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Connections

Official Publication of the
Association of Texas Appraisers, Inc.



Steve Kahane, ATA-R
ATA President

Thank you to all of those who attended the ATA mid-year meeting in San Marcos and Regional meeting in Corpus Christi. I really enjoy getting together with everyone, catching up and talking shop. We had

great turnouts for both so we're going to Houston and Dallas next. Pam Teel and I will be presenting 'The Life of an Appraisal – What Happens Next' and 'Understanding and Supporting Adjustments' in Houston Friday, June 2 then in Dallas Friday, June 16 (see page 3 for details).

The Program Committee has planned a dynamic program for our upcoming Annual Meeting and Education Conference, Aug. 18-19 in Georgetown. We'll publish the details in our next issue of *ATA Connections*.

I also want to thank you all for your feedback. This organization is all about you. It is run by appraisers, for appraisers, and we can't serve you without knowing what you think. The consensus so far is that lunchtime speakers cut into valuable networking time, so we will try to keep that to a minimum in the future. If you haven't yet completed a survey, it's not too late. Your opinion matters. Have an idea for class you would like, locations, ideas for socials? Let us know.

Steve

Mid-Year Meeting Pics



Upcoming Industry Meetings:

- Mar. 22—AQB Meeting, Virtual
- Apr. 1-4—Appraiser's Conference and Trade Show, Sacramento
- May 18-20—TAF Board of Trustees Meeting, Cape Coral, FL
- June 2—Houston Area Meeting, Houston, TX
- June 16—Dallas Area Meeting, Ft. Worth, TX
- Aug. 7-9—Valuation Expo, Las Vegas, NV
- Aug. 18-19—18th Annual Meeting and Education Conference, Georgetown, TX
- Sept. 16-19—Appraisal Summit, Las Vegas, NV

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New Members

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

John Bello, Austin, TX
Melinda Biggs, Leander, TX
Grantley Bishop, Houston, TX
Melissa Boehringer, Selma, TX
Michele Bondy, San Antonio, TX
Flounder Canfield, Corpus Christi, TX
Callie Carrithers, Hockley, TX
Darik Conner, LaCoste, TX
David Curiel, El Paso, TX
Jeremy De La Garza, Corpus Christi, TX
Nelly De La Garza, Laredo, TX
Crystal Dobbs, Corpus Christi, TX
Darlene Gipson, Mico, TX
Marit Guarin, Houston, TX
Mistie Hall, Bastrop, TX

Kenna Hill, Corpus Christi, TX
Rus Hur, Austin, TX
Brandon Kothmann, Boerne, TX
Brandon LaBonty, Trophy Club, TX
Brandon Loper, Bandera, TX
Jesse Lopez, Austin, TX
Drey Lord, Buda, TX
Iris Medina, Spring, TX
Pat Mitchell, Austin, TX
Colleen Nance, Kyle, TX
Godwin Offiah, Dallas, TX
Sherry Oncale, Port Lavaca, TX
Michelle Patterson, Cedar Park, TX
Tiffany Proske, Georgetown, TX
David Reynolds, Lakeway, TX
Allison Rodriguez, San Antonio, TX
Daniel Salcedo, San Antonio, TX
Josh Sawyer, Sour Lake, TX
Kim Stafford, Hockley, TX
Kathy Tamblyn, Midland, TX
Joyce Tenner, Harker Heights, TX

Joshua Thompson, Burnet, TX
Steven Weber, The Woodlands, TX
Brock Ziehr, Highland Village, TX
Nadiya Zitser, Corpus Christi, TX

Are you interested in joining ATA? Log on to www.txappraisers.org and click on join us.

Congratulations to those who were recently awarded designations:

Julius Frankeny, 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 Join Us link and download the Designation Application

Mid-Year Meeting Pictures



Next TALCB Meeting

The next TALCB meeting will be held on May 19 at 9:00 a.m. at the Stephen F. Austin Building, Room 170, 1700 North Congress, Austin, TX.

These Board meetings are open to the public. ATA encourages every Texas

appraiser to attend these board meetings as often as you can. This Board determines your future!

Log on to <https://www.talcb.texas.gov/> and download the agenda and meeting materials.



Houston Area Meeting

ATA's Houston Area Meeting will be held on Friday, June 2 at the Houston Courtyard Marriott Energy Corridor, 12401 Katy Freeway, Houston.

The meeting schedule will be:

- Friday Morning: 8:00 a.m. to Noon-***The Life of An Appraisal-What Happens Next?*** Your instructor is Pam Teel, ATA-G.
- Friday Afternoon: 1:00 p.m. to 5:00 p.m.-***Understanding and Supporting Adjustments.*** Your instructor is Steve Kahane, ATA-R.

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

Who Should Attend

Anyone who needs to stay on the

leading edge of appraisal issues, as well as professionals who are responsible for keeping appraisal processes in compliance.

Registration Fees

The fee to attend this meeting is \$100 for ATA members and \$200 for non-members. (Fees increase \$20 14 days before the meeting.)

Registration with payment must be received at least five business days in advance of the event to guarantee your registration. If you have not received an e-mail confirmation one week prior to the conference, please call ATA at (210) 837-7123, M-F, 9:00 a.m.-4:00 p.m. to confirm your registration.

Hotel Accommodations

ATA has reserved a few rooms at the Courtyard Marriott. **Our contracted rate is \$99 and it expires on May 19** (or when our room block is sold



out). Call 281-496-9090 and mention Association of Texas Appraisers to reserve your room.

Exhibitors/Sponsors

If you are interested in exhibiting or sponsoring, please contact info@txappraisers.org or download the [exhibitor/sponsor form](#) here.

Cancellations/Refunds

Written requests received three business days prior—full refund; fewer than three business days prior—no refunds will be issued.

DFW Area Meeting

ATA's DFW Area Meeting will be held on Friday, June 16 at the Hampton Inn DFW South, 4201 Reggis Court, Ft Worth.

The meeting schedule will be:

- Friday Morning: 8:00 a.m. to Noon-***Understanding and Supporting Adjustments.*** Your instructor is Steve Kahane, ATA-R.
- Friday Afternoon: 1:00 p.m. to 5:00 p.m.-***The Life of An Appraisal-What Happens Next?*** Your instructor is Pam Teel, ATA-G.

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

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Hotel Accommodations

ATA has reserved a few rooms at the Hampton Inn. **Our contracted rate is \$129 and it expires on June 1** (or when our room block is sold



out). Call (817) 952-3080 and mention Association of Texas Appraisers to reserve your room.

Exhibitors/Sponsors

If you are interested in exhibiting or sponsoring, please contact info@txappraisers.org or download the [exhibitor/sponsor form](#) here.

Cancellations/Refunds

Written requests received three business days prior—full refund; fewer than three business days prior—no refunds will be issued.

Course Approvals:

Appraiser Provider #8: The Life of An Appraisal-What Happens Next—44917; Understanding and Supporting Adjustments—44931

Real Estate Provider #9947: The Life of An Appraisal-What Happens Next—45071; Understanding and Supporting Adjustments—45070

VA Meeting Recap



Brian Marlow, ATA-R
ATA Vice President

2023 in the Real Estate Appraisal Profession?

We finished a booming 2022 in the appraisal world, and now it seems like we are waiting for the phone to ring or hear our computer say, "You've got mail". Many appraisers are taking advantage of the slow time for additional education or to redirect the marketing plan for their appraisal practice.

The headlines are full of doom and gloom for appraisers, and most of the information being promoted by Fannie Mae, Freddie Mac, HUD, large AMCs, and some lending institutions indicate a change to the appraisal profession that is hard for the 'boots on the ground' practicing appraiser to comprehend.

Recently, The Appraisal Institute hosted a VA Fee Panel Update webinar with Chief Appraiser, James Heaslet. I personally found the information shared by the VA to be an encouraging and more positive outlook on the potential changes that appraisers may be facing in the future.

The webinar was broadcast on 02/28/2023 and is available for review on YouTube. Being a VA Panel Appraiser, I found the following notes to be key take aways from the webinar.

Look at the twists! Look at the turns! Look at the curves, switchbacks, dark tunnels, and loops!

Is this the latest and greatest roller coaster at the amusement park, or could this describe the start to

Timeliness (turn time) of appraisal reports is a major issue and one of the catalysts to spawn the legislative bill. The days to deliver an appraisal assignment increased between 2019-2022. Mr. Heaslet acknowledged

In December 2022, Congress passed the Improving Access to the VA Home Loan Benefit Act of 2022. Mr. Heaslet indicated some changes, challenges, and improvements that the bill will require of the VA.

Mr. Heaslet assured us that the VA panel format will remain, and the VA will remain the client of the appraisal products being submitted instead of the "lender select" model currently used in other lending sectors.

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MPRs will be evaluated and potentially streamlined. The VA wants the MPRs to have a "lighter footprint" to reduce the stigma of rigid requirements, "minute" repair issues, and the reporting of "potential" hazards vs "actual" hazards which could negatively affect the marketability and transfer of the real estate.

The use of PAVE (Property Appraisal and Valuation Equity) is being applied to 100% of the reports submitted to the VA. This program scans reports to identify potential racially biased terms. Mr. Heaslet states that the VA refuses to be the "appraisal police" and is determined to be "the teacher" for items discovered through the use of PAVE.

The VA is committed to "study, analyze, understand, and educate" when reviewing the reports submitted. Out of 12,000-15,000 appraisals uploaded and scanned per week, roughly 3,000 reports are being flagged for their VEROS score regarding words and phrases. The VA review team then receives a snapshot view of the report's wording. They then perform a word for word review to understand context and intent of the concern. When the VA completes their study, a list of "terms to avoid" will be created and communicated with the VA panel.

Regarding automation and modernization using Desktop reports, Hybrid products, and Appraisal Waivers,

the VA will not be using a Bifurcated Hybrid product mainly due to the safety, security, and anonymity of the Veteran borrower & family. The VA does offer a Desktop product for specific loans meeting criteria of 80% LTV and SFR only. These represent only about 3.5% of loans. The Interest Rate Reduction Loan program currently utilizes the Appraisal Waiver program. For FYE 2022, the VA processed approximately 800,000 loans

(Continued on page 5)



many factors causing the higher turn times which included the national pandemic, a busy real estate market, and the number of VA panel appraisers declining. The current average turn time reported is 7.25 days with an encouragement to be lower according to Mr. Heaslet. The VA is planning to post the appraiser's average turn time as well as the lender's timeliness for processing the loan. This will help identify where the issues are regarding timeliness.

VA Meeting Recap (con't)

(Continued from page 4)

without an appraisal according to Mr. Heaslet. Even though the VA uses these modernized products, it appears the VA panel appraisal is still, and will continue to be needed for the majority of VA loans. Mr. Heaslet addressed expanding the use of AAPP (Appraiser Assisted Performance Program) which has been a lender option program. This program allows the use of appraiser trainees to provide appraisal assistance such as inspections (State regulations permitted) and other processes when completing the assignment in lieu of a 3rd party Property Data Collector which is used in Fannie Mae and Freddie Mac programs.

Tidewater and ROV (reconsideration of value) procedures are not expected to change.

The VA portal is and will be undergoing some changes. There are expected to be updates to notifications, note collection, and a 'step by step' process tracker to mimic the "pizza tracker" model utilized by restaurants.

There is an effort to generalize the training for all eight Regional Loan Centers (RLCs) with the goal of one consistent communication of VA policy and appraisal standards across all re-

gions. Per Mr. Heaslet, there are no different RLC directions regarding appraisal policy. There is annual SAR training that Mr. Heaslet encourages appraisers to attend. Information regarding registration for the upcoming training convention in Kansas City, MO (May 2-4, 2023) can be found on the VA website. Although the conference is not "titled" for appraisers, there are appraisers that attend and participate in the education being provided for the SARs.

Mr. Heaslet concluded that the VA Loan Program is a Veteran's benefit. The longevity of the VA Appraiser Panel relies on the timeliness and credibility of the appraisal product being offered. Being a practicing appraiser himself, he is a strong advocate to keep the VA Appraisal Panel in place.

We, as VA appraisers, need to continue being educated and continue networking with other appraisers to remain relevant. It is encouraging to see that the VA is in full support of the appraisers on the panel while also trying to improve the loan program they provide as a benefit to our Veterans.

So, fellow appraisers, I encourage you to buckle up for the ride. The roller coaster ride may last for a while. Continue to educate and adapt to the

changes to improve your business. Network with fellow appraisers and connect with those in your area. Communicate, ask questions, and most importantly, when a fellow appraiser calls you for guidance, be a resource. Industry information can also be found by using social media forums, such as Facebook and Clubhouse, but there is no substitute for a friendly phone call or a quick cup of coffee between peers.

The ATA is here to provide a strong base for appraisers to network and to continually be educated. We encourage you to participate in the educational meetings and social gatherings being offered throughout Texas. These are communicated on the ATA website. For those that navigate the social media waters, ATA does have a private Facebook page for members which is a great resource. I have found this page to have less "friendly fire" when seeking peer advice than some of the other sites!

The ATA is always looking for volunteers to assist in our growing organization. If you are interested in serving on one of the many committees, please contact Teresa Walker or any of the board members for more information.

Mark Your Calendars and Plan Now to Attend!

What and Where:

Our 18th Annual Meeting and Education Conference will be held August 18-19 in Georgetown, Texas at the Sheraton Austin Georgetown Hotel & Conference Center, 1101 Woodlawn Avenue, Georgetown.

Meeting Schedule:

We are still finalizing the program but we have a great line-up of speakers and sessions.

One of our special guests will be Dave Bunton, President of The Ap-

praisal Foundation. Dave will host one of the Foundation's listening sessions on Friday morning.

Come and hear what The Appraisal Foundation has been doing and get all your appraisal related questions answered.

Registration:

Registration will open in early June so keep an eye on those emails!!

Hope to see you there.



Texas Legislature Update

Eric Woomer, FACT's lobbyist, provided us an update on the current session of the Texas Legislature. So far during the 88th session of the Texas Legislature, a total of 121 bills have been introduced that are real estate related, most relate to ad valorem taxation.

The balance are related to:

- HB 234 – Relating to mandatory sales price disclosure of commercial or industrial real property sales; providing a civil penalty;
- HB 697 – Relating to a seller's disclosures regarding fuel piping in residential real property;
- HB 2584 – Relating to indemnification and duties of real property appraisers under certain governmental contracts;
- SB 613 – Relating to certain sales or purported sales of homestead property that are classified as loans;
- SB 617 – Relating to the confidentiality of certain home address information in ad valorem tax appeal records;
- HB 2488 – Relating to the burden of proof in a trail de novo appeal of the appraised value of a property;
- HB 2420 – Relating to the eligibility of a person employed by a school district as a teacher to serve on the appraisal review board of an appraisal district;
- **HB 2427 – Relating to regulation of appraisers and the duties of the Texas Appraiser Licensing and Certification Board;**
- SB 348 – Relating to the prohibition on posting on the internet information held by an appraisal district regarding certain residential property;
- HB 2318 – Relating to certain seller's disclosures for the sale of residential property;
- SB 818 – Relating to the disposition of real property interests by navigation districts and port authorities;
- **SB 769 – Relating to the examination of appraisal services for an appraisal management company.**
- HB 1363 – Relating to the repeal of the real estate inspection recovery fund;
- HB 796 – Relating to the creation and maintenance of a publicly available internet database of information regarding protest hearings conducted by the appraisal review board established for the district.

When You're Up a Creek, Cross it!



Dustin Harris
The Appraiser Coach

We often have experiences that teach us principles of life or business—or in this case, both. And the power of an analogy is such that it can apply to a wide variety of circumstances, like

this story of one appraiser who got lost in the middle of the woods but managed to rise above the sticky situation and keep moving forward. You will never have to say, "Uncle!" to anything you face as you use your head on your shoulders to problem solve and think outside the box, which is a lesson not only necessary for owning a successful appraising business, but also for life.

The story starts with a Subaru Legacy, an unknowing GPS, and a dead-end road at the base of the Teton Mountains in the middle-of-nowhere Idaho. Have you ever been on your way to an

appointment and followed the GPS rather than your gut, mistakenly thinking Google must know best? That's how I was misled for a half an hour down a narrow jeep trail; the kind that goes from pavement to gravel and gravel to dirt in a hurry. I couldn't see my desired destination, and after going that far I didn't want to just turn around and go back the long way. I was convinced it would open up any minute until the road was intercepted by a creek the size of a small river. And my low clearance car wasn't going to cut it. What was I supposed to do?

I could see the house ahead and had two obvious options. Number one: try to cross the creek, which probably wouldn't turn out well. Number two: turn around and be late to the appointment. Like many of us would, I sat there second guessing my decision and wishing I could go back. "I've made a mistake. Here I am, there's the creek, what do I do now?" I thought. Have you ever been in a situation like this, trying to figure out how to cross an imaginary creek, feeling trapped by the circumstances, and wishing for a way out? When you can take the positive road in these situations, there is nothing that cannot be figured out. And

with a little bit of problem solving and thought, there can be a third option.

That's exactly what I thought while I was literally up a creek. Crossing in my car wasn't a good option and neither was turning around. I decided to do things a little unconventionally, get out of my car, use rocks, tree trunks, and logs, and get myself across the creek and to my appointment on foot. I made it right on time and the homeowners even got to have a good laugh when they realized the situation. Whenever dealing with things that are hard while appraising, there is nothing that cannot be figured out. Use your resources to get up and get across that creek. Consider your options and make a choice.

Part of being a business owner is thinking outside the box, thinking of how to solve those problems, and figuring out a way. Next time you're dealing with a challenge, next time you look at a big hairy monster in front of you and think, how do I get around this thing, how do I forge this creek that's in front of me, remember: there are more choices than just door one and door two. There's always a door three.

Surviving the Slowdown



Kendra Budd
Working RE

Interest rates are up and appraisal work is down. "Real estate is cyclical," is the adage often repeated by appraiser old-timers. Buckle up, they say, here comes the downswing.

While the actual volume of appraisal work has only declined to the equivalent of a slow month in 2018 or 2019 (See Market Update: How Slow Are We Really?), the volume of appraisals has declined over 60 percent from the busiest month in 2021 compared to the later (slower) months of 2022.

The experience of appraisers varies widely. Some local markets and some appraisers are still fairly active. Meanwhile, other appraisers report they're only doing one or two appraisals per month! The variance between local markets and individual appraisers is stark.

The result is a general panic amongst appraisers—especially those appraisers who are getting nearly no work at all. Even the larger appraisal firms (with deep pockets) who've spent the last few years aggressively training and recruiting appraisers, acquiring small appraisal firms, and rolling up their competitors have rapidly changed their tone. Layoffs. Budget cuts. Retraction.

Appraisers' sentiment is showing up in forums, Facebook groups, and personal conversations across the U.S. Some appraisers are even looking for other jobs while waiting for work to "pick back up." One appraiser on Facebook writes: "My son just finished his training and is now working as a security guard. Hoping things pick back up and he will want to get back in it, but right now there's not enough work for both of us."

Another appraiser suggests driving buses as a viable solution for his peers who are struggling, "Every school district in the nation is short of bus drivers. You can make good part-time income and have summers off. They train too!"

For the 30,000+ appraisers who have built their businesses exclusively around traditional residential mortgage work, things are getting bad. Commercial appraisers are feeling it too, but to a lesser extent.

The question is: what can appraisers do to survive the cycle? Do they have to venture outside of appraising to put food on the table—or are their other ways to utilize their skills?

Diversification

A common trait for the many appraisers who are not seeing a major slowdown right now, is that they made the decision early on to diversify their client base and the type of work they do.

In a prominent Facebook group, one appraiser explains: "Interest rates went from 3% to 6%! Slowdown will happen if you're only doing lending work." Another appraiser commented in agree-

ment that demand for divorce appraisals skyrocketed during and after COVID-19. Unfortunately, being in constant close proximity to one's significant other didn't strengthen every relationship.

The common thread is that those appraisers that do private work aren't feeling the same effects of the slowdown. They never relied on one type of business or client as their main source of work.

Weening Off "Mortgage" Dependence
In the old days of appraising, before the real estate crash of 2007/2008, appraisers were much more likely to network with other real estate professionals, hand out business cards, and build direct relationships with mortgage brokers, local banks, and even real estate agents.

"The real estate appraisers of old used to network more, market their services, and sell themselves more than today's modern appraiser," remarks Mark Skapinetz, an independent real estate appraiser in Georgia who operates a 100 percent non-lender appraisal firm.



However, Skapinetz theorizes that the business model of appraisers changed substantially after the 2008 real estate crash in a post Dodd-Frank and HVCC world. "Anybody who came into the profession after the crash came into what we call a 'nameless and

faithless business.' AMC's had taken over the mortgage-lending work. All appraisers had to do was fill out a sign-up form on an AMC's website, give their credentials or coverage area, and their fees—then they started getting work. There's no relationship there," Skapinetz explains.

The result was that many appraisers became conditioned to sign up for AMC's, then sit and wait for orders to

ment that the problem wasn't necessarily the slowdown, it was the AMC's and lender work. They wrote, "I got rid of almost all AMC work about seven years ago and most lender work in the last couple years. Private work, litigation, estates and other work is very busy because of the closing and slowdowns of the courts during COVID."

Ryan Lundquist, a Sacramento appraiser who focuses exclusively on

Surviving the Slowdown (con't)

come in. "Instead of constantly selling their services, marketing their business, and looking for new clients, appraisers that came after the crash only know AMCs, because that's all they were taught. When AMCs and lenders stop sending orders, appraisers don't know where to find other business. They don't know how to get private work, so a lot of them are scared to do it. Many don't want to get involved in divorce work either, which is very lucrative. Appraisers just don't know where to start," Skapinetz says.

The biggest obstacle in an appraiser's way, is themselves, argues Skapinetz. "You see it all the time on message boards and on forums, where appraisers are screaming about the lack of work. It's not 1990 anymore; we have the internet. There's a lot more ways to find work out there. When your main marketing in the last 10 years has been filling out sign-up forms with AMCs and checking your email waiting for orders to come in, it can be daunting to explore business outside of the traditional mortgage model," Skapinetz states.

Non-Lender Work

Once an appraiser decides they want to build a truly diversified business, there's plenty to learn and do.

First, Skapinetz suggests that appraisers look to their colleagues. "There are a lot of great appraisers who are killing it in the private sector right now. It's great to look at what other appraisers in your area are doing. How are they keeping their business afloat? How do they interact with other clients? What services do they offer? You want to do your research," Skapinetz recommends.

The best way to start non-lender work is to begin challenging yourself. "Find your niche, find something that no one else in your area is doing. During this tumultuous time in the industry, you're going to want to find ways to make yourself stand out. If you're not putting in the time and effort to diversify your business, then you're falling behind.

You need to be seen in order to start getting that work," Skapinetz advises.

There are many different types of non-lender appraisals you can do, such as, tax rebuttal, pre-purchase, pre-listing, divorce, estate, and IRS-related work—just to name a few. Learning how to do these other types of appraisals can be the difference for your business during a recession. "Learn how to do other types of appraisals, like high-end luxury homes and farms if they're in your area. Learn how to do divorce work, and litigation work to go to court. Learn how to work with consumers and real estate agents. There are so many niches that even I am still learning the ins and outs of them," Skapinetz tells us.



Some niche non-lender work that appraisers can pursue include:

- Property tax consulting and appeals
- IRS settlement appraisals
- Divorce appraisals
- Estate appraisals
- Prelisting appraisals
- Home measuring services
- Floorplan services
- Relocation appraisals
- Bankruptcy appraisals
- Eminent Domain appraisals
- Right-of-Way appraisals
- Department of Transportation appraisals
- Cash/investor appraisals
- Probate appraisals
- Bail bonds appraisals
- Rent schedule assignments
- Title Companies and collateral appraisals
- And more!

In terms of how to get these assign-

ments, Skapinetz recommends a combination of networking, sales, marketing, and of course, you need a website. "My advice is that appraisers need to do their research, but also you have to put yourself out there. You have to have a good website and you need to know how to talk to people. You can't just perform an appraisal and hide behind the narrative of "you have to speak to a lender." With private work, you need to take responsibility to talk to your client. You need relationship skills and you need to position yourself as the expert in your market," recommends Skapinetz.

Optimizing Your Lender Work

Of course, many appraisers will opt to continue working for AMCs, lenders, and credit unions. For those appraisers, Business coach and Chief Evangelist at True Footage, Blaine Feyen, says that building relationships is absolutely key. "The downside of the AMC business models is appraisers really make no effort to develop relationships within that AMC. They often don't get to know anybody, they don't collaborate, they don't know any names. They just take the orders and complete them. They're operating in a transactional mindset," Feyen says.

The solution? Appraisers need to focus more on relationships. Relationships matter everywhere; they're especially important in non-lender work, but they're still important—yet often discounted and ignored—in the AMC and lender world. Those appraisers who built strong relationships with their AMC and lender clients, who returned phone calls promptly, never "went dark" with their clients, always turned their assignments in on time (or early)—they are the ones who are still getting orders even when times are slow. "If you want to be treated as a nameless, faceless appraiser who just accepts and completes orders, then don't be surprised when orders stop coming when things slow down. If the people working at the AMCs, local lenders, and credit unions know your name, are familiar with you, and like you, then you're more likely to get work. Pick up

Surviving the Slowdown (con't)

the phone and call them and introduce yourself. Build the relationship," Feyen suggests.

While many AMC's are bidding out assignments to appraisers and shopping for the lowest fees, that is not the case with all AMC's or lenders. All other things being equal, you will be more likely to be a preferred vendor if you are actively building relationships with your clients and the staff at the AMC's, lenders, and credit unions you do business with.

While many AMC's are bidding out assignments to appraisers and shopping for the lowest fees, that is not the case with all AMC's or lenders. All other things being equal, you will be more likely to be a preferred vendor if you are actively building relationships with your clients and the staff at the AMC's, lenders, and credit unions you do business with.

Relationships Matter

Relationships are even more important when it comes to non-lender work. Feyen has seen time and time again where appraisers seem to go wrong in their way of thinking. "If you're comparable in some way, then you're also replaceable," Feyen articulates. That is exactly why it is important for an appraiser to diversify their business in a variety of ways, he argues.

One of the challenges for appraisers is that non-lending appraisal work requires a vastly different skillset. "Appraisers need to have an open personality as well as sales skills, especially when they're talking to a homeowner or agent directly," Feyen explains. He suggests appraisers even

need follow-up skills in order to differentiate themselves from their competition. "Lots of private work is referral based, so one client refers you to another, and so on. Instead of getting a constant stream of business, you have to provide great service to each client and follow up and ask for referrals," advises Feyen.

So, why is the non-lending side more relationship based than the lending side? Well, Feyen theorizes because appraisers aren't required to do anything except perform on the lending side. "Lending and non-lending are two sides of the same coin; however, they require two different types of personality and sales skills. You don't have to do follow-up on the lending side, you don't have to send out 'thank you' cards or have a personality at all. You especially don't have to have any sales skills," Feyen illustrates. This is all easier said than done, so Feyen even has something he calls the "Mindset Spectrum" to help appraisers challenge their current mindset in order to garner more business (Read *Recession Proof Your Business Using the Mindset Spectrum*).

Appraisers should be looking to form these relationships on all levels, especially if they want to diversify their business. Skapinetz also echoes this same advice, "People that worked prior to the crash had to build relationship skills and use them to find mortgage brokers, to find lenders. We built friendships with our clients. In the private side you go back to that relationship building aspect." The appraisal profession is not often conceptualized as one built around friendships and relationships (at least not anymore),

but perhaps those bonds will serve as an appraiser's biggest ally during the slowdown.

Final Thoughts

With mortgage transactions declining, interest rates rising, and AMC's starting to carve as much as they can out of appraisers' fees, it is now more important than ever for appraisers to (1) build relationships and (2) diversify their business in any way that they can. However, simply pursuing private and commercial appraisal work is not all that is necessary to succeed—your success is also going to rely heavily on your tenacity as an appraiser.

Both Skapinetz and Feyen think appraisers need to start doing more research, marketing, and forming strong bonds within the business if they want to succeed in the appraisal business generally, and especially in the non-lender arena. This is definitely a frightening time for a lot of appraisers, but learning new skills and increasing your capabilities as an appraiser is the first step in making your business more sustainable and surviving the slowdown.

Stay safe out there!

About the Author

Kendra Budd is the Editor of Working RE Magazine and the Marketing Coordinator for OREP, a leading provider of appraiser E&O insurance—trusted by over 10,000 appraisers. She graduated with a BA in Theatre and English from Western Washington University, and with an MFA in Creative Writing from Full Sail University. She is currently based in Seattle, WA.



Appraisal: One Size Does Not Fit All



Joshua Walitt, MNAA
Walitt Solutions

In the summer of 2019, I presented to a conference of appraisers, lenders, appraisal management companies, and regulators on the topic of desktop appraisals and bifurcated appraisals (now typically called "hybrid" appraisals).

By that time, the GSEs had piloted hybrid-type appraisals for several years, where a data collector would collect photos and information about a house, to be provided to a desktop appraiser to perform the appraisal.

Even before the GSE pilots, appraisers had performed desktop and hybrid style appraisals for decades on proprietary bank and AMC forms. In fact in some cases, appraisal firms had created their own proprietary forms, using old versions of forms or inventing their own new ones.

For the presentation, I had been asked to present the issue from the standpoint of standards, regulations, use cases, and practicality for appraisers, asking the audience a few questions throughout the presentation, including

- Do the Uniform Standards of Professional Appraisal Practice (USPAP) and the Interagency Appraisal and Evaluation Guidelines (IAEG) allow desktop appraisals? Do they allow hybrid appraisals?
- Given that the type and extent of observation by the appraiser are a

spectrum depending on the type of assignment, which options in that spectrum result in collecting adequate information on the relevant property characteristics?

- For desktops, how can the appraiser remain in control of gathering the relevant information?
- For hybrids, how can the appraiser have assurances that the data sources are sound, adequate, and credible? And can appraisers continue to be the people performing as the data collectors?
- Compare and contrast desktop appraisals to desktop reviews (in which an appraiser opines to value based on data from a (possibly) flawed appraisal report), to exterior-only appraisals (in which an appraiser opines to value after visiting only the street at a subject property), to the existing decades-old desktop processes and forms,

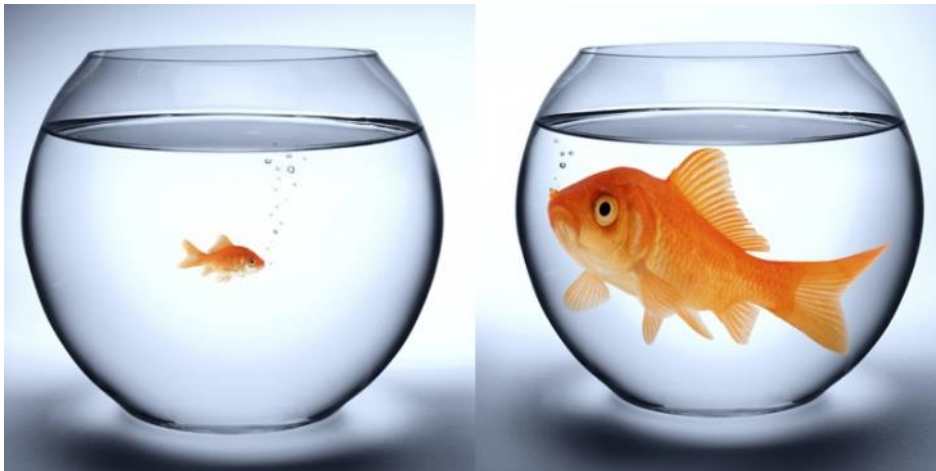
and to other appraisal types such as insurance appraisals.

Perhaps the biggest concerns relate to the adequacy of data and keeping the appraiser in the process.

It wasn't until the GSEs began piloting (and recently putting in policy) desktops and hybrids that there would be standardized de-facto forms for these types of assignments. In the summer of 2020, the 1004-Desktop/70D appeared in appraisal software and in the first quarter of 2022, the desktop appraisal officially became part of GSE policy for certain purchase transac-

tions, following a government directive from the FHFA.

The prospect of desktop appraisals began decades ago -- the writing has long been on the wall but it was the FHFA directive that secured the fate of mortgage appraisal in this country: clients and appraisers would begin relying on technological solutions to provide data to appraisers in certain mortgage risk scenarios. The regulators expected, and continue to expect, appraisers to change. But change is not unique to the valuation space...



There has been a clear and continuous trend by the GSEs to find options in other spaces, not limited to the appraisal space, such as credit and title. See this article on [Alternatives to Title Insurance](#) or another [here](#).

In the portfolio lending and risk management space, there has long been a spectrum of appraisal observation types: interior-and-exterior observation by the appraiser, exterior-from-street observation by the appraiser, desktop-only research by the appraiser, desktop research by the appraiser including a recent MLS or property condition report, etc. But the GSEs limited their options until recently; going forward, the GSEs have essentially formalized and solidified these scopes on the mortgage appraisal spectrum.

Key questions we have been asking (and continue to ask): **how do appraisers continue to have a role in the mortgage appraisal space and also ensure appraisers have confidence in the data they rely upon for their appraisals?**

These questions go hand in hand. While data can be gathered from public sources and from property data collec-

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Appraisal: One Size Does Not Fit All (con't)

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tors (i.e., a person other than the appraiser), there are times when appraisers must physically collect their own data or at least somehow confirm or reconcile data that might be contradictory.

For example, in a purchase scenario where the mortgage lender has requested a desktop appraisal, but there is limited or questionable data available to the appraiser about the condition or characteristics of the property, he or she must either advise the lender that an "upgraded" appraisal is necessary (a physical visit to the property) or in other cases supplement the desktop assignment with a live real-time remote observation. Such a remote observation can still save time (by connecting to an occupant's phone for photos and a virtual tour, rather than traveling to the property) and yet still allows the appraiser to confirm any suspect data.

Working with various client types, I know first-hand that appraisal firms and appraisal management companies have developed these remote real-time observation applications. I remember during the first discussion I had with one such company, I focused mainly on this primary issue:

How do we keep appraisers in the driver's seat, even for desktop appraisals?

Remote real-time inspection technology is not the only new way appraisers will remain in the mortgage valuation space. Another way the trained expert appraiser can remain in the driver's seat is by using appraisers for the property data collection in hybrid appraisal scenarios. In the summer of 2022, Freddie Mac announced their

hybrid appraisal program, while Fannie Mae announced theirs in the first quarter of 2023. Hybrid appraisals involve a property data collector gathering a prescribed set of photos, property characteristics, and location details; that property data report is then used by the appraiser to perform the appraisal from the desk. (A hybrid appraisal is conceptually a subset of desktop appraisals.)

Keep in mind, too, that the secondary mortgage market is not the only space presenting change to appraisers. Non-GSE lending institutions are using the new or similar forms, but providing different data sources or expecting slightly different scopes of data gathering by appraisers. Just as FHA appraisals require different scopes to conventional appraisals, we are seeing the emergence of different appraisal scopes from numerous clients.

There is no one-size fits all answer. It is a business decision whether an appraiser accepts desktop work where a remote real-time inspection app is used to perform a virtual live inspection, an appraiser relies upon another appraiser's (or data collector's) work, or some other scope that a client offers. (And, logically, fees impact our decisions.) The work is not the same as twenty years ago -- or even two years ago. We will find scenarios where we decline offers and other scenarios where we accept offers. Regardless, changes in technology have crept (and

continue to creep) into nearly every space in the world today.

How will we each respond to shifts in technology and client expectation?

In talking with appraisers and appraisal firms around the country, I see a pattern: in data gathering, research and analysis, and reporting of appraisals, we are relying on more technology in general. Specifically in terms of the appraisal observations, some enjoy the desk work, while others enjoy the field work more. Some are focusing their trainees on performing property data collection for hybrid scenarios so they gain more experience at properties. Others are researching and learning about the GSE, non-GSE, and non-lending appraisal types available from clients.



In the end, we each have technical and business decisions to make.
About the author:

Joshua Walitt, MNAA is the principal consultant for Walitt Solutions. He provides short- and long-term consulting services related to compliance, valuation, education, review, and investigations. Clients include lending institutions, appraisers, appraisal management companies, attorneys, accountants, education providers, regulators, and others. Joshua is the incoming president for NAA. (Josh will also be our Saturday speaker at the upcoming ATA Annual Meeting and Education Conference in Georgetown.)

Appraiser 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. You can also self-nominate.

Also, don't forget about the **Pospisil Scholarship Award**. You can nominate (or self-nominate) to receive \$100 toward your education.

[Click here](#) for links to the Outstanding Service Award Nomination and Pospisil Scholarship Award forms.

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