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APPRAISAL TODAY

VA is looking for fee appraisers! C/R fees and no AMCs!!

In today's world of AMCs with low fees and non-relevant increasing requirements, VA is becoming more and more popular with appraisers. To me, it is similar to before licensing, when there were few mortgage brokers and lenders had staff appraisers, including chief appraisers. Appraisers were treated as professionals.

The VA treats their appraisers as professionals. VA is the only lender has sets fees (no bidding), rotates appraisers, will not kick you off for low values, has staff appraisers who can be contacted for advice and doesn't pester you with status updates and annoying questions.

The VA is very different from FHA and almost all other lenders. VA's mission is to help veterans get mortgage loans. Everything else is secondary to this mission. The VA wants to be sure that veterans don't pay too much and don't purchase homes needing work (health and safety). I have never done VA appraisals but, to me, this is the best part of working for VA.

I don't know of any lenders, except maybe some credit unions, that put borrowers first.

VA is looking for knowledgeable, experienced appraisers. Quality of work, timeliness, and professional demeanor are important. Erase from your mind any value pressures, not reporting any problems, fitting your appraisal into the AMC "boxes", etc. You are a professional, not a form filler.

On the minus side, VA is not for everyone. I discuss the minuses below to help you decide before spending all the time applying for the panel. But, it is an excellent alternative to working for AMCs.

You MUST accept all the appraisals sent to you

You decide how many appraisals per week you will accept. This number can be changed.

You may, or may not, be able to get an increased fee for difficult, high value, geographically distant properties. Getting increased fees depends on your Regional Loan Center.

Many appraisers said it was difficult to get increases in fees for difficult appraisals or properties that are distant from your office.

You have to accept the assignment, even if the lender owes you money, or you have had problems collecting from them on non-VA loans before you joined the VA panel. The lender pays you, not VA.

If you don't want to do this, don't apply for VA.

Meeting turn-around times is extremely critical

VA sets your turn times. If you are late too many times, you will be terminated. There are exceptions sometimes, such as when the VA appraisers in your area are overwhelmed with work.

Why is this important to VA? VA competes with conventional lenders that "promise" a 3 day turn on appraisals. They want to make VA loans more attractive to lenders, sellers, and real estate agents.

In This Issue

VA fees

Fees are set by the Regional Loan Centers, and don't change very often. They are set for an entire state. Sometimes they are low and sometimes they are high for a specific geographic area.

Sometimes you can renegotiate a fee for a very difficult appraisal but if you can't get a higher fee you cannot turn down the appraisal.

Fees are typically set by state, bu there may have higher fees in rural counties.

VA acronyms

I guess since the VA is for veterans, they have a lot of acronyms. Here are a few:

- LAPP - Lender Appraisal Processing Program
- RLC - Regional Loan Center
- SAR - Staff Appraisal Reviewer

VA loan amounts

There are no VA maximum loan amounts. The VA does not make loans. Similar to FHA, VA guarantees a certain percent of the loan.

The loan amount cannnot exceed the lesser of the appraised value or purchase price, plus VA funding fee and energy efficient improvements, if any. However, lenders usually won't make a no-downpayment loan larger than $417,000 or $625,500 in high cost areas. In my county, in the San Francisco Bay area, the limit is $1,050,000.

If you want to know more, google VA loans. It is complicated and I decided not to write about it in this article in order to keep it relatively short.

Who orders VA appraisals and how are they sent to VA?

Communication is done though the VA Portal.

When there is an appraisal order, you get an email to check the portal.

The appraisal is uploaded thru the VA portal.

Appraisers I spoke with indicated few problems using the VA portal.

About 90% of purchases have the contract attached. If the contract was not part of the VA order, attach the contract when you send in your report.

Most (but not all) of the refi's include the amount to be refi'ed.

The PDF appraisal is uploaded through the VA portal. XML will be required later this year. Occasionally the lender will contact you with an error (typo, non- critical question). You have to re-upload the report through the VA site and have to say why the report is being resubmitted.

Note: Thanks to Mic Hamilton for this info. He is in New Mexico and uses the Denver RLC. Other RLCs may have different policies, such as including refi amount.

You are paid by the lender, not VA

The number one complaint I have heard from appraisers is collection problems. However, this is not a good reason to refuse to work for VA.

VA wants their appraisers to be paid. But, many appraisers reported collection problems with VA lenders.

However, a lender can be put on pre-pay if there is a patten of problems. They can removed from VA approval.

There are procedures you need to follow, such as sending collection letters three times. Check with your RLC.

If you don't want to hassle with collections, use an accounts receivable factoring service. I recommend Treasure Valley Factors, which has handled a lot of appraiser accounts. An appraiser who recently signed up for them is paying a $20 fee to them for a $400 appraisal fee. You are paid up front and the factor collects from the lender. I am sure they would welcome VA appraisal invoices as the lender can get into big trouble with VA if they don't pay.

I have been writing about collecting past due billing for over 20 years. Go to the newsletter archive at www.appraisaltoday.com/harvey.htm to get the old articles. The September 2012 issue focused on AMC collections and included info on factors. Many factors are very flakey. That's why I recommend Treasure Valley Factors.

VA Regional Loan Centers (RLC) - learn the requirements and policies of your RLC

In 2002, VA consolidated 46 offices around the country into 9, later 8, RLCs.

These RLCs have some differences in policies, such as training, etc. They also set appraisal fees.

Learn the requirements of your RLC. They vary. When interviewing appraisers I couldn't figure out why I was getting different answers to my questions. I finally figured out the RLCs have different requirements.

To find your RLC, google VA Regional Loan Centers.

How does VA differ from FHA?

They are very similar in inspection and reporting requirements - health, safety, security, etc.

The big difference is that VA requires its appraisers to report any problems in the VA handbook. If you don't do this, you could be in big trouble with VA. FHA used to be like this, before they opened the panel to all licensed appraisers about the time mortgage brokers took over.

VA does not require the Cost Approach unless the appraiser thinks it is necessary.

A few other items mentioned by appraisers:

- Must report chipped paint before 1978.
- Don't care about falling down barn if no affect on value.

• Don't have to check water, etc. if utilities are not on.

Be sure to check the VA manual, plus any requirements from your RLC.

How many VA appraisers are there?

As of May 14, there were 6,138 fee appraisers and 270 staff appraisers.

Who reviews VA appraisals?

100% of pre-funding appraisals are reviewed. About 95% are reviewed primarily by SARs (Staff Appraisal Reviewer), who are lender employees. There are about 4,500 active SARs, with about 18,000 approved SARs.

VA staff appraisers in RLSs do primarily post-funding QC review to be sure fee appraisers are not having problems. They review a percentage of appraisals. There are more reviews for new VA appraisers. They do desk and field reviews on all panel appraisers.

The reviewers primarily focus on adherence to VA requirements from the VA manual. They don't ask for more comps, etc. They focus on what is important in an appraisal.

Appraisers say the reviewers go “by the book” - the VA appraisal manual. Sometimes they can be picky, especially for requirements that don’t affect value.

If you don't agree with an SAR, you can contact the VA staff appraisers.

Appraisers I have spoken with were very positive about working with the SARs. They stick with the VA requirements. Very, very different than typical lender underwriters.

I kept hearing about "underwriters" but I think the appraisers were referring to SARs.

To get fewer reviewer requests, be sure you include explanations for what you did. Such as why a sale was not used.

What are the qualifications for SARs (Staff Appraisal Reviewer)?

In order to participate in LAPP (Lender Appraisal Processing Program), lenders must employ SARs.

Per the VA, "You must be employed as a full-time salaried employee and must have at least (3) three years of appraisal or appraisal review experience that qualifies you to competently perform administrative appraisal reviews in conjunction with underwriting loans for VA loan guaranty purposes. If you have been a HUD/FHA DE Underwriter for (3) three years, this will meet our requirement."

Here is a quote from a VA SAR FAQ, illustrating the appraiser-SAR relationship.

"Q. 13 I am reviewing an appraisal and there are issues or problems that I do not know how to handle. What should I do?

A. 13. If the fee appraiser can help you resolve or address these matters, then you should contact the appraiser. Otherwise, for assistance or guidance with the appraisal, contact the Construction and Valuation unit at the RLC, and always provide them with the VA case number"

VA staff appraisers review the work of fee appraisers and SARs.

What about computerized reviews?

VA is setting up a Appraisal Management System, which will be using a Corelogic-developed review software starting this summer. It is scheduled to start 6/1/14 for internal reviews and has about 1,000 rules.

Excerpts from a notice recently sent to VA appraisers:

"LoanSafe Appraisal Manager (LSAM) reports which will be released later this year, will be generated on VA appraisals available for use by VA Regional Loan Center (RLC) staff and Lender/Servicer Staff Appraisal Reviewers (SARs) in conjunction with their VA appraisal reviews."

"The use of LSAM reports in future VA appraisal reviews by VA RLC staff and Lender SARs will help to ensure that VA appraisals are fully complete and acceptable following appraisal industry standards and meeting applicable VA, Uniform Standards of Professional Appraisal Practice and Uniform Appraisal Dataset requirements."

"It is also anticipated that the future use of LSAM reports may result in increased communication or correspondence between SARs and VA fee appraisers. VA fee appraisers are expected to cooperate with SARs and respond to their inquiries as soon as possible, but no later than 2-business days after receipt."

This is expected to make reviews faster and more consistent.

Starting June 1, 2014, appraisals must be sent in MISMO XML format, the same format used by Fannie and Freddie.

Why is VA a "closed" panel and FHA is open to all licensed/certified appraisers?

I was at a meeting at a conference in San Francisco soon after FHA opened its panel to be more competitive in the mortgage market. One of the sessions was about VA loans.

At the meeting, the VA San Francisco chief appraiser said they were not going to open the VA panel. I don't remember exactly what he said, but I suspect that they realized there were many problems with the greatly expanded FHA panel.

Why does VA accept licensed appraisers and FHA does not?

FHA did not want to restrict their panel to certified only. The federal government required it.

VA has not been required to only accept certified appraisers.

Experience requirement

You need a minimum of 5 years of appraisal experience.

Why does VA require a credit report?

If you owe money to the federal government, you are not eligible for the VA panel.

Just like landlords, and some businesses, VA wants to be sure there are no financial pressures that could make appraisers to make the deal, such as "making" the sales price or not disclosing defects.

The reason for a low credit score is important, of course. For example, a low score because of medical bills is better than running up your credit cards for vacations.

Is there any preference for veterans or minorities?

Although minority status information is requested on the VA application, it is not a primary criteria.

There is no question on the application about veteran status.

They grade the applications based on experience, courses, teaching, etc.

According to Gerry Kifer, if there are two equal finalists for a VA opening, the preference will be for a veteran. So, be sure to mention it somewhere, such as in one of your reference letters.

When did VA start recruiting for their panel?

When I started appraising in 1986, it was very, very difficult to get on the panel. Everyone said you had to be a veteran, son of a veteran, politically connected, etc. All the appraisers I knew never considered doing VA appraisals because it was too hard to get on the VA panel.

The VA had their first recruitment drive in 2004-2005 and increased the panel about 45% over a 2 year period. I was called on the phone by VA in 2004, but was not interested as our home prices were well over the VA limits at that time and VA loans were not popular in my area. I was on the FHA panel from 1986-1988, but quit when our prices went way up and I didn't want to travel to counties with lower prices.

By 2007, about 2/3 of the panel was gone through attrition for various reasons.

After the 2008 mortgage mess, VA loans started becoming more popular and the remaining VA appraisers were getting swamped with work.

In 2011, VA started another recruitment drive, which is still continuing.

The forecast is for fewer appraisers for many reasons: aging baby boomer population, difficulty in getting training, low fees from AMCs, etc. VA will still recruit in the future.

Their primary recruitment method seems to be calling appraisers, using the ASC list, focusing on geographic areas where they need appraisers, typically by state.

How does VA evaluate the applications?

They grade the applications based on experience, courses, teaching, etc.

What type of appraisers does VA want?

When you work for VA, forget what you may do with FHA and conventional loans. You work for the veteran, not the AMC or lender. You will never be removed from rotation because you came in low on a sale.

Integrity was mentioned by several VA appraisers. VA wants appraisers who tell them what the value is, whatever the sales price. Appraisers must report any problems that VA wants to know about, such as peeling paint installed before 1978.

What about being removed from the panel?

Appraisers can be removed for being late often, incompetency, refusal to follow VHA guidelines, etc. You will be given ample warnings of what problems you need to correct.

When interviewing VA fee appraisers I didn’t hear about anyone being removed.

Completing appraisals on time is very, very important to the VA.

Your appraisals will be reviewed by FHA experienced staff appraisers. When you are new to the panel, you will be watched carefully. Also, you must comply with VA requirements (in the handbook).

How long does it take to get on the VA panel?

If they have an opening in your area, it can be very quick.

But, most appraisers say they have to reapply and it can take quite a bit of time. (See Dustin Harris' article in this newsletter).

You must be persistent. Mark your calendar for when it is time to resubmit. Check with your RLC to see their requirements.

How often can you reapply if you are not accepted the first time?

Regional Loan Centers (RLC) vary. Check with your RLC.

Per Gerry Kifer, VA Supervisory (Chief) Appraiser: "We do not have a nationwide standard for how often an appraiser may apply. Each of our Regional Loan Centers (RLCs) sets how long they will retain applications or how often they review new applications."

"The RLC is supposed to send an acknowledgement letter to an applicant and advise how long the application will be retained before a new application would be appropriate."

Ask your RLC if you can use your old reference letters and if they want new dates on the letters.

Other requirements

Sample URAR report.

Regions may add additional requirements such as a resume and other requirements.

Three reference letters are required

Two are from appraisers who knows you, your work, your reputation, and your qualifications. The third is from a client who knows you, your work and your timeliness.

It is best to draft up a sample letter and send it to the referral source. It makes it a lot easier for them. Have slightly different ones for each referral. If you are a veteran, be sure one of your reference person mentions it in their letter.

Include your teaching, serving on state appraisal board, officer in appraisal associations, etc.

What to include in an introductory letter

If your RLC allows an introductory letter from you, be sure to state your qualifications, designations, and who recommeded you.

Carefully check this letter to be sure there are no typos, grammatical errors.

Always, always someone else check the letter. This letter shows the VA that you can write well, which is important for appraisals.

Reference letters

Be sure to speak with them first. Select references that are familiar with your work. Also include that you are familiar with the counties you are applying for. If you are not familiar with the county, check USPAP to see how you will gain competency. The VA is desperate for appraisers in many rural counties.

Sample phrases for reference letter from an appraiser

Here are some appraiser referral sample phrases:

"I have known Ms XX professionally for nearly 20 years, since she started in the appraisal business. She is a highly competent appraiser with an excellent knowledge of the residential property market in XX market areas. As a Certified Residential appraiser myself, Ms XX is my "go-to" person when I've got a difficult assignment. I value her expertise, experience, and knowledge. She is benefitted by her background and interest in economics and social demographics."

Another sample phrase:

"He is active in several appraisal organizations, including the Appraisal Institute, and is well informed on local market trends and situations. As a review appraiser, I have had an opportunity to review a number of Mr. XX's appraisals. I have always been impressed with his accuracy and attention to details and his strong sense of appraisal principles and procedures. His conclusions are always logical, well documented, and supported."

Sample phrases for reference letter from a client

Your client letters should talk about timeliness, expertise, how long they have known you, what the person giving the referral does, etc.

Here are a client sample phrases:

"I am the Mortgage Manager for XXX Credit Union. I have had the pleasure of working with XX of XX Appraisals for over 10 years. My experience with XX work is that it is exemplary. He maintains only the highest set of standards with regard to appraisal guidelines and USPAP integrity.

"His work is timely and thorough. With the onslaught of recent mortgage and lending legislation, his appraisals have met and or exceeded all quality control standards and reviews. Further, he is a certified appraiser which is above and beyond the standard licensing requirements." "XX would be a tremendous asset to the VA panel of appraisers and I would highly recommend his work. If you have any questions, please do not hesitate to contact me."

What if you don't know any appraisers who can write letters?

You need to meet more appraisers face to face. The VA prefers appraisers who keep in contact with other appraisers on a regular basis.

They want professional appraisers who have other appraisers they can call for those tough assignments that we all get.

Networking with other appraisers

can really help you, even if you don't want to do VA appraisale! Someone to talk with about appraisal problems, get and give referrals, etc.

What about training?

It varies by Regional Loan Center. Some have classroom or telephone training and some don't. VA has recorded webinars.

The new VA appraisers I spoke with (joined in past year) said they mostly studied the handbook.

VA has very good support from staff appraisers if you have questions. Contact your local RLC.

How do you control your volume of VA loans?

You decide how many to accept per week. *Do not sign up for a large number of appraisals per week as you may get overwhelmed when it is busy.*

Some RLCs may limit the number to 5 per week.

You can easily change the number per week

You can go off the panel for vacation, school, medical, etc.

However, some RLCs don't like it without adequate notice because the other appraisers in the county may be overwhelmed. The RLC may require at least a month's notice, for example.

What geographic areas does VA use for appraisal assignments?

Typically it is by county. They use zip codes in a few counties. When you apply, you list the counties where you want to work.

Consider working in rural counties

VA only has about 6,200 appraisers for the entire country. Lenders and AMCs can use whatever appraisers they can find. VA can only use appraisers on their panel.

When a veteran applies for a loan, they can be located anywhere.

To get appraisers in rural counties, sometimes VA "negotiates" with appraisers in more urban counties to accept work in a rural county as well.

This can definitely help you get approved for VA. Of course, you will have to get geographic competency, which can be done, per USPAP, several ways. If you already are familiar with a nearby rural county, this will really help.

Dustin Harris, who wrote one of the articles in this newsletter, said that working in a distant area helped him get on the panel. He had been working in this area for many years and was familiar with the market.

How are appraisals tracked?

Through the VA Portal. Appraisers communicate through the Portal.

What is the Tidewater Initiative (additional comps, etc. are provided)?

Tidewater started in 2003. Most appraisers don't like it of course, but it is mandatory.

I assume this was set up to give veterans a recourse if their appraisal is low.

Here is excerpts from VA documents.

"In brief summary, the Tidewater procedure allows an opportunity for a designated "Point of Contact" to provide market evidence for the appraiser's consideration prior to establishing the final URAR value. The appraiser initiates the procedure by alerting the Contact person that the appraised value appears likely to come in under the sales price.
The appraiser should not discuss the appraisal contents except to explain that the comparables located by the appraiser do not adequately support the sales price."

"The Contact person then has two business days to provide additional sales information in support of the sales price. Verification of closed sales is required. (Pending sales may be offered, but should only be used to support time adjustments.) All attempts to communicate with the designated Point of Contact must be documented to show the date of the attempt, the party's name and phone number, and whether or not additional information was provided."

Often the buyer or seller agent is the Contact Person.

Many appraisers said few people sent in additional information.

One appaiser emails the Contact Person a grid to fill out and send back.

The appraiser is required to include the communication in the final appraisal report.

Sometimes you have verbal and email communication with the lender, loan officer, selling agent, or listing agent.

There is also a Reconsideration of Value where the SAR can increase the value by 5% (except where state law permits only licensed appraisers to amend an appraisal report).
Requests for an increase of more than 5% but less than 10%, the LAPP SAR will forward the request to the

fee appraiser for review. The appraiser should record the date the request was received, review the request and upload his/her recommendation into eAppraisal (portal) within 5 business days.

When do appraisals come in low on VA loans?

You may have to change your mindset about coming in low, as it is a very common complaint. The VA wants you to give an honest opinion of value, which can be quite different from other clients you have.

Because many sellers prefer cash or conventional loans, getting them to accept offers with VA loans can require a high offer amount. Buyers and sellers can renegotiate the sales price. Or, the veteran can just lose out on the purchase. Of course, they can always convert to FHA, where somehow the value is typically the same as the sales price.

Again, your job as a VA appraiser is to protect the buyer from paying too much. You will never get kicked off the panel for coming in too low.

What about volume of VA work?

VA is 100% down with no PMI. FHA has mortgage insurance requirements. VA is popular.

Just like all other lender work, it is subject to ups and downs. When rates were low recently, VA appraisers were swamped with refis. Before 2008, conventional loans were much easier to get than VA, so there were few VA loans.

A local appraiser I spoke with, who lives close to my city, said he has been on the VA panel since 2001. He was busy in the early 2000s, until prices went over the VA "limit" in 2003-2004. He didn't get anything from VA until 2008, when prices dropped and VA loan limits were increased. He got a complaint from VA. The person who called said he was late on an appraisal. He had not checked the VA portal for many years. Our median price is around $625,000. The VA increased the "limit" to $1,050,000 in 4 of his nearby counties. Most of his purchase work is in a nearby county with much lower prices. He had 10 orders in January, 2014 and 6 orders in February, 2014.

Currently, VA loans are very popular with lenders due to the relatively easy qualifications and 100% down payments. Bankers are looking for government-backed "gold plated" loans. Another appraiser said if you go into a bank and say you are a veteran they welcome you with open arms.

Purchases are a bit tricky, as many sellers prefer conventional loans.

Refis are good as there are no problems with coming under the sales price.

If you are close to military bases, typically VA loans are popular.

To find out what is happening in your area, go to http://www.veteransunited.com/resources/stats/ I didn't check to see if this is totally accurate, but it was referenced in a recent New York Times article, so I assume it probably is correct. VA loans were up almost everywhere in the country. This web site is also good for general info on VA loans.

Loans vary widely from one part of a state to anther. One very good way to find out how many loans are done in your counties is to use public records to sort or search for VA loans.

What about liquidation appraisals?

This process is "set in stone" and has very specific requirements, such as trying to get access 3 times. No trip fees are paid and typically no fee increases. Short turn around times also. Sometimes lenders are slow to pay. Check with your RLC.

Many thanks to those who helped me with this article

Gerry Kifer is the Supervisory (Chief) appraiser at VA and has been there since 1984, except for a brief 14 month period at FHA in 2010-2011. He was very helpful, and will be at the two conferences below.

Thanks also to appraisers Mic Hamilton, Doug Smith, Barbara Radcliffe, Mike Garrett, and all the others online and by phone who provided information.

What if you don't want to work for VA?

I spoke with appraisers who went through all the hassles of getting on the VA panel and didn't like it or quit soon after getting on the panel.

That's one of the reasons I wrote this article. Not every appraiser will like working for VA.

I quit the FHA panel many years ago because I did not like the hassles.

If you have good clients that you like, don't bother with the VA.

Where to get more information

If you want to speak with someone from VA in person, go to this month's Appraisal Buzz conference in Las Vegas June 24-16. The fee for the Expo only is $249. www.valuationexpo.com. Or, go to the Appraisal Summit November 13-14 in Las Vegas. www.appraisalsummit.com. VA will have a booth at both events.

For any questions, call your regional loan center.

Google VA documents, such as location of regional loan centers to find out which one you are in. Google VA regional loan center.

To get an overview, google a recent New York Times article, "A Big Year for V.A. Loans".

There is a FHA/HUD/VA section on www.appraisersforum.com that has comments from appraisers who do VA fee appraisals. The comments tend to be negative, like may other forums on this web site, but there are some positive postings. Plus, it also gives you a perspective on how VA varies around

The Veteran's Administration - A Model for all AMCs

By Dustin Harris,

The Appraiser Coach

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Let us begin with the obvious — the Veteran's Administration (VA) is not an Appraisal Management Company (AMC). They are a non-profit, government entity that works under different rules, so making a direct comparison between the two is not entirely fair. However, there are some things I think every AMC should learn from the way VA treats their appraisers.

Personally, I have been trying to get on the VA's appraisal panel for over 6 years. They are a tough nut to crack. After much persistence, however, I was finally able to break through the Fort Knox of their approval process and win my Golden Ticket! I have been on the VA panel now for about 6 months and I have been truly impressed.

Here are a few things every AMC can learn from the VA:

1. Orientation Training

Editor's note: not all Regional Loan Centers have classroom training. When I was first hired by VA, I was asked to attend a mandatory training. Rather than being upset by this, I welcomed the opportunity. Let's face it, I had wanted to do work for VA for a long time and, now that I had the chance, I sought to do a great job. How could I do that without a little information?
A short training helping me understand VA inspections and reports was a welcomed education.

It is common with some AMCs to be upset at appraisers for not doing things "the right way", when what they really are upset about is that it wasn't done "their way." Problem is: they never told us what "their way" was to begin with.

2. Ongoing Education and Client Services

Unlike my experience with some AMCs, I have never felt berated by the VA. When you make a mistake, their attitude is to educate, not belittle.

On many occasions, I have picked up the phone or fired off a quick email to the VA help desk. My questions are always answered promptly and in a professional manner. It makes me want to ask more questions, rather than just doing it the way I think they may want it to avoid being talked-down to.

3. They Leave Me Alone

Ask any appraiser who deals with AMCs and they will tell you a good portion of their day is spent taking phone calls or emails from them wanting status updates. Sometimes you get calls from three different people at the same AMC, all within the same hour, looking for the same update! And half the time you already updated it on their website!

Not so with the VA. They send me the order via email. The next time I hear from them is when I turn in the final report. Nice! I guess they figure they can trust me to get the order done on time. If I didn't deliver on a regular basis, I would expect they would stop sending me orders—as they should. AMC's: I will get your report in a lot sooner if` I do not have to stop working on it to take your phone call.

4. Easy to Navigate Web Portal

It sometimes takes me more time to upload a report through certain AMC website portals than it did to write up the report to begin with! At the VA, you convert the report to pdf and upload it. Easy as pie.

5. Customary and Reasonable Fees

Bottom line: the VA pays me well for my services. This does many things for the relationship between them and me. First, I feel like I am appreciated. This causes me to want to keep doing business with them. When there is a revision request (this is rare with the VA), I welcome the opportunity to comply.

Finally, I spread the word that the VA is a great place to work and they have no shortage of good, quality appraisers knocking at their door.

6. Appraisers are Friends, not Food

Finally (and I saved the best for last), the VA treats their appraisers like professionals. They see us as equals and there is generally a good feeling on both sides whenever I have a conversation with them. In my orientation with VA, I asked a question about whether the cost approach was always necessary in a VA report. I was told that I should only include it if I felt it was necessary to producing a credible report. What a breath of fresh air!

Another newbie asked if we should at least include the land value. We were told "No," but that if we did provide a land value, we also better include an addendum with land comps gridded out and adjusted to support the land value reported. Finally, someone who understands appraisal!

We appraisers get tired of being talked down to. The condescending, "I'm right and you must do what I say" attitude that comes from some AMCs is tiresome. Being told I must do this or must do that "because my screen has a checkbox that must be checked before we can submit this report" is old. I understand that there are certain things that must be done a certain way.

In many cases, we are dealing with financial transactions here, but the inability to listen to reason from the ‘boots on the ground' appraiser is causing feelings of disdain toward AMCs.

I was recently told by an AMC (which will remain unnamed) to take a photo of the subject's street going both directions. In the report, I explained that the subject sat at the end of a cul-de-sac and there was no alternative street view available. After much back and forth with the representative from the AMC, I finally copied the front photo, pasted to a photo addendum, and labeled it "Alternative Street Scene." There, check your box!

AMC's, take note

The Veteran's Administration "gets it" when it comes to appraiser relations. You would do well to take a few pages from their book. Please take a few pages from their book! Please? We don't want to hate you. You just make it so easy!

Now, go create some value!

About the author

Dustin Harris is a multi-business owner, but he has found most of his success as a self-employed, residential real estate appraiser. He has been appraising for nearly two decades. He is the owner and President of Appraisal Precision and Consulting Group, Inc., and is a popular author, speaker and consultant. He owns and operates The Appraiser Coach (www.theappraisercoach.com) where he personally advises and mentors other appraisers helping them to also run successful appraisal companies and increase their net worth. His principles and methodologies are also taught in an online, Mastermind group. He and his wife reside in Idaho with their four children.

Big Client is Watching You!

By Joshua Walitt

Did you hear the story recently about the appraiser who told off his client in front of a crowd of several hundred people? How about the one where he gossiped to all his colleagues about the company that just emailed him about potential work? Or, the time he tore apart his competitor by spouting insult after insult?

If the stories haven't been recounted to you, it's really no big deal – you can read about them on Twitter, Facebook, LinkedIn, blog comments, and online articles.

Take a look at a few short examples that I collected by perusing appraiser-related Internet sites for just a few minutes:

• "[Company] is one of the worst groups to work for. Arrogance and ignorance are the two middle names!
• Cheapskates and cheats! … I hope they rot in hell!!!"
"AMC Bullshit!"
• "I hope they choke on all their money!!!"
• "Go blank off losers"
• "I went off on them last week, and I literally think the guy on the other end of the phone was crying when I was done."
• "They are a pain in the ass to work with."
• "You are completely classless. [Expletive] you."
• "I signed in to their site to tell them to [expletive] off."
• "Wtf?" (This does not mean "Well, That's Fantastic".)

Keep in mind, some of the people that made these comments often contribute effectively and politely in various online forums. Some of them share good information. But what sticks in our minds? We remember the times when people lose their cool and act unprofessionally, which naturally taints our impressions of those people.

It's not limited to appraisers. Look anywhere and everywhere on the Internet and you'll find comments being shared that could turn our faces all shades of crimson if the comments were spoken in person. But people aren't embarrassed online; instead, they feel empowered. They aren't ashamed of poor behavior; they are pumped up by it.

But while the spoken word (and your aggravation) fades quickly, the online word is FOREVER.

A Permanent Record

"Appraisers forget time and time again that this is the Internet – what you post is archived forever – and that we live in a day and age where one's digital reputation is very important," says Matthew Biggers, Director of Community Partnerships at a la mode, inc., a software provider.

Venting is nearly inevitable for every line of work. We all have bad days, and it's healthy to let off steam. But appraisers, many of whom work in one-person firms, do not always have the convenience of a buddy at the water cooler. "In a way, it provides a substitute for office conversations, but you must remember there are always folks eavesdropping, and the conversations never disappear," reminds Frank Gregoire IFA RAA, a realtor and appraiser at Gregoire & Gregoire, Inc. A poster may claim he is "just venting", but that archived opinion doesn't disappear once the poster feels better.

Is there really a risk to your business, though? Biggers points out that in one popular Facebook "appraiser" group, there are nearly a hundred AMC and lender members. Think they aren't paying attention? Think again!

One appraiser recounts a story of an appraiser's deposition: Opposing counsel asked the appraiser to read a section of an article published online. He did, and then the attorney himself followed it up by reading a comment that had been posted to the end of the article, showing the commenter's clear bias. Who posted that bias-filled comment? The appraiser on the stand. He opened the door to questions about his objectivity with his comment – that had been made months or years earlier.

Commonly found in online discussion groups are questions or comments posted by appraisers that often show an alarming lack of knowledge related to specific appraisal issues. While the forum they're posting in may have appraisers qualified to help them with their question, we must cautiously ask: Could those posts be brought up in the future to question someone's ability? It is certainly possible. There is no expiration date for online comments, which allows readers to point to a lack of knowledge, bias, or just plain rudeness for years to come, even if a poster has changed his tune since then. Google and search fields in online forums are just a click away.

"Even typing in all caps, using improper punctuation, grammar, and capitalization hold a very high ranking in forming opinions of someone," adds a non-appraiser who is a member of several appraisal-related Facebook groups.

Engaging Communication

But it's not all negativity is it? Isn't there any productive reason that appraisers would want to engage in online social media?

Writing and engaging in the blogosphere "can be personally and professionally rewarding," says Woody Fincham SRA, of F&M Associates Appraisal Services, Inc. Many appraisers have found writing blogs and articles helps to set themselves apart from others, and allows them to act as a resource for appraisers and users of appraisal services. Of course, when presenting oneself as the expert, one must carry through on those promises.

One appraiser cautions, "I have seen people post and at times it seems like the blind leading the blind. … There are a lot of people putting in their two cents that probably aren't experts on a given topic. … The last thing I would want is a potential client googling my name to find a post with a lot of people disagreeing with me, regardless of who is in the 'right'."

While this tale may be cautionary, keep in mind that engaging in online communication can have positive outcomes. Being aware of legislative issues, software features, best practices, marketing tools, educational opportunities, general industry information, and job postings are among the many benefits. And many appraisers regularly provide insights into the appraisal world to non-appraisers, like lenders, homeowners, and agents; this type of sharing can make an appraiser the go-to person for their niche or market. Appraisers are finding ways to share information not only in written forums (such as Facebook, Twitter, and LinkedIn), but also through visual media like video channels on YouTube.

"I have seen blogs be a very productive resource for appraisers to communicate and solve problems together and also as a space to vent and express totally useless comments," says a Vice President of a national AMC. Still think potential (and current) clients aren't reading comments in the blogosphere?

The Ugly Side

Not only do online posts attack clients and the industry in general, but often target specific individuals as well. "It is sometimes shameful the way some appraisers attack each other, and that is demeaning in the public eye," says Fincham. These Appraiser v. Appraiser arguments can lead to an online string that lasts for days or even months, even though they were instigated by what may have been a relatively innocuous topic.

I once posted a link on an online appraiser group to a blog article I had written relating to appraisals. Almost immediately, a poster made comments full of assumptions related to my work, my fees, my turn-times, despite my having mentioned little about those business specifics. I felt compelled to set the record straight, so I engaged in the online conversation. In the end, the discussion remained civil and we understood and respected each other's positions, but the conversation could have turned much "uglier" in other venues with other participants.

Benefits

"Working alone, the Internet has been a terrific way of reaching out and not working in a vacuum," says Rachel Massey SRA AI-RRS, of Massey & Associates Valuation Services, LLC. "I want to try and stay positive, so tend not to read too much of the negativity," she adds.

Massey explains, "It opens you to others' ideas and expands your horizons. I have met people online who have become friends. … and have also forged good working relationships."

Can actual business be generated from blogs and other online commentary? Experiences vary from appraiser to appraiser. Some swear their blogs or columns have resulted in additional income. "Very rarely is business generated from my comments on facebook… but business is generated from my blog," says one appraiser who has been blogging for over 15 years. Others are not convinced. "I think it is more important to pursue professional designations than to invest a lot of time investing in an online presence," counters another appraiser.

Whether or not business can increase as a result of online interaction, one thing is clear: there is the potential to lose business and alienate clients (or potential clients) through online insults, negativity, disrespect, pettiness, and displays of ignorance.

Any direct benefits of interacting in the social media world are most likely not immediately realized. It takes time to establish an online rapport with potential clients and other appraisers, and in today's online world, it is becoming more and more of a norm for appraisers to engage in online social media, so there may be more competition online already.

But, as Tony Pistilli, Chief Appraiser of AXIOS Valuation Solutions, reminds, "You have to take the blogs and online forums as a tool that can be used in the appraiser's professional toolbox to his benefit or distraction… the choice is up to the appraiser."

About the author

Joshua Walitt is a Certified Residential Appraiser with Brownlee Appraisal Services, a firm of six appraisers in western Colorado. He is also the company's office manager and is currently training an appraisal trainee. Joshua is FHA-approved and was added to the VA appraiser panel in 2012. He provides appraisals to lenders, AMCs, attorneys, homeowners, and real estate agents.

In addition to his fee appraisal work, Joshua serves as a Hearing Officer for the Mesa County Board of Equalization, served on Colorado's AMC Rulemaking Task Force in 2013, and presents classes to real estate agents, lenders, and appraisers.

Prior to appraising, Joshua worked at retail branches of a national bank, with duties which included audit, sales, management, operations, and lending. He is a Candidate for Designation with the Appraisal Institute.

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Watch Those Concessions

By Doug Smith, SRA

Appraisers are scrambling to keep up with the changing real estate market as interest rates creep up, dampening sales and reducing the number of refi's.

Every day there is a new article on some aspect of the market. These mostly center on the consequences of a downward trend. Some of these exaggerate real market conditions.

It is too soon to make any great predictions but in general, rather than a steep down turn, the market appears to be righting itself and entering into a normalization phase with some market segments doing better than others.

Now, the market is changing and appraisers must remain alert to the subtleties of shifting conditions.

The first, and most noticeable, change in this new market environment is a jump in concessions that represent discounts from the listing price of home sales. While in some markets, discounts are taking a back seat as buyers deal with a perceived shortage of inventory, sales inducements in the form of credits to the sale prices remain a deciding factor in many real estate transactions.

The market may be improving, but we are a long way from when real estate agents were order takers or auction referees. Buyers are coming into the market savvy to market anxiety and are driving hard bargains. Rising interest rates provide an incentive to chip away at the final sales price.

Imperfect information is the norm

The typical list/sell ratios available on most MLS sites do not generally take into account concessions or correct for discounts and, therefore, appraisers are reminded to take list/sell ratios with a grain of salt so as not to miss true market trends.

The existence of concessions results in another problem for appraisers. Some concessions are based on nothing more than a straight rebate noted as an amount towards the buyers closing costs.

However, some concessions are based on home inspection items with some dealing with more serious issues such as roof replacement.

Appraisers reporting a concession for a roof replacement must take into account the consistency issue when reporting such concessions based on repair items.

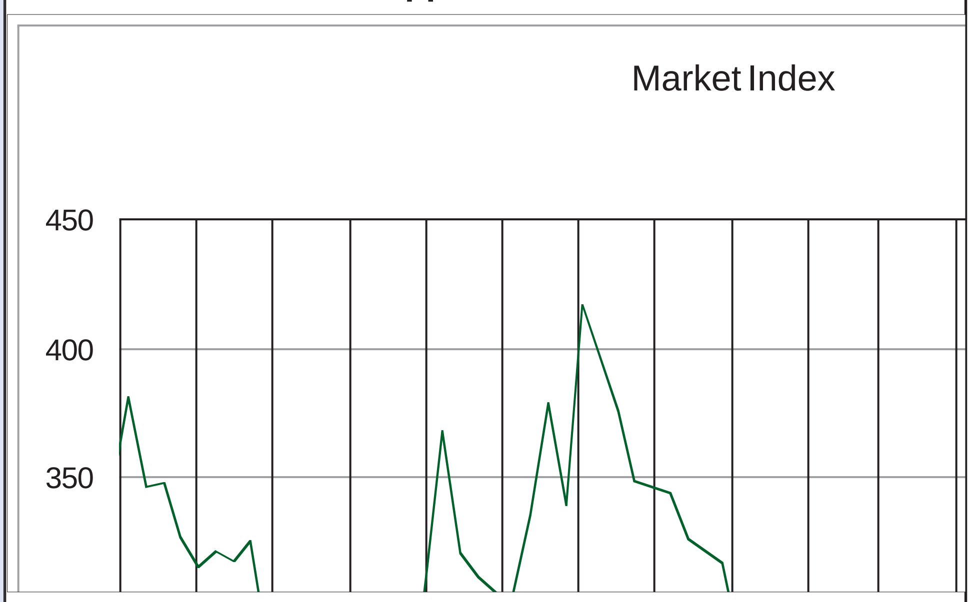
This article is a general review of concessions and the reporting expectations for appraisers.

Client Expectations

Simply put, mortgage lenders and certainly relocation companies now expect appraisers to carefully analyze a wider range of information than may have perhaps been given little attention in the last seven to ten years.

To reach a current opinion of value, appraisers must consider not only market supply and demand information, but specific information about pending sales, current listings, days on the market, price

MBA Loan Volume Application Index – 1/12 to 5/14



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reductions and the effect of notices of defaults and trustee sales on the market.

Increased data needs require appraisers to up the time spent with personal interviews with real estate agents and other familiar with the market.

One point everyone seems to agree upon is that the momentum of the most recent downturn has halted. Some are calling this the "correction" phase.

In some markets, values are still decreasing or lagging, but the rate of decrease has been cut back. In some markets, the market not only has stabilized, but there are signs of solid price increases.

Concessions have emerged as the leading indicator of the heating up of the market. Concessions can sometimes be hard to detect. Appraisers must sharpen their hunting skills to root out and report them.

What is the standard? Fannie Mae Guidelines

Fannie Mae addresses the process where appraisers gain information about the sale of a property.

In Part XI, Chapter 2 of the Fannie Mae Selling Guide it states: "The lender must disclose to the appraiser any and all information about the subject property of which it is aware, if the information could affect either the marketability of the property or the appraiser's opinion of the market value of the property. Specifically, the lender must make sure that it provides the appraiser with all appropriate financing data and sales concessions for the subject property that will be, or have been, granted by anyone associated with the transaction."

Both FHA and VA give guidelines on concessions.

In Mortgagee Letter 2005-2, FHA outlines, "Appraisers are required to identify and report sales concessions and properly address and/or adjust the comparable sales transactions to account for sales concessions in the appraisal of all properties to be security for an FHA-insured loan."

In a memorandum to appraisers, the VA informs, "Sales/Financing concessions must be properly addressed. If there are not any concessions, then simply state "no concessions" on the appropriate line on the market grid. If there are concessions, you must state the amount of the concession for each comparable sale and whether or not a value adjustment is necessary in the market grid. The reasoning for any financing concession being made or not being made must be fully documented and understandable to the reader. VA does not have a specified policy that is any different from other industry standards." Both the VA and FHA then concisely summarize the importance of reporting concessions.

A Matter of Definition

Sales concessions influence the price paid for real estate. Sales concessions may be in the form of loan discount points, loan origination fees, interest rate buy downs, closing cost assistance, payment of condominium fees, builder incentives, down payment assistance, monetary gifts or personal property given by the seller or any other party to involve in the transaction. With the rise in the number of buyers using home inspection services, appraisers are learning to recognize concessions that represent discounts based on the condition of the property. While some of these are based on purely cosmetic items such as carpet replacement, some involve more serious repair issues such as roof repairs. Here the appraiser, when reporting these types of repair concessions, must in the reporting sequence consistently deal with the repair item. If, for instance, there is a $5,000 concession for repair of the roof, the appraiser may be required to reflect the condition of the roof on the condition line of the report and deal with the condition of the roof in the cost approach. Finally, it may be necessary to complete the appraisal subject to repairs

Stalking Concessions

With emphasis on a more thorough analysis of data, appraisers must step up their efforts to confirm sales.

While most real estate professionals provide information about concessions on the MLS property listing, appraisers know that, in many instances, this information is not disclosed.

Each sale must be verified with someone with first-hand knowledge of the transaction. Under scope of work reporting, appraisers are required to clearly state how the sale was verified and to explain to what extent.

In the current market, appraiser may want to dust off their sale confirmation procedures in the search for efficient ways to gather data.

The simplest means to navigate through the confirmation process is to ensure that good contact information is maintained with an up to date computerized contact program.

Some real estate offices have no concern about staff members releasing sales information. However, most real estate offices confine the release of data to real estate agents and brokers. Contact information can be accumulated over time as sales are confirmed with specifics noted as to the level of cooperation from staff members,agents and brokers.

Look-back concerns - previous sales

Appraisers also have the further burden of reporting concessions when it comes to prior sales.

The appraiser must not only provide an analysis of the current agreement for sale, but also an analysis of all prior transfers of the subject property that occurred within three (3) years prior to the effective date of the appraisal.

The appraiser must also provide an analysis of all prior transfers of the comparable sales that occurred within one (1) year prior to the effective date of the appraisal.

Again, under Scope of Work procedures, if the contract for sale for the subject property is not provided to the appraiser, the appraiser must report the steps or efforts taken to obtain the current agreement of sale.

If the data on comparable sales is unavailable, the appraiser must note the steps that were taken during the normal course of business to obtain the report information.

Appraisal vigilance

The dark side of the concession issue is that the reporting of concessions is not a mandatory requirement of most MLS organizations. Appraisers, however, are held accountable for an appraisal if the value is inflated due to concessions.

In the understanding of market strategy between buyers and sellers, appraisers have to be aware of the typical desire on the part of participants to build concessions into the contract price so they will be included in the loan.

This sets in motion a compounding effect when comparables without reported concessions are used in support of an opinion of value. Appraisers have to be particularly alert in the case of new construction.

How to handle concessions

According to Kathy Coon, SRA, in an Appraisal Buzz interview, "... Appraisers also confront the overall confusion about how to handle concessions.

Some appraisers are misinterpreting the word "typical" as it is used in the definition of market value, thinking that if a lot of sellers are paying concessions - especially from new home builders in the same neighborhood - then these are "typical" and therefore should not be deducted. That is incorrect.

Fannie Mae and FHA have both attempted to clarify the instructions to the appraisers. Any concession that has been built into and increases the contract price should be deducted when these sales are used as comps." (http://www.fncinc.com/Media_Library/Files/Public/Articles/Appraisal%20Buzz%20interview.pdf) Or, google Kathy Coon Appraisal Buzz interview. Scroll down the page to the section on concessions.

In the new market environment, there are greater expectations on the part of those obtaining appraisal services. As the market changes and, in most cases, in a slowly upward direction, appraisers must renew attention to the role of price discounts in the form of concessions.

About the author

Doug Smith has an appraisal practice in Missoula, Montana, and is a certified general appraiser doing both residential and commercial appraising with a specialty in hotel appraising and feasibility studies. He has an MBA from the University of Montana and the SRA designation from the Appraisal Institute. He can be contacted at hotelman@montana.com.