

The Scope



Volume 3, Issue 2

Mar / Apr 2007

NCPAC

**North Carolina
Professional
Appraisers
Coalition**

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2006-2007 Officers:
 President: [Darrell Hignite](#)
 Vice President/President Elect: [Doug Winner](#)
 Vice Pres: [Oscar Davis](#)
 Secretary: [Lauriette West](#)
 Treasurer: [Andy Ledford](#)
 Past Presidents:
[Baldy Williams](#) & [Curtis West](#)

Challenge to All NCPAC appraisers! By Amanda Rivera

Let's fill all 'Committee of 100' seats this year...

Hello NCPAC appraisers!

When I am not working on the Scope, (and not doing appraisals, ha!), in my spare time I am trying to get the word out to appraisers about filling all 100 seats on the "Committee of 100".

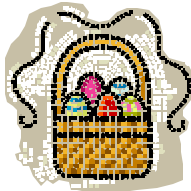
Darrell Hignite, NCPAC president for the year 2006, has made a bold challenge to fill all **100** of the Committee of 100 seats! Whew...

So why does that interest you, you ask? Well, here's some tidbits you might not know. To be a county representative, you do not have to live in that county. I work in Franklin county, but our office covers seven adjacent counties... If you feel competent in another county, you do a lot of work there, or grew up there, you might consider taking on the representation for that county.

Why would you want to do that you ask? Well another thing you might not know is that the Committee of 100 is involved in the election of the board members and officers for NCPAC. So if you are interested in getting some representation for your county. You can assume the county representative seat for the Committee of 100 in the county you are interested in. There is no test or anything, you just need to be interested in representing the needs of that county and be competent about that county. Please forward any questions you have about this process and any interest you have in representing a county!

See NCPAC website for more info on the "Committee of 100"

<http://ncpac.org/committees.htm>



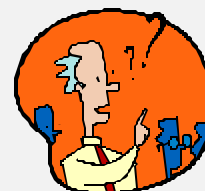
NCPAC Member Concerns

Question for NCPAC Board:

As a member of NCPAC I'm not seeing much going on in Western NC regarding meetings of this nature. We have an area representative yet we never have meetings. The annual meetings are good, however, if area meetings were conducted in each quarter prior to the annual meeting then we would be able to present ideas, concerns, etc. prior to annual meetings and those ideas and concerns could be addressed during the annual meetings. But it doesn't happen. The annual meeting appears to be nothing more than a tool to elect new officials and hear what the NCPAC board has accomplished throughout the previous year. Members appear to be left out in the cold, so to speak. The forums are good tools for members but many of the issues raised in the forums seem to never see daylight with our board members. What is NCPAC planning to do to involve the voices of ALL its members throughout the state? Why are we NOT having quarterly meetings in our respective areas to discuss issues? From my perspective, it seems like a one sided deal where most NCPAC members only have opportunity to become involved on an annual, one time basis, and the majority of members do not participate

So, I guess my question is "why are we not having local quarterly meetings chaired by our area reps?"

David Covington, NCPA



Answer from one member of the NCPAC Board:

Thanks David for taking time to voice your concerns. I hope that we can help answer your questions and make good on your requests.

Local bimonthly regional meetings are taking place in Raleigh, where a group called TCNCPAC, Triangle Chapter of NCPAC, has been active. I tried starting this group with help of local appraisers, but had trouble getting appraisers to attend, contribute, and volunteer. It was a frustrating and disheartening effort for me. Carl Foster took another stab at getting Triangle appraisers organized and has been far more successful than I ever was....

So now I dedicate my time to maintaining the newsletter, which I find fulfilling and rewarding (and sometimes frustrating and disheartening...) In the newsletter we try to solicit ideas from the entire state. We try to get residential and commercial concerns addressed, though recently a commercial appraiser told me he felt left out by our lack of articles pertaining to commercial concerns. I pleaded ignorance because I am not a commercial appraiser, and vowed to dedicate some time and space in every edition to something commercial in nature. So to answer your concerns in the manner that I am able, We will print any regional article you submit, including a start up local chapter if you wish to form such an organization. And when you have your meetings we will be happy to publish the invitations just as we do for TCNCPAC.

As for the annual meetings. We try in two short days to do so many things. For 2007 we are going to see if we can get it approved to expand to three days (though it will not be a conference event, but will be sponsored by NCPAC) if we can get some continuing education approved and offered to everyone. First thing we have to do at every annual meeting is discuss what we were able to do, what we plan to do, and elect new officers.

Those items will never change because that is integral to the whole process. Now in addition to those items, we like to include meetings, panels, information sessions that we think will be interesting and informative to NC appraisers such that they will want to attend. This is not an easy task. We rely heavily on volunteerism and as you might well imagine, appraisers are a busy bunch. We do have a meeting this year in Asheville, though it will be heavily invested in what will occur at the 2007 conference.

- Continued on page 3

Member Concerns Continued

Continued from page 2-

When I joined NCPAC, I was one to stand in the sidelines and grump, but I found that not much got done by just standing up and saying what I thought should be done. I found out that I had to get involved to get anything done. And believe me it is a frustrating process, the wheels of progress grind slow. But it is better to be involved, than it is to feel left out. I admire your courage and convictions and applaud any effort you put forth to further the industry of appraisal. We need people to get involved. We need change, but you have to be willing to step forward to get things done, and be patient when it doesn't happen overnight.

In the short few years NCPAC has been in existence, they have been able to make a difference. That is all anyone can ask. We can only improve from there. And many states are using our feeble attempts at organization as a model. Lord help them! Please do not give up on us. We will continue to represent the needs of all NC appraisers, whether they actively participate or not. But when individuals do get fired up, as you are, that is when it can be most effective.

I would also like to print your question in the March/April newsletter with your permission. We are very interested in the opinions and concerns of the members of NCPAC. And if you want local representation by goodness, we will find a way to make that happen.

As chairperson for the Committee of 100, I will tell you that even though you live in Buncombe County, you may represent any nearby county in which you feel "competent" to represent. I represent Franklin county in the committee of 100, but I also live in Franklin County. When it comes around to the annual meeting and time to vote for board members or officers, only the committee of 100 is allowed to make suggestions for these placements. You might consider taking Madison or Henderson counties as there currently is not a representative for those counties. This would give you a vote and a chance to place someone from your area into a position on the board to make difference.

Regardless of whether or not you choose to get involved, we appreciate your concerns and will make steps to improve our relations in your end of the state. Our 2007 conference in Asheville should be a good indication that we are trying. Please help us to know where we might improve and your suggestions will not be ignored.

Respectfully,

Amanda Graves Rivera

Response from NCPAC member-

Boy, I've had more contact from NCPAC members in the past two days than I've had in the 3-4 years of my membership. Thanks for passing along my concerns. I've received some very positive feedback from others regarding their chapters and starting one in our area. I spoke with Dale Smathers today and received some very satisfying information with regards to what he is working on in trying to form an area chapter. I also received an email from Carl Foster.

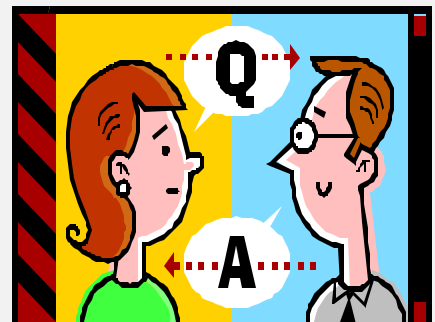
Feel free to print my question in the Newsletter.

Regards,

David Covington, NCPA



PS. Since we last emailed, our region has had an area meeting and the turn out was good! Not bad for a first meeting! Thanks....



NCPAC would like to welcome our latest new members!

Lynn Barwick	Mecklenburg	Joseph Matthews	Moore
Billy Strickland	Robeson	Marshall Costner	Mecklenburg
Bernard Iovine	Wake	Leon Whichard	Halifax
Bobbie Harmon	Bertie	William Hall	Wake
Carol Paul	Pasquotank	Michael Dodson	Wake
Will Cobb	Bertie	Bart Carter	Buncombe
Deborah Erpedling	Chatham		
Jessica Bunn	Wake		
James Malone	Franklin	Welcome to NCPAC, Lets Keep Growing!	
Dwight Cotton	Alamance		

MARCH Q & A from the Appraisal Foundation

Obligation to Analyze Prior Listings of Subject Property

Question:

I know that Standards Rule 1-5(a) requires an appraiser to analyze all current listings of the subject property. Does it also require analysis of *prior* listings of the subject property?

Response:

No. Similar to sales history requirements for comparable sales, this Standards Rule does not require an appraiser to analyze a prior listing history for the subject property. However, in the development of an appraisal, an appraiser is required under Standards Rule 1-1(b), to *not commit a substantial error of omission or commission that significantly affects an appraisal*. If information about a prior listing is known by the appraiser, and that information is relevant to the appraisal problem, it must be considered.

An analysis of the subject's prior listing history may be required by applicable supplemental standards in some assignments.



NCPAC Coordinates efforts with NCCOB

By Lauriette W. West-Hoff

Suggestions made to North Carolina Commission of Banks Friday March 3, 2007 in a meeting with NCPAC Board members:

Education & Training

Lenders are unaware of the Standards under which an appraiser has to perform. USPAP requirements and defining the Scope of Work is not understood by the Banking Industry. NCPAC's proposal is to have the Banking Staff complete an Educational Course on what type requests may be made to an appraiser may help the industry clarify what may be required in an assignment.

Black Listing of Appraisers:

Many appraisers face being "Black Listed" by some lenders if the value reported is less than what is anticipated or requested. Once placed on that list, there is no way to get off the list. This curtails the appraiser's ability to work in his/her profession. Guidelines should be established to determine what constitutes being placed on the "do not use" or "Black List" and further defines what corrective actions can be taken to get off of this list. Often, when placed on one institutions list, this information is passed to other lenders and the appraiser is "Black Listed" by many other lending institutions.

Complaints by Appraiser:

The primary complaints received by the Banking Commission from appraisers are related to the lenders' failure to pay for appraisals. A few relate to the lenders request for a particular value, but most complaints are unsubstantiated and undocumented. These complaints are usually reviewed by staff and dismissed. Documentation required must show coercion, extortion or fraud. NCPAC members stressed the fact that complaints, other than the collection of fees, are rarely submitted for fear of loss of business and being placed on a given lenders' black list. After considerable discussion, Mr. Pease suggested that NCPAC could be a conduit for complaints against lenders. The complaint would be sent to NCPAC, along with documentation. NCPAC would compile the complaints and submit to the Banking Commission those complaints with sufficient merit documentation that could warrant an investigation. By NCPAC consolidating the complaints and doing some preliminary work the commission's investigation process could be expedited. With NCPAC reviewing the complaints first, negotiated settlements might be reached without involving the commission and the loss of a valued account.

Cooperation in the Industry:

Commission Pearce suggested that a coalition be formed between the Mortgage Banker, Brokers Association, Real Estate Brokers and NCPAC. Elimination of Mortgage Fraud is a priority by the Banking Commission and the staff of the commission has charged with that as a priority. Two new Investigators and an Analyst have been hired to assist with the investigations. Efforts to decrease the incidents of Fraud are a priority in the Real Estate Industry and the groups will have to work together to reduce the number of incidents and complaints.

NCPAC agreed to provide several documents related to state legislation throughout the country and to provide Federal Regulations related to Mortgage Fraud, penalties for consideration and research related to the participation or lack of involvement by appraisers. Additional meeting and discussions are planned.

[See NCPAC website for copy of Residential Mortgage Fraud Act Draft](#)

NCPAC meets with Mark Perce, Deputy Commissioner of Banks By Lauriette W. West-Hoff

Members of NCPAC met with Deputy Commissioner of Banks, Mark Pearce on Friday March 3, 2007 to discuss proposed legislation on Bill Draft 2005-RO-20 (4-21) which proposed that the identity of the **Loan Originator, Appraiser and Settlement Agent be disclosed on the Deed of trust**. Doug Winner, Archibald Williams, Bob Thomas, Robert Ward, and Lauriette West-Hoff represented NCPAC.

NCPAC and the NCCOB were in agreement that the most effective way to retrieve the information needed was to put the responsibility on the Loan Originator. As the Commissioner of Banks had regulatory control over the Loan Originator, they could require that the parties to the loan process report directly to the Commissioner of Banks as the transaction was completed.

Back in September, 2006, a hearing before the Legislative Committee on Banking (Staff Attorney -Karen Cochrane-Brown) was held to determine an effective means for investigating Mortgage Fraud. Currently there is no effective way to determine the parties involved in the transaction once a property has been foreclosed due to the number of times the mortgage has been assigned and reassigned. This Legislative committee proposed in its Draft that the parties of the transaction be listed on the front page of the Deed of Trust. This would require that the Settlement Agent list these parties on the front page of the Deed of Trust and the Register of Deeds to certify the names prior to recording the document. Comments were made by Joseph A. Smith, Jr., Commissioner of Banks, Paul Stock, NC Bankers Association, Amanda Garrett, NC Association of Register of Deeds, and Doug Winner and Lauriette W. West-Hoff, representing NCPAC.

NCPAC objected to the appraiser's name appearing on the document, citing the potential for the appraiser becoming a party to the contract and the potential for identity theft of the appraiser's name and appraisal I.D. Numerous other objections to the appraiser's name appearing on the legal document were raised. NCPAC encourages professional appraisal practice and promotes professional appraisal services but sees no benefit to the Commission by placing the appraiser's name on a document that s/he is not a party to.

The NC Association of Register of Deeds presented their objections to having the Recorders be responsible for the certification of the parties listed on the Deed of Trust. Numerous problems would occur if the draft bill is enacted. Certification to names, certification ID's and parties are beyond the knowledge and scope of the Recording Statute and adds additional burdens to the Register of Deed's Office. Rejections for Recordation Errors would increase substantially and significantly.

In consideration of the numerous objections to the draft bill by Real Estate Industry Professionals, the Banking Commission proposes to present a different Draft Bill entitled Residential Mortgage Fraud Act patterned after the Georgia Act to defined residential mortgage fraud (Residential Mortgage Fraud Act Article 20 A §14-118.6- §14-118.12).

Given the consensus of the move to require the originator to report the parties to the loan transaction, other areas of concern related to the Appraiser and Banking Industry were discussed. NCPAC and the Banking Commission agreed to work together to prevent Extortion, Fraud, and Coercion.

Fraud in Federal Transactions are subject to penalties of fine and imprisonment. NC legislators could adopt the Federal penalties related to bank fraud which, as paraphrased by the NC Real Estate Commission, as "any person who knowingly overvalues a property for the purpose of obtaining a bank loan is guilty of Bank Fraud" and may be fined up to \$1,000,000 and/or imprisoned for up to 30 years. [*Codified to 18 U.S.C. 1344 & 1346*].

NCPAC Member Survey

**Please go online and vote! We need your member response!
Appraisers' Board Forum- General Topic– Open Discussion**

**Would you be interested in being listed on the website roster in multiple counties,
other than the county in which you live?**

Would you still be interested if there was a cost per county?

**Should Commerical Appraisers have a different section or be listed differently than
Residential Appraisers?**

**Some members have asked us these questions and we would like to know your
opinion and suggestions. Take a moment to log in to the Appraisers' Board and
VOTE!**

<http://ncpac.org/appraisersboard.htm>

Calendar of Events

March 2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12 NCPAC	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

April 2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9 NCPAC	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Coming this Month:

NCPAC meeting March 12th 3pm
In Zebulon



Coming this Month:

NCPAC online meeting April 9th
at 3pm

Increase your Income Potential for 2007 by Bert Ward

In my opinion, the easiest and most logical way to increase your appraisal income for 2007 is by raising your appraisal fees. I know a number of good appraisers out there with 15+ years experience who are charging ridiculous low appraisal fees, primarily because they have been conditioned to believe that they can not afford to increase their appraisal fee for fear of losing business.

Do the Math

According to a 2004 study by the Wholesale Access Research & Consulting for the National Association of Mortgage Brokers (NAMB), there were **“approximately 53,000 mortgage brokerage companies that employ an estimated 418,700 employees and originate more than 50% of all residential loans in the U.S.”** And according to the NAMB’s Frequently Asked Questions, **“today over two-thirds the nation’s mortgages are originated by mortgage brokers.”** According to the North Carolina Appraisal Board, the **Appraiser Count** as of August 1, 2006, there were only **1,730** North Carolina State Certified Residential Real Estate Appraisers. The trend in the reduction of appraisers in North Carolina is expected to continue to decline because of the new educational requirements, according to leading real estate appraiser instructors.

True Story

Following is a true story about an appraiser I know. For the year ending December, 2006, this appraiser appraised approximately 358 homes and grossed almost exactly \$125,000, without receiving or accepting a single order from one of the nation’s largest Appraisal Management Companies. Based on the going rate that this leading Appraisal Management Company typically pays, this appraiser would have needed to have appraised approximately 555 homes, or 197 (35%) more homes.

What’s Your Time Worth?

Every appraiser who has been in the business longer than a week knows that the larger clients who promise volume as a reward to cheap appraisal fees demand constant status updates, provide a long laundry list of “assignment conditions” for the appraiser to include in the appraisal report above and beyond the typical Fannie Mae requirements, and push for fast turn times while expecting quality appraisal reports. In other words I think the question we should ask ourselves is how to make the most amount of money in the least amount of time (without sacrificing quality), rather than, how to make the least amount of money and the most amount of time.

Show Me the Money

The company I used to appraise for is now called eAppraiseIT. eAppraiseIT was formed because the former parent company, LandAmerica OneStop, was losing thousands of dollars a month in the appraisal business. In order to become profitable they decided to form a joint venture with one of their competitors and terminated all their staff appraisers which would eliminate the withholding taxes, health insurance premiums, 401k benefits, etc., that they were carrying on the appraisers. For example purposes, let’s say the typical appraiser does 30 appraisals a month for an AMC, the AMC charges \$500 (for these appraisals they paid the appraiser \$250 for) then they gross \$250 per appraisal, or \$7,500 a month. If you multiply \$250 by 50 appraisers, each performing 30 appraisals a month, the Volume Discount Client is now grossing \$375,000 just off 50 appraisers alone. If annualize, this Volume Discount Client is now grossing \$4,500,000 a year. Do we really want to keep enabling AMCs to make a profit off our hard work?



Our Contributors
 Amanda Rivera—Publisher
 Bob Reeves— Editor
 Roberta Malone—Reviewer
 Sandy Johnson— Admin Assistant
 And Guest Contributors

Official Newsletter for the
 North Carolina
 Professional Appraisers

THE SCOPE

Check us out online
www.ncpac.org



2006-2007 At-Large Board Members

Curtis West— Past President
Baldy Williams— Past President

Ben Atkins
Bob Reeves
Leonard Breedlove
Amanda Rivera
Dale Smathers
Doug Winner
Mike Smith

Please note that articles featured and opinions expressed here may not be construed as the opinion of NCPAC or the Publisher but are articles that are provided by individuals and members of NCPAC. To the best of our ability we will provide factual, interesting, and accurate information, but we will remain unbiased to support a free press and interactive dialog among the appraisers.

Can you believe it? Editorial by Amanda Rivera

In this day and age with gas prices going up, up, up and fewer appraisers entering the field due to stricter requirements, it is hard to believe we still have to deal with pressure from lenders on our fees, using "other appraisers" fees against us...

Can you believe it?

What some appraisers don't realize is that they should be working smarter not harder, and certainly not harder for less. If they raised their fees a little they would find that they can control the flow of appraisals better.

For instance if they charged \$400, a hypothetical amount for the purpose of this illustration, rather than \$250, for example, they could be making 37.5% more per appraisal.

$400 \times 30 = \$12,000 / 250 \times 30$ is \$7,500.

Annualized the difference is:

$400 \times 30 \times 12 = \$144,000$

versus $250 \times 30 \times 12 = \$90,000$

So basically they are leaving \$54,000 on the table. I would be the first person to agree that 90k a year is nothing to sneeze at. However what is the hidden cost of doing business at these rates?

- 1) Undermining fellow appraisers out to push the appraisal industry in to the next century rather than return to the dark ages
- 2) Denigrating the profession by accepting lesser fees; implies our services are not worthwhile
- 3) Enabling AMCs! AMCs profit when individual appraisers pay our own E and O, our self-paid benefits, our



Don't get me started...

computer software, and MLS dues. It allows them to have "0" overhead, "0" liability, 100% profit. They can turn around and charge "normal" rates for those discounting their fees because they have enabled them to do so. The appraiser takes 100% of the responsibility for the costs of producing the appraisal and 100% of the liability, and the AMCS get 100% return on their investment because it cost them NOTHING>>>>

IF the same appraiser would simply charge more, they could do 12 less appraisals a MONTH. 12! Versus 30, at a lesser fee! That is nearly half! In other words they could work less and make more, not undercut their fellow appraisers, not enable AMCs, and promote the appraisal profession rather than denigrating it.

MY OPINION, of course....

Comments? Please email me at amanda@ncpac.org