an over improvement or at its highest and best use.

What to do When Notified of Potential Lawsuit

Notification of a potential lawsuit might begin with a phone call or certified letter that puts you on notice of a potential lawsuit. It may be a form letter with generalities only, such as the property address. Or it may be specific, indicating that the value you indicated in your appraisal report is in question or your selection of comparable sales. No matter what the situation is, if you have E&O insurance, notify the company right away once you get official notification that you are going to be sued. I don't believe that an angry phone call to you, even coupled with a threat, is sufficient to notify your E&O insurance company or for that matter, to engage an attorney to represent you.

So what do you do first when you receive notification of a lawsuit? First, save all correspondence. Do not reply back immediately. Start a paper trail by recording in a journal any phone calls or letters you receive regarding the potential lawsuit, including the date, time and who you spoke to. Second, look for your workfile on the appraisal in question. If you are diligent in keeping records, you would have arranged your workfile so that all correspondence is in the beginning of the file, followed by the appraisal report (a true copy of the report you sent to your client), followed by your selected comparable sales, analysis performed and supportive data that relates to findings indicated in your appraisal report, including land sales and/or market extraction for the site value, replacement cost, new cost figures and finally any other data that you considered but did not use (other improved sales and rental information if the property is two units or more).

Once you retrieve your workfile, contact your E&O company. If you don't have errors and omissions insurance, consider retaining an attorney on your own to represent you. Some attorneys don't charge for the initial consultation, others might charge a flat fee to represent you while others charge an hourly fee with an initial retainer to start correspondence.

Board Complaints

For a complaint filed against you by your state appraisal board, get an attorney who is very familiar with administrative law. For a lawsuit, get an attorney who is a good litigator. Having a good litigator representing you is more important than his/her familiarity with real estate law. Also, have the attorney obtain an appraiser expert witness who teaches appraisal courses, is knowledgeable about USPAP and has courtroom experience. An expert witness who is knowledgeable about USPAP, such as an AQB-certified USPAP instructor, but has little or no courtroom and/or classroom experience, would not be an effective expert witness. Why is classroom teaching experience important? Your expert witness has to educate the "trier of fact," whether it is a jury or judge. If your expert witness is unable to explain the appraisal process, scope of work and how you did your research and applied appropriate methods and techniques in preparing your appraisal report, and the opposing expert witness is better at convincing the *trier of fact*, then no matter how correct your report is, your case becomes ineffective.

Can Insurance Company Settle?

During the course of discovery and depositions, the E&O company has the right to settle even if you strongly believe you have done nothing wrong. Check with your E&O company to see if they have consent to settle provision in your policy. This is neither an admission of liability nor an admission of wrong doing.



Past Reasons for Getting Sued

Most lawsuits by lenders based on appraisals prior to 2010 involved a property in a declining market. One potential reason for a lawsuit is that an appraiser failed to make a negative time adjustment when there was a declining market (for most areas this was between 2007 and 2010). Sometimes the lender sues if you stated that the property values were “stable” when the One Unit Housing Trends area should have been checked “declining.” A good response to that charge is that when the appraisal was performed, evidence of a decline in value could not have been supported and was not conclusive until many months later.

Another instance is using developer sales and ignoring re-sales or sales outside of the development. An appraiser who uses developer sales but fails to find out the date of the contract can cause an overinflated value in a declining market. Many developments were under construction in 2005-2007. The peak of the market was probably sometime between 2005 and 2006. If you were appraising a unit in 2007 through 2009 and the developer’s sales were the only sales in the development, did you get a copy of the contract that showed the date the contract was entered into? If the contract date was in 2005, there is a good possibility that the market had declined by the time the property closed, which may have been sometime between 2007 and 2009. Therefore, that sale would have reflected a sales price much higher than if the unit was put on the market close to the time you performed your appraisal.

Current Reasons for Getting Sued

Appraisers for lending institutions follow three guidelines: (1) USPAP; (2) Fannie Mae - if the report is on a Fannie Mae form; and (3) lender or AMC guidelines. The lender might restrict the appraiser to using only sales within one mile and within three to six months. This limits comparable sales that could be more similar to the subject, even if in a substitute neighborhood but further than one mile. Or a sale could be older than six months and be more comparable to the subject than those sales that are less than six months. Consider using additional sales that support your value even if they are outside of the lender’s restrictions, in addition to those within the lender’s guidelines. If the sales support a lower or higher value on comparables that you truly believe are better comps than the only ones allowed by your lender’s restriction, use them and give them a greater, weighted average for your concluded market value.

Liability for Bad MLS Data

How many times have you found mistakes in the Multiple Listing Service (MLS) and if it weren’t for the fact that you verified that sale, which means picking up the phone and calling the listing agent, you would not have known there was a mistake? This includes sales concessions indicated in the MLS. Some questions to consider include what are the requirements for relying on third party information versus the real estate agents, buyers and sellers, who have a vested interest in the property? No matter who you rely on, Standards Rule 1-1 (b) under the comments section states, “Diligence is required to identify and analyze the factors, conditions, data, and other information that would have a significant effect on the credibility of the assignment results.” Do you have evidence in your workfile regarding the verification of information you relied on? Perhaps you might want to consider making a statement in your appraisal report that you relied on the information from these reliable sources and if found to be incorrect, may affect your market value.

Should You Retain Workfiles Longer than Five Years?

USPAP states that “an appraiser must retain the workfile for a period of at least five years after preparation or at least two years after final deposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last.” Rather than throwing out your file after five years, consider the possibility of having it scanned and saved in an external hard drive. It won’t take up office space and in case you are notified of a potential lawsuit, even if it is after five years, at least you have the necessary backup data to support your value conclusion.

In conclusion, no matter how good you think your appraisal report is, there is always that possibility of being sued. While it may never happen, it is always good to have a plan of action just in case. If you have E&O insurance, contact your insurance company and see if you can request the attorney of your choice, depending on the situation. Keep a cool head and make sure you have a good support group.

About the Author

Philip G. Spool, ASA, is a State-Certified General Real Estate Appraiser in Florida, appraising since 1973. Formerly the Chief Appraiser of Flagler Federal Savings and Loan Association, he has been self-employed for the past 19 years. In addition to appraising, he is an instructor with Miami Dade College, teaching appraisal courses and continuing education. He is also the Vice President and Chairman of real estate programs with the Greater Miami Chapter of the American Society of Appraisers. He can be reached at pgspool@bellsouth.net.

How To Reduce Risks Of Non-Payments From AMCs

Many of you are familiar with Evaluation Solutions/ES Appraisal's (who I'll call ES going forward) recent bankruptcy filing. Peter Christensen, attorney and general counsel to LIA Administrators & Insurance Services, shared the extent of the bankruptcy in his [blog](#). Mr. Christensen reported that appraisers, agents, and brokers are owed a total of **\$11,048,411.97** (Evaluation Solutions = \$9,349,612.97 and ES Appraisal = \$1,698,799) based on the bankruptcy filings by ES. This is a remarkable amount!



Ramir Rodriguez
Treasure Valley Factors

Bankruptcy documents included an itemized spreadsheet of appraisers owed by ES – dollar amount owed, name of appraiser, and city and state of appraisal business. Upon further examination of the bankruptcy documents, I found that there are many Texas appraisers that are owed by ES. This came as a shock to me!

Texas Appraisers Affected By ES Bankruptcy

I wanted to know how much Texas appraisers are owed from the bankruptcy documents. Because the list of owed appraisers is extensive (190 pages), I decided to randomly select a couple of pages from the itemized spreadsheet to get an idea. One page had a list of Texas appraisers that were owed a total of \$1,290. Another page totaled \$1,505. I skimmed through the spreadsheets and found many Texas appraisers listed. Assuming each page had an average of \$1,000 owed, the total would be \$190,000 owed to Texas appraisers!

This total amount is an assumption, but the reality is with a comprehensive AMC Bill, a model association in the Association of Texas Appraisers (ATA), and appraisal organizations and resources available in Texas, appraisers' risk of non-payments should be greatly reduced.

Knowing Your Texas AMC Bill

This finding prompted me to review H.B. No. 1146, also known as Texas AMC Bill, and my past ATA Connections June 2012 article called, "Collecting What's Owed To You" which covered the details of AMC payment requirements. Here are sections and instructions from the Texas AMC Bill that will allow you to collect from problematic AMCs and reduce non-payment situations.

AMCs are required to pay your appraisal business within 60 days of completion and submission. Consider Section 1104.157 titled *Competition of Appraisers*:

"Except in cases of breach of contract or substandard performance of services, pay an appraiser for the completion of an appraisal or valuation assignment not later than the 60th day after the date the appraiser provides the completed appraisal or valuation assignment to the company or its assignee;..."



If payment is not made after the 60-day period, there are steps available to an appraiser to recover funds owed. Section 1104.162 titled *Dispute Resolution* states:

"An appraisal management company shall make a dispute process available to review a written request by an appraiser who... (2) is not paid as required by Section 1104.157..."

If you still have not received payment from an AMC after the dispute resolution process you may "file a complaint with the board against the appraisal management company if the matter remains unresolved... and..."

the board may reprimand an appraisal management company or conditionally or unconditionally suspend or revoke any registration...” (Section 1104.201 *Disciplinary Powers Of Board*)

Furthermore, Section 1104.202 under *Administrative Penalty*, “the board may impose an administrative penalty against a person who violates this chapter or a rule under this chapter.” This administrative penalty may be up to \$10,000 for each violation.

Join... And Be Active!

Not all states have a well-organized appraisers association – some states do not even have an association at all!

Join the Association of Texas Appraisers (ATA) and take advantage of the continuing education they offer and be active in their meetings. Networking with other appraisers will allow you to share or learn about each other’s accounts receivable management, billing and collection practices. You can also learn from each other which AMCs you ought to work with and which ones to avoid.

I urge you to visit www.txappraisers.org and learn more about the ATA. Remember, it is not an expense, joining the ATA is an investment for your appraisal business. Learn from each other... help each other!

Overcoming the Difficulties in Using Mobile Appraising Tools

Using a laser measuring device and a tablet or smartphone in the appraisal field can be a daunting undertaking for someone who has never done it before. However, being willing to buy and try these tools may very-well change the way you appraise forever. In my role as an appraisal business consultant, I have opportunities to teach and mentor appraisers across the nation. I find there is a common theme with most of them; they are struggling to make ends meet with all of the new (and not so improved) regulations and changes in the industry. These are good, educated, highly experienced and honest appraisers who are barely scraping by. Now, there is something wrong with that picture. I contend that it does not have to be that way. However, the answer is probably not found in figuratively clenching our fists, jumping up and down, and screaming about how unfair life is. Though I highly encourage each of us to be involved in helping to change and improve the industry, your fastest improvement will come through your own, individual changes.



Dustin Harris
The Appraiser Coach
thecoach@appraisercoach.com

Imagine for a moment a three-legged stool. Each of those legs are important to the stability of the platform (and the person sitting atop the seat). When I show appraisal business owners how to increase efficiency and thus profit in their offices, I teach about three, important legs. Those pillars of success are the utilization of technology, delegation to others, and the proper use of systems. Each are vital, but I want to focus in this article on one small aspect of the technology leg--mobile tools.

Specifically, I am talking about using a laser measurer and computer in the field to assist you in gathering data during your appraisal inspection. I have found that my clients typically use three, favorite excuses for not utilizing these important tools. 1. They did not know they even existed. 2. They are too expensive, and 3. The learning curve is just too steep. Your reading of this article has already satisfied the first excuse. Allow me to help you with the other two.

Expense

I want you to stop thinking about business tools as an expense and begin thinking about them as what they truly are; an investment. My first Disto laser measuring device cost me \$650. That was no minor decision for me. However, I quickly found that the device saved me about 5 minutes per inspection. Due to the volume of work I was doing at the time, I paid for that tool in a manner of about 2.5 months. I still own that device, and it has paid for itself over and over and over again.

Learning Curve

When I first got my Disto in the mail, I was as excited as a 5 year old on Christmas morning. By the next day, I was on the phone with the company I had purchased it from asking for instructions on how to return it. The customer service department was wise and gave me a challenge. He said that I could definitely return it, but that I would need to pay the return shipping. And then he gave me this incentive; "If you will keep and use the device for 2 weeks," he said, "and you still do not like it after that time period, I will pay for your return shipping charges." He then went on to give me a few helpful instructions on how to properly use the laser measuring tool. As I mentioned above, I still have that device.

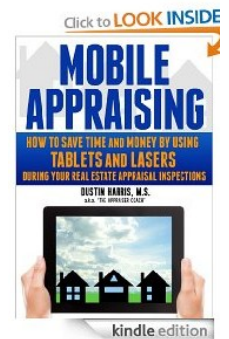
I have been using the Alamode field software since the 1990's. Most of that time was spent on a small screened "pocket PC" or later a smartphone. A little over a year ago, I finally broke down and switched to a tablet (the iPad II). Even though I was about as well-versed in using a computer in the field as anyone, I was extremely frustrated during the first few inspections using the iPad. It was enough different that it really threw me for a loop. However, it did not take long, and I was as comfortable as I ever was with the smaller devices I had used for so many years.

I was recently asked to test drive the new PhoenixMobile software. Though similar to Alamode, I found it to be just enough different so as to also frustrate me in the beginning. It took me more than just a few inspections before I was comfortable with the software. I am now teaching webinars on how to use PhoenixMobile. Are you starting to recognize a pattern?

The Challenge

I advise my students to buy and use these powerful tools in their own appraisal practices, but I always do so with a challenge. I call it the Ten House Challenge. Many, like me, get frustrated when they first try to use these new tools. Admittedly, there is a learning curve. It takes a few times to get used to the hardware and software before it actually becomes beneficial to them. Do not give up. Commit yourself to using these tools, but give it at least ten houses (both simple and complex) before you make up your mind. It is in the use of these tools that you can change your situation and income faster than trying to change the industry as a whole. I predict that after ten houses, you will never go back to a tape measure and a paper and pencil again.

Now, go create some value!



Dustin's new e-book, [Mobile Appraising: How to Save Time and Money by Using Tablets and Lasers During your Real Estate Appraisal Inspections](http://www.amazon.com/Mobile-Appraising-Appraisal-Inspections-ebook/dp/B00B4CVSFO/ref=sr_1_1?ie=UTF8&qid=1361836676&sr=8-1&keywords=mobile+appraising) is now available from Amazon.com. Get yours instantly here: http://www.amazon.com/Mobile-Appraising-Appraisal-Inspections-ebook/dp/B00B4CVSFO/ref=sr_1_1?ie=UTF8&qid=1361836676&sr=8-1&keywords=mobile+appraising

*Dustin Harris is a multi-business owner and 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. He owns and operates **The Appraiser Coach** where he personally advises and mentors other appraisers. He is also the Founder and President of **Your Appraisal Office** which implements some of the systems he has developed to help lower costs and free up time. His principles and methodologies are also taught in an online, **Mastermind group**. He and his wife reside in Idaho with their four children.*

Read That Agreement Before You Sign or Leap

I recently ran across the provision below in a new contractor agreement between an AMC and its panel appraisers, when one of LIA's insured appraisers asked me to take a look at the agreement. The contract contained the average indemnification provision found in most unfair AMC contracts in which an appraiser promises to defend and reimburse the AMC for "any and all liabilities, damages, costs and expenses (including all legal fees) arising out of or relating to any claim, action, suit, complaint, liability, damage, or other proceeding" relating to appraisals done by the appraiser and a long list of other things.

But then the contract got a little more crazy:



Peter Christensen
Liability Insurance Administrators and Insurance Services

In the event AMC incurs any fees, expenses and/or costs relating to time spent on legal and regulatory matters or proceedings arising from the services provided by or engagement with Contractor pursuant to this Agreement, including but not limited to, compliance pursuant to a subpoena, testimony, consultation involving private litigation, arbitration, government or industry regulation inquiries, whether made at Contractor's request, the request of a third party or by subpoena or equivalent, Contractor shall immediately pay or otherwise reimburse AMC for such fees, expenses and costs, including but not limited to, internal costs (which shall range from \$200 to \$500 an hour) and legal fees and expenses that AMC may incur.

Under this provision, the appraiser is promising to immediately pay the AMC for the AMC's own internal costs, as well as its actual out-of-pocket costs, for responding to any legal or regulatory inquiry relating to the appraiser's services or appraisals -- at rates ranging from \$200 to \$500 per hour. So, to use a couple examples, if an unhappy borrower who is disappointed with the appraiser's opinion of value complains to a state board about the AMC or if the CFPB makes a regulatory inquiry to the AMC involving an appraisal, the appraiser could then be demanded by the AMC to pay the AMC's internal costs for responding to that matter (at \$200 to \$500 per hour) and also the AMC's actual out-of-pocket expenses.

As a lawyer, I draft agreements like this myself. When lenders or AMCs ask me to help them with indemnification issues in their contracts, I have a frank discussion with them. I tell them, that, yes, as a clever lawyer, I could draft some very one-sided language that might sound ultra-protective and advantageous to them, and I tell them that, yes, a lot of appraisers or other contractors would actually sign a contract containing those unfair provisions. They'd sign the contract either because they don't read agreements, because they don't care and have nothing to lose, or because they just need the work. But then, I have to tell them that they probably don't want to go that route and should stick with something that is actually somewhat fair. The reason for this is threefold: (1) the lender or AMC should want to have access to a panel of appraisers who read agreements, care about what they sign, and have other options for securing appraisal work -- such appraisers tend to be more stable in their careers and tend to produce higher quality appraisals; (2) having the most unfair agreement will cause the lender or AMC to lose those appraisers; and (3) in the real world of appraiser-liability litigation, very one-sided indemnification provisions have not proven to be of value to either lenders or AMCs. And, then there's another reason: some versions of unfair indemnification provisions seen in AMC agreements violate a few states' AMC laws.



In the context of lender-AMC-appraiser agreements, it's not just appraisers who blindly accept liability. Indeed, in many of the service agreements that I see between lenders and AMCs, AMCs themselves readily acquiesce to the shifting of massive potential liabilities from the lender to the AMC. Many AMCs, especially those closer to the edge of insolvency, will accept any and all such provisions to win a lender's business. If lenders think that this is offering them security, they too are wrong. And, from a risk point of view, the lender is better off focusing on the development of a viable relationship with the AMC or appraisal firm that will result in higher quality appraisal work and overall less risk. Contractual promises by the AMC to indemnify the lender for every imaginable financial loss or liability really don't mean anything in bankruptcy court.

Peter Christensen is an attorney who advises professionals and businesses about legal and regulatory issues concerning valuation and insurance. He also serves as general counsel to LIA Administrators & Insurance Services. He can be reached at peter@liability.com.

The Importance of Attending Industry Conferences & Seminars

Posted by Zach Bodack – Global DMS

Attending an industry conference or seminar is one of the best things you can do for the future of your business, yet many professionals within the industry ignore these valuable resources every year. These conferences are designed to give you a plethora of usable content on a variety of relevant subjects, and will be sure to keep you up-to-date with the latest changes that are occurring within the industry—which we all know happens on almost a daily basis now-a-days.

Conferences offer the opportunity for you to be introduced to several industry experts in a short amount of time—typically over a 2-3 day period—and most importantly allow you to network with others who work in your field. An industry expert who's a good seminar speaker—which most tend to be—will provide you with a magnitude of usable content that will be beneficial to your work and industry insight almost immediately.

Many of you probably avoid these conferences and seminars, because you don't want to be "sold" something with an overly extended sales pitch that leaves you yearning for the exit door. It is inevitable that certain speakers—but certainly not all—will try to promote their latest and greatest products and services, but these products and services might just be what your business needs to thrive and to stay compliant with the ever changing regulations. Point is, these sales pitches will be relevant to the industry topics at hand, and the last thing you need is to miss out on a great opportunity that could help you stay ahead of the curve.

You should strongly consider attending at least 2-4 conferences or seminars each year, and be sure to research what the conferences are about and who will be there so you know if it will be of relevance to your company.



The 12 benefits of attending a conference or seminar:

- Learn new information from presenters
- Networking with new people within your field
- The ability to share your ideas and get immediate feedback from credible individuals
- Enables you to evaluate the latest technologies that can potentially help grow your business
- Lets you locate possible investors for your business
- Lets you buy new products or services that are usually at marked-down prices specifically for the event
- Get answers to your business questions and challenges from credible individuals
- Collecting of presentation materials to take home with you for later reference and study
- Learning of free resources you can try
- Learning about facts and statistics that will help you to better understand the market and industry
- Allows you to increase your email lists and lead generation by receiving other peoples' business cards
- Allows you to build traffic to your website by passing out your business cards or brochures

What NOT to do at a Conference

Most of this advice is pretty obvious, but you would be surprised at the many people who don't follow these simple protocols:

- Don't act like you know more than everyone there and especially don't correct the speakers—this only creates enemies and will hurt your business.
- Don't talk constantly or ask an absurd amount of questions. There's nothing wrong with asking a few legitimate questions, but you can't take up everyone's time because you're behind on the learning curve—read and research as much as you can before attending a conference so you're not completely blindsided.
- Don't stop the speakers on the breaks to simply have some small-talk. There is nothing wrong with stopping a speaker in the lobby to quickly introduce yourself and to tell them you enjoyed their speech; but their schedules are usually very tight and you should always respect their personal time.
- Never act in any way that will harm your company's reputation, which means control your drinking at social functions and events. We all like to have fun while we're out of town, and there's nothing wrong with unwinding a little bit at one of these events. Just be sure that the impression you're leaving with others is a positive one, otherwise all your networking will be for nothing.



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- Free USPAP training
- Medical insurance benefit program
- Flexible spending account
- Dental insurance
- We provide PhoenixMobile credits
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- Proactive and engaged marketing team developing new clients and creating new business
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- Corporate partnership with DataMaster
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1. Resume 2. Two recent UAD sample appraisals 3. Coverage area 4. License

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7th Mid-Year Meeting, February 22-23, 2013, New Braunfels



Association of Texas Appraisers - Meeting Registration Form

ATA Galveston Meeting

June 7-8, 2013

Name: _____ E-Mail: _____

Address: _____ Phone: _____

Member	\$99
Non-Member	\$198
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:

www.txappraisers.org (click the Meetings link)

Registration form and payment must be received by June 2. No refunds after June 2.

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



Meeting Times:

Day One: Class 1:00 p.m. - 5:00 p.m.

Day Two: Class 8:00 a.m. to 5:00 p.m.

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

A small block of rooms has been reserved for ATA members at the Hilton Galveston Island Resort. Sleeping rooms are \$100 (plus tax) per night for single/double. Reservations must be received by **May 7, 2013.** After this date, reservations will be accepted on a space and rate availability basis. Call (877) 425-4753 and mention Association of Texas Appraisers to receive this discounted rate.