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# Appraisers' Voice

A Quarterly Report of NAIFA Activities and Events in Service to Appraisal Professionals

March 25, 2016

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**Calendar Upcoming Courses & Events**

**Wednesday, June 22, 2016**

- [Benefits of Going Paperless](#)  
Location: Portland, Oregon
- [Three Steps to Going Mobile](#)  
Location: Portland, Oregon

Hello to My Fellow Professional Valuers of NAIFA,

What about the business of customary and reasonable fees? Since the majority of the membership does residential lending work, my intent of this writing is to communicate with you about this subject matter.

It all began with the Dodd-Frank Financial Reform Bill. This bill stated that licensed and certified real estate appraisers shall be compensated at customary and reasonable fees for appraisal reports prepared and completed for federally regulated transactions. To legally enforce the definition of "customary and reasonable" has been a difficult one. I share the opinion of many fellow appraisers that customary and reasonable was arguably one of the most ill-conceived notions in the Financial Reform Bill. There may have been good intentions behind it, recognizing that quality reports are dependent on properly paying appraisers and also the need of protecting the consumer. Would you not all agree, it did create nothing short of price control then and to some extent today?

It only makes sense that fees for an appraisal should be controlled by the appraiser responsible for determining the work necessary to complete any appraisal assignment presented. As professional valuers of real estate you know already what the usual fee or customary charges are for appraisal services in your area. You had been doing it for years prior to the law with the list of clients in your own portfolios. You have recognized the practical sum to sustain a living in your chosen profession. Does it not make sense to be able to cordially command adequate and outlined fees in your market area? I will touch on this a bit later.

Much of the lending industry, not all, seems to be the only user of appraisal services who desires quick and inexpensive appraisal reports opposite to what is cited by the Interagency Guidelines on Appraisals. Many AMC's, not all, who as third party service providers have become a primary source for fast and cheap appraisals that

## President's Message



**Louis A. Bonato, IFA**

**Friday, August 12, 2016**

- [2016-2017 National USPAP Update](#)

Location: Fairfax, Virginia

**Wednesday, September 7, 2016**

- [2016 National Conference](#)

Location: Fort Lauderdale, Florida

**Thursday, September 8, 2016**

- [2016 Instructors' Conference](#)

Location: Fort Lauderdale, Florida

[View the NAIFA calendar](#) on our website.



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determine their profit margins and not yours. It is a shame that there is a certain segment of appraisers who provide such service. Each and every assignment requires the adequate time necessary to complete the request in a diligent and competent manner. The turn time of the report should not be ordered in a manner that compromises the valuation, resulting in a less than trustworthy assignment conclusion. The decision to accept less than adequate compensation and to complete reports in less time than is acceptable has been a common theme in some venues. Remember, adhering to lower fees and unrealistic turn times dictated by your client are business decisions and doing so says that those fees and turn times are "customary and reasonable".

Understandably, there are many appraisers who feel they are pressured to provide this type of service to stay in business. However, I ask of you not to compromise the quality and diligence because of low fees and turn time requirements. That is called professional integrity. Bear in mind a completely unbiased and uncompromised real estate appraisal is expected to be completed ethically allowing adequate time necessary to produce supportable, defensible and credible results.

I mention this because in some past appraisal circles, I have been witness to admitted behavior that cross the line and could be considered unethical. Justified by what is considered by these individuals as unreasonable demands put upon them by their clients considering the low fee and turn time requirement. Forgetting no one forced them to accept the assignment in the first place. However, it is not just the lender who suffers from this type of practice, but also the consumer who knows very little about the term customary and reasonable and is not expecting to receive a report of diminished quality due to fee and turnaround time pressures. Over time, a habit of unethical behavior will eventually be revealed and it is curtains for the person once that type of conduct is discovered.

There is no doubt, most professional valutors of real estate have adjusted to the fee and time situation having plenty of business, but at a cost of working harder and longer for less money compared to years ago. Obviously, it cannot be up to individual appraisers of what happens in the world of appraisal legislation and regulations, but up to appraisal organizations and coalitions such as NAIFA fighting for the intent of the customary and reasonable law to be correctly enforced. There is no doubt that any improvement have resulted by such organizations voicing their opinion for practical change, correction or enforcement including a standard they should hold AMC's to. I am not convinced that some leverage could swing back to appraisers by itself as the appraisal ranks continue to thin out. The continued voice of appraisal organizations such as NAIFA is a necessary instrument for the appraisers' well being. The pace is slow and seems to take forever for matters such as these to be resolved, but it is still an essential one to pursue.

I work for a lending institution as the Appraisal Review Officer. I bring this to your attention, not to speak about me, but about the process in reference to the customary and reasonable fee issue. Again, when the Dodd-Frank Financial Reform Bill empowered the states to enforce customary and reasonable fees years back, there was confusion. Very few voices offered potential solutions of determination or standardized method to go by and apply it. Not to be caught off guard by the new law and unable to defend the residential

appraisal fees charged to the consumer, it was decided that appraisal fees for an independent appraisal should not be directed or controlled by anyone except the independent fee appraiser responsible.

Who knows best for determining the scope of work necessary to complete the appraisal assignment other than the appraiser? Therefore the institution I work for had encouraged me to handle this responsibility by coordinating the fee structure. Polls, surveys and engagement letters have been in general, reviewed annually to determine the acceptable fee structure for the upcoming year. Many of you in the state of New Jersey have been part of the process. This format of determination has work for the lending institution I work for. There have been no issues to date by internal banking review, external banking review or by a regulatory review of this process.

More to come I am sure.

Louis A. Bonato, IFA  
2016 NAIFA National President



## **2016 NAIFA National Conference - Registration is now OPEN!**

Registration for the 2016 NAIFA National Conference in Ft. Lauderdale, Florida, is now open. [Click here](#) to register online now!

Be sure to visit the [NAIFA conference](#) page to learn more about hotel accommodations, access travel information, and get information about area attractions.

Be sure to join us for another year of education, networking, and some fun in the sun!

## **FHA Survey**

Since the implementation of more extensive requirements while performing FHA appraisals, many appraisers have ceased to perform FHA appraisals or have raised their fees. We would like to know your decision in regards to FHA work. Please follow the link below for five short Yes/No questions. After we have compiled the answers, we will forward this information to HUD, NAR, AARO, the Sponsoring Associations of The Appraisal Foundation, and other various entities such as state political action committees, etc. We believe the viewpoint of the appraisal profession with respect to these additional requirements needs to be heard. Results will be posted in our next Appraisers Voice issue.

[Click here](#) to participate now!

## **Online Education Available Now!**

In addition to our [live classes](#), NAIFA is now pleased to partner with Career WebSchools to offer online Real Estate and Appraisal

education.

To access this premier online education, please click on one of the links below:

[NAIFA Members\\*](#)

[Non-Members](#)

\*NAIFA members will need to log in to access this page. Please use the "Forgot Your Password?" feature if you do not remember your login information.

## **NAIFA Announcements: 2016 Member Contests and Competitions**

Due to the success of NAIFA's contests and competitions in 2015, we have brought them all back in 2016!

### **NAIFA Chapter Member Designation Competition:**

The Chapter that enrolls the highest percentage of new NAIFA-designated members (as a percent of prior designated membership) will receive one free membership to award for 2017.

To qualify for this contest, each new designated member must be:

- An associate-appraiser or candidate NAIFA member who receives a passing grade on his or her demonstration report by August 31, 2016 *or*
- A new member who applies for reciprocal designation using his or her designation from AI, ASA, ASFMRA, CNAREA, IAAO, IRWA, or MBREA.

### **NAIFA "Member Get a Member" Challenge:**

Current members who refer a new member from October 1, 2015 - September 30, 2016, will receive \$25 per referral discounted from their 2017 NAIFA National dues, up to the total amount of their annual National dues invoice.

#### **Guidelines:**

- The new member must provide the referring member's name in order for the referring member to receive the \$25 referral credit off their 2017 NAIFA National dues.
- The new member must join NAIFA from October 1, 2015 - September 30, 2016.
- Discounts are credited towards your NAIFA 2017 National dues. Chapter dues are separate.

### **Course Coordinator Contest**

The Course Coordinator Contest provides the opportunity for EVERY Course Coordinator to WIN a free registration to the national education conference. That's right, not just ONE, but ALL! Just hold four classes from January 1, 2016 - August 31, 2016, with a minimum of 80 total students and you can win a free registration, as long as all paperwork is received and the class is closed out. Please check the NAIFA website for the announcements and explanation of rules.

Additionally, the course coordinator who holds the most classes and has the most students will win a \$500 stipend for travel expenses. So, get busy and WIN!!!

For questions regarding the above information call 312-321-6830, or email: [info@naifa.com](mailto:info@naifa.com)

### **A La Mode - Community Partnership Program News**

One of the benefits of our organization being an A La Mode Community Partner is getting an exclusive "Give Back Code." Our code is **AFFNAIFA**. Use it on your A La Mode purchases and they'll donate a portion of what you spend. Nationally, A La Mode expects to donate hundreds of thousands of dollars each year to groups like ours. That is a big commitment and we're happy to include ourselves among those recipient organizations.

Again, our unique code is **AFFNAIFA**. That works whether you're renewing existing services, trying something new, or registering for a workshop. Every time you're checking out, remember to use code **AFFNAIFA** or tell the sales rep you're speaking with to add it. This continual funding from A La Mode really helps us advocate for you.

### **NAIFA Members Only Benefit**

#### ***AHP - Association Health Programs***

NAIFA members can receive up to 40% discounts off their health insurance needs. Contact AHP directly to obtain program information and request a quotation. [Click here](#) for more program information.

### **NAIFA Members Only Benefit**

#### ***Access Denied - RFID Blocking Products***

Protect Your Identity with Access Denied ® RFID Blocking leather wallets, passports, purses and briefcases. Prevent thieves from skimming your personal information that is encoded and embedded on your credit cards, passport, driver's license and insurance cards. Stop thieves from remotely accessing your bank account and credit card numbers electronically. NAIFA members receive a 15% discount on all purchases! [Click here](#) to learn more!

### **Consumer Assistance**

#### ***Free Appraisal Quote Service & Links***

Wouldn't it be great if new leads, new business, and potential appraisal work could come to you without having to lift a finger? As a NAIFA member, it can! [Order an Appraisal](#) was designed by NAIFA in order to bring members new work at no added cost to the member or consumer.

#### ***How "Order an Appraisal" Works***

NAIFA offers lenders, brokers, attorneys, and real property consumers the ability to contact qualified NAIFA appraisers in order to request a free quote and/or order an appraisal. Better yet, this is all done online - no paper forms to mail and no credit card information required. The entire process is completed in two easy steps.

1. Search and review local appraisers
2. Send those appraisers your basic job details and submit!

The request will then be routed electronically to your list of pre-selected appraisers. Once the NAIFA appraiser receives the request, he/she will send his/her quote back to the customer. If the customer is happy with a particular quote, he/she can then order an appraisal from that appraiser.



Participation is easy and included in all of NAIFA's memberships. To ensure that your name appears in search results, keep your online NAIFA profile updated. If you have not recently viewed or updated your profile, [click here](#) to go to the NAIFA website and log in to do so.

### Consumer Assistance

The Consumer Assistance section of the NAIFA webpage has been updated with new resources for consumers:

- [What is an Appraisal?](#)
- [Why an Appraisal?](#)
- [Order an Appraisal](#)
- [Understanding an Appraisal](#)
- [Why a Professional Appraiser?](#)
- [A Lender's Guide to USPAP](#)

Click on any of the links above to view the latest industry and consumer information.

### Industry News

**NAIFA Issues White Paper on FIRREA Title XI:** NAIFA and ASA have authored a white paper addressing the proposed redefinition of FIRREA Title XI. NAIFA believes that the proposal under consideration would irreparably change the current national appraiser regulatory and operational system.

To read the full White Paper, [click here](#). To read a covering letter signed by NAIFA and ASA, [click here](#). To read a one page synopsis, [click here](#). Finally, if your organization would like to endorse the White Paper by becoming signatory, please contact John D. Russell, JD, Director of Government Relations for NAIFA and ASA, at [jrussell@appraisers.org](mailto:jrussell@appraisers.org) or 703-733-2103.

**The Appraisal Foundation:** The Appraisal Foundation Announces Elections and Appointments for the Board of Trustees and Appraisal Practices Board. [Click here](#) to view the article.

**Training:** FHA Appraisals Live Training. Friday, June 24, 2016, 9:00 am - 11:30 am EST. Department of Housing and Urban Development, Boston Regional Office, Thomas P. O'Neill Federal Building, Classroom B, 10 Causeway Street, Boston, MA 02222-1092. [Click here](#) to register.

**National Mortgage News:** [Are Appraisal Changes Putting FHA Loans at a Disadvantage?](#) By Brad Finkelstein. Reposted with permission of National Mortgage News.

**The Appraisal Foundation:** The Appraiser Qualifications Board (AQB) has issued the following [June Q&A's](#).

**The Appraisal Foundation:** The Appraisal Standards Board (ASB) invites you to its upcoming Public Meeting on June 17, 2016, in Indianapolis, Indiana. [Register here](#).

**The Appraisal Foundation:** The Appraiser Qualifications Board (AQB) will hold a Public Meeting in Las Vegas, NV on Friday, June 24, 2016. Please take a moment to register for this meeting if you plan to attend. The meeting is being held Friday, June 24, from 9 am - 12 pm at the Las Vegas Marriott, 325 Convention Center Drive, Las Vegas, NV. 89109. [Click here](#) to register.

**Working RE:** [AQB Proposes Alternative to College Degree Requirement](#). Article by Isaac Peck. Posted with permission from Working RE.

**USPAP Flexibility at a Glance:** [Click here](#) to view.

**The Appraisal Foundation:** The Appraiser Qualifications Board (AQB) seeks your input on an Exposure Draft of Proposed Changes to the Real Property Appraiser Qualification Criteria. The comment deadline is June 17, 2016. The AQB will also accept comments at its next public meeting in Las Vegas, Nevada on June 24 , 2016.

- To access the exposure draft [click here](#).
- To register for the AQB public meeting in Las Vegas, Nevada, [click here](#).

**The Appraisal Foundation:** On April 13, 2016, the ASB published the First Exposure Draft of proposed changes for the 2018-19 Uniform Standards of Professional Appraisal Practice (USPAP). [Click here](#) to view.

**Fannie Mae's New FAQ's:** [Click here](#) to view Fannie Mae's new Appraisal and Property Related FAQ's.

**Appraisal Buzz:** [A Shortage of Appraisers?](#) Article by David Bunton. Re-posted with permission by Appraisal Buzz.

**Working RE:** AMC Fined Over C&R Fees. [Click here](#) to read. Posted with permission from Working RE.

### **Like What You're Reading?**

***Join NAIFA today to become one of us!  
NAIFA: Your professional home.***

[Click here](#) for more information!

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