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FTC cites Louisiana board for improper C&R oversight

The Federal Trade Commission (FTC) has filed a complaint against the Louisiana Real Estate Appraisers Board (LREAB), alleging that the group is unreasonably restraining price competition for appraisal services in Louisiana, contrary to federal antitrust law. The complaint will be submitted to adjudication before an administrative law judge, who will review it and render an initial decision, according to a release from the FTC.

In the administrative complaint, the FTC alleges that the Louisiana appraiser's board limits the freedom of individual appraisers and their customers to engage in negotiations to set appraisal fees for real estate appraisals in Louisiana.

According to the FTC's complaint, the Dodd-Frank Act "required appraisal management companies to pay a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised."

The FTC alleged in its complaint that the appraisal board's regulations exceeded the scope of the federal mandate.

"Specifically, the board required appraisal fees to equal or exceed the median fees identified in survey reports commissioned and published by the board. The board then investigated and sanctioned companies that paid fees below the specified levels. The complaint alleges that Dodd-Frank neither requires nor authorizes the restrictions that the board placed on appraisal fees," the release said.

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ABOUT US

Valuation Review is a production of October Research, LLC specializing in business news and information for the valuation industry and real estate appraisal professionals, and is published 24 times a year.

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EDITOR'S NOTE

VALUATION REVIEW
There is no comparable

Being in two places at the same time, not that impossible

Dear Readers,

As the editor of a business publication, I have sometimes been introduced to that familiar feeling of spreading myself too thin.

Recently, such a feeling came over me again with two events scheduled for the same week. October Research, LLC's annual conference, the National Settlement Services Summit (NS3) in San Antonio, happened to fall at the same time as the annual Appraisal Institute (AI) conference in Ottawa, Canada. AI offered an international valuation conference this year with the Appraisal Institute of Canada (AIC).

The predicament was solved easily as I always travel with my colleagues to NS3. As for AI, thanks to social media, I was able to follow the many sessions that were presented by way of Twitter. Yes, the ability to work in one country and be updated with vital information from another land is truly a wonderful thing.

Valuation Review, albeit from a lengthy distance, will be able to bring its readers some of the exciting news and events that took place at this year's AI conference. We will bring you everything from legal issues, appraisal reviews and analyzing market value in appraising to what is new in residential building construction and the announcement of AI's annual award winners recognizing distinction within the valuation industry.

AI reported another huge success pertaining to its event bringing appraisers together from two countries learning new things leading to professional growth, while forming partnerships to further enhance their businesses. Be sure to go to www.valuationreview.com for AI conference stories from Canada.

NS3 was a big success, as well, deep in the heart of the Lone Star state. I welcome the opportunities at NS3 to meet new people from the other walks of business life.

I look forward to traveling to upcoming appraisal conferences, which will be spread out a bit wider on the calendar. Keep me informed about other topics of interest to you. We are here to help you and your business.

Your valued editor,

Mike Holzheimer

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Continued from Cover

Louisiana Real Estate Appraiser Board Executive Director **Bruce Unangst** challenged the action in a statement.

"Respectfully, the FTC is just plain wrong," Unangst said. "By issuing this legally faulty and factually incorrect complaint, the FTC is seeking to punish a Louisiana state agency for following federal regulatory mandates.

"Specifically, Dodd-Frank regulations – intended to protect consumers by ensuring the integrity of home mortgage appraisals – require that state appraisal agencies ensure Appraisal Management Companies (AMCs) pay customary and reasonable fees for home appraisals."

In the release from the FTC, though, the agency said it was using discretion granted to the FTC by the Supreme Court in its case against the North Carolina State Board of Dental Examiners.

"The great preponderance of state board activity across the country occurs without significant antitrust concern, and the commission will respect the authority of such boards when they operate within the defined scope of antitrust law," Bureau of Competition Acting Director **Abbott** (**Tad**) **Lipsky** said in the release.

"Today's action – the first such commission complaint against a state board since the Supreme Court decision in North Carolina Dental – shows that the commission remains vigilant and will exercise its prescribed authority when economically sound and otherwise consistent with the public interest," Lipsky went on to say. "Nearly everyone that purchases or refinances a home in the state of Louisiana pays appraisal fees, these consumers deserve to benefit from a free market where those fees are set by competition."

Richard Horn, founder of Richard Horn Legal, PLLC and a former special advisor to the Consumer Financial Protection Bureau, said the FTC was enforcing in an area in which it has authority and experience.

"The FTC Act as well as the CFPB's appraisal rules say you can't engage in anticompetitive acts, and this is an area the FTC has a lot of experience in investigating and enforcing," he said.

Unangst said Louisiana was following what it believed the federal requirements mandated.

"It is the federal government that put these requirements on state appraisal agencies, and our bard followed these federal regulations after an open, public and transparent rulemaking process," he said in the statement.

"To now suggest that LREAB's good-faith efforts to comply with federal law is some sort of shadowy price-fixing conspiracy is ludicrous. Congress and six financial regulatory agencies in Washington have directed Louisiana to do exactly what the FTC is now alleging is an antitrust violation.

"These claims distort the reality of the board's conduct in an attempt to stitch together a conspiracy where none exists," Unangst further stated. "We plan to vigorously contest these charges and defend the interests of Louisiana consumers while ensuring our state complies with federal appraisal independence regulations."

The administrative trial is scheduled to begin Jan. 30, 2018. The case could be decided on whether the way the Louisiana board enforced the customary and reasonable fees provided a floor that companies must meet.

Although the rules Louisiana's board might not have stated the C&R fees were a minimum standard that the industry must meet, if the FTC is able to provide evidence that the enforcement of the rules created a de facto minimum standard, that could prove to be anti-competitive behavior.

"This is truly an overreach by the FTC, in direct contradiction to the federal government's focused and consistent efforts since the 1980s to ensure the integrity of the residential mortgage market," said **W. Stephen Cannon**, Constantine Cannon LLP, counsel to LREAB.

> "By issuing this legally faulty and factually incorrect complaint, the FTC is seeking to punish a Louisiana state agency for following federal regulatory mandates."
>
> Bruce Unangst,
> Executive Director, Louisiana
> Real Estate Appraiser Board

Appraisers, bank rep weigh in on demands

The additional regulations placed upon the shoulders of residential appraisers are piling up at an alarming rate, industry experts say. In fact, many say the demands are getting so unrealistic that appraisers are turning down a great deal of work.

"It is so over the top that I am turning down at least 40 (percent) to 60 percent of lender assignments these days," Area Appraisal Services Inc. appraiser **Steve Rochkind** told *Valuation Review*. "The banks will pay me huge hourly rates, but I can't take the assignments. Slam-dunk appraisals that should be as easy as it gets are turning out to be hour-long discussions with reviewers and underwriters."

According to Rochkind, banks are reviewing 100 percent of all reports and have been the last nine months. These intensified demands have made things difficult for appraisers to accept the kind of work that can be most profitable.

"Three months ago a big lender came to me and said they will hire me and pay me good money, give me the areas I want near my office, but then the stipulations come down," Rochkind said. "You give them five comps and they want two more. It has truly become too painful to work for the lenders.

"The flip side to this is that some suggest we don't need appraisers anymore," Rochkind added. "I don't know what to do. The truth is I've never made more money regarding these lender-type assignments. In roughly 30 days, I netted between $42(,000) and $44,000. Why is this happening?"

Chris Miklovis, a colleague of Rochkind's and a real estate appraiser in Virginia and Maryland, said appraisers spend far too much time on matters that could be "much ado about nothing."

"I turn down a good amount of work as well. I'm in a great market, though, and I can afford that but a lot of this has to do with the engagement letters that come out making appraisers, I believe, a moving target," Miklovis told us. "Then, these companies miraculously add another point (item) to what is already a 7-to-8 page letter. It's never-ending.

"There's pressure on the banks from Fannie and Freddie, with all the massive databases collected. They have more data than the appraisers do," he added. "I get reports sent back all the time because I didn't mention a recent sale within the past year of the particular comp used. I've enclosed a PDF of the information I had access to but I don't have any of their data. For a lot of lenders, it's all about the bottom line – the buck."

Eric Schwartz, senior vice-president and chief appraiser with Amegy Bank in Texas, said automation could have some impact on the issues presented by Rochkind and Miklovis.

"I think it's the fact that larger banks are using automated appraisal ordering software. However, the software may not always select the appropriate and competent appraiser for the assignment," Schwartz said. "In addition, the banks also have the automated metrics that scans the reports before the system will allow the report to be seen by the lender.

"I don't think there are necessarily more regulations that are onerous on the appraisers but it may be more of an issue of underwriting interpretations of the FNMA (Fannie Mae and Freddie Mac) guidelines," Schwartz added.

Like many appraisers, Miklovis says he writes good reports with good reviews, but winds up spending 25 percent of his time answering "petty issues," the latest is with title searches.

"I put in the identification number from tax records and the title doesn't match, they say. I have no idea where the title came from," Miklovis said. "Things like seeing a space between two numbers that maybe shouldn't be there. Are these petty things impacting the value of the property? No, they are not.

"We're expected to match the information on the title, but they don't give us anything to support where that title information came from. It's all about fee and turn time. If you have to keep responding to requests for revisions you can't accept new jobs. As the demands of the lenders grow, the fees are not growing to correspond with the time it takes to complete these reports to meet these extra expectations," Miklovis said.

Rochkind said he does higher end work in Washington, D.C. "I'll put in five comps and the lender wants more," Rochkind said. "Banks are doing this because the federal government is telling them to do so," Rochkind added. "The regulators are coming down on the banks – that is what I suspect is going on. They are looking for perfection, which is not existent in appraising. I suspect they are telling regulators to just find something else they need justification for, justification that is really not needed. Appraisers are not being allowed to do their jobs."

Rochkind describes one sale on his desk appraised for $1.7 million. Four doors down, a similar property is under contract for $1.8 million. Reviewers came back and said that his pending sale is not acceptable by comparison. He then says he has to find something that doesn't exist or lower his value.

"I suspect this is the No. 1 thing bothering appraisers right now, as far as regulations and reviews coming down," Rochkind said. "Before, they used to review one out of 100 appraisals, now they are reviewing 100 out of 100. I've been an appraiser for 30 years and haven't seen anything like this.

"I do a lot of legal work such as divorce, estate and bankruptcies. There is a lot of money in lender work. If I get rid of all lender work, I'll make just 25 percent of what I'm making now. There is interest in doing lender work but it's just too difficult. It can be profitable as far as lender work. There's big money here but it's gotten so painful," he added.

Consultant selects top 3 challenges

In the appraisal profession, many feel that selected obstacles are in the way of appraisers doing their job and moving forward. Many feel such adversities are preventing those in the valuation industry from enhancing their businesses as these challenges don't seem to be things that are going away anytime soon.

Although there are many challenges facing appraisers, one industry veteran narrowed it down to three specific ones that are shaping the industry as its known today.

"I would say the top three challenges are first, the barriers to entry to the industry and the resulting paucity of younger people interested in becoming appraisers; second, fee structures that discourage even experienced appraisers from staying in valuation; and third would be both federal and state regulatory systems that are bloated, disjointed and virtually impossible for anyone either entering or already in the business to understand, let alone comply with," **Glenn Garoon**, of Glenn Garoon Real Estate, told *Valuation Review*.

"To some extent, all three of these things impact residential appraisers to a greater extent than those of us who do mostly commercial non-lender work. I don't do that many residences, and all of those are litigation related or ad valorem tax matters. I do no lender work," Garoon added.

Garoon felt that it isn't so much "additional" guidelines becoming the problem for appraisers; it is that the multi-level nature of the regulations is beyond comprehension for most people, not only appraisers.

"I hear from some residential appraisers that the myriad of lender-specific requirements tends to be confusing," he said. "With my practice being more commercial and litigation related, reporting tends to be more straightforward and less 'nitpicky.' "

Confusion seems to be a relevant topic. Appraisers need and are seeking clarity so they can work to achieve the ultimate goal of all assignments-compliance. But with various organizations telling appraisers "this is the way you're supposed to do things," what is one to believe?

"I guess this is something like a 'peer' test," said Garoon, a certified USPAP instructor. "I continue to be surprised and somewhat dismayed by the lack of understanding of some of the basics of appraisal regulation. Some appraisers do not differentiate between the Appraisal Subcommittee (ASC) and The Appraisal Foundation (TAF), and many do not understand that TAF is a private foundation with ASC oversight. Throw in things like ASB, AQB, etc., and glassy eyes result.

"Even worse, despite the fact that all appraisers have to take a USPAP update class every two years, most Standard 1 through 4 appraisers have a distinct fear of the guidelines in the standards, whether they understand them or not. Some of the fear of having complaints filed is because most appraisal clients seem to have a better understanding of USPAP than the appraiser does! I see this frequently in litigation scenarios," Garoon added. "I know some attorneys who understand USPAP better than most appraisers."

This, however, does not mitigate TAF – and the ASB in particular – from contributing to the dysfunctional appraisal regulatory system, according to Garoon. "USPAP is actually not that restrictive in terms of application but one couldn't convince most appraisers of this," he said. "Perception tends to be reality."

What is real to most appraisers is the lack of guidance provided so proper and required courses of action can be met, Garoon suggests. "The one area where there is a significant problem is the promulgation of USPAP (and its changes) by ASB but enforcement by more than 50 state/district entities," he said. "I have heard state regulators complain that the ASB doesn't really provide enough guidance for them to enforce USPAP in a consistent manner. Appraisers report the same thing on message boards I read. This contributes to appraiser fear and confusion."

Garoon also said that lenders and anyone else demonstrating an unwillingness to accept or take on trainees can be detrimental to the industry. This speaks to his first challenge regarding the "barrier" issue.

"I deal with lawyers all of the time. If law firms or accounting firms were prohibited from bringing newly credentialed people into their firms for immediate production (i.e., the ability to "use' them to generate income), there would be a revolt," he said. "I realize that lawyers and accountants tend to be far better educated and trained, including degree requirements (multiple), but they are better compensated than appraisers.

"I say appraisers need to do what they can to make a living and maintain the quality of their work. I have no trainees, and while I am considering one person, this is atypical for me. If there is a viable solution, I don't know it. If I did, I probably would try to sell it so I can retire wealthy," Garoon added.

Demand strong for rural appraisers

If appraisers feel that consistency may be hard to come by regarding valuation assignments and a professional arena that can lead to growth and stability ensuring their services are both needed and truly appreciated, they might find some comfort by looking in a specific direction.

"In my opinion, the demand for rural appraisers is greater than in any other appraisal environment. For nearly 43 years I've been a rural appraiser and rural appraisal reviewer," Kentucky appraiser **Paul Moore**, of Paul Moore Appraisal Services, LLC told *Valuation Review*. "During these years I've witnessed countless times where an appraiser without adequate rural appraisal education and experience, accepts assignments to appraise or review appraisals of rural properties. When questioned, the appraisers' client will often defend that choice with a comment that they were not able to find a rural appraiser that was willing or available to complete that assignment."

Appraiser trainees with rural environment/farming experience, according to Moore, are often more successful as professional rural appraisers than those who didn't live in a rural setting. Certainly if one wants to be a professional rural appraiser they must obtain the education, networking and support, as well as striving to be an accredited rural appraiser, which the American Society of Farm Managers and Rural Appraisers (ASFMRA) can provide for them.

The comparisons and the contrasts between a rural appraiser and those determining value on residential and commercial properties are many, Moore said.

"Most often the non-rural appraiser works in an environment where the properties being appraised are often similar and located in areas where sale properties may be readily available, requiring minimal adjustments for their differences," Moore told us. "That is certainly a contrast to what a rural appraiser often deals with in a rural setting. A similarity would be that all appraisers are regulated, and many of the requirements for acceptability of the appraisal reports can be similar.

"I do not see a lot of differences in regulatory issues/restrictions that appraisers face. I do and have seen where trying to enforce the same guidelines on rural appraisers can result in some difficulties and other problems," Moore added. "For example, if a rural appraiser is engaged to value a rural residence, it most often would be impossible for that appraiser to meet certain maximum percent of adjustment guidelines, etc."

Moore also says that the demands on a successful rural appraiser often overshadow the flexibility one could enjoy. Professional rural appraisers have the opportunity to develop and report values on many types of rural properties. Moore's team of appraisers often has commented that the flexibility of a fee appraiser is a major benefit to them and their families, he said.

As for the future that awaits a rural appraiser, the picture seems bright because of the need.

"There will always be a need for appraisers, in my opinion," Moore said. "The methods and technology of appraising have changed over the past several years and we will likely see continued changes. However, nothing will ever replace a competent, well-trained appraiser – especially in rural areas, where valuing diversified rural properties would be very difficult to do in any other method of valuation.

"As proven in the past, when competent appraisers were not engaged in developing and reporting valuations, high risk losses have been destructive to many banks and other lenders," Moore added.

AI lobbies on Hill to modernize regulations

More than 100 Appraisal Institute professionals went to Capitol Hill urging congressional support for the modernization of the appraisal regulatory process, the Appraisal Institute (AI) announced. Attendees of AI's annual Leadership Development and Advisory Council conference, recently held in Washington, sought legislative action to address appraisal modernization and the regulatory burdens that appraisers face.

A hearing on the issue was held in November 2016, but so far no legislation has been introduced.

According to the statement announcing the trip to Congress, AI believes that legislation is vital because the ranks of real estate appraisers have significantly declined in recent years, and AI research projects a further decline in the appraiser population over the next five to 10 years.

Key issues AI wants to see addressed:

• Federal regulation. Appraisers are regulated by the states, but they also face significant federal oversight and constantly evolving standards and qualifications — is direct federal oversight necessary?
• State-by-state portability. Appraisers often work in multiple states and in doing so they face increased regulatory obligations, including state-by-state background checks for renewals, reciprocity licenses and temporary practice permits in many situations.
• Uneven playing field. Where appraisals are not required by federal law, many states allow valuation services to be provided by individuals who may not be held to the same standard as appraisers. Rigid appraisal standards restrain appraisers from providing competing services for which they are the most qualified to perform.
• "Recipe" approach to appraisal. Appraisal "methods and techniques" should not be developed as a set of homogenous rules, and the valuation profession does not need additional rules and real estate industry stakeholders deserve better than to have all markets treated as the same.
• Federal agency rules. Numerous rules affecting valuation professionals have been issued by federal agencies since the passage of the Dodd-Frank Act. Such rules merit congressional oversight.

Earlier this year, AI released key principles for modernizing the appraisal regulatory structure. Those principles would:
• Align appraisal regulation with the regulatory structures recently enacted by Congress for other industries, such as insurance and mortgage origination, a move that would address the issue of multistate licensing through technology or a common licensing platform.
• Explore a nationwide platform or portal for valuation professionals, those who use appraisal services and state regulators that would be used to process license applications and renewals to eliminate redundancies and regulatory burdens.

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• Provide clear audit processes for state appraiser regulatory agencies, which would allow them to focus on licensing administration and enforcement.
• Establish a common platform to improve the sharing of information among state regulatory agencies.
• Improve appraisal quality by re-engaging highly qualified real estate valuation professionals.
• Authorize financial institutions to engage valuation professionals with designations and credentials that exceed minimum licensing requirements.
• Establish appropriate levels of oversight and reasonable limitations for entities authorized by Congress, which is consistent with previous congressional action.

Report writing software helpful for commercial work

One commercial appraiser suggests knowledge of report writing software packages is important to be in the commercial appraiser business for an extended period of time, and to be successful.

"If they plan to be in the commercial appraisal business over the long term, it is important to learn to use one of the report writing software packages like Datappraise or Narrative 1," Bullock Commercial Appraisal, LLC appraiser **Stephen Bullock** told us. "This software greatly increases appraiser productivity and appraisers using the software will continue to secure more business at the expense of those using only MS Word, Excel, etc.

"I suggest taking courses through the Appraisal Institute, American Society of Appraisers or the American Society of Farm Managers and Appraisers. I think these organizations offer the best core and continuing education courses," Bullock added.

The qualifications commercial appraisers need mirrors that of the residential appraiser, but with a focus on the business user/occupant or investor as opposed to the homeowner. Beyond the licensing requirements, Bullock suggests a commercial appraiser needs a firm grasp on statistics, economics and demographics to determine value inside a designated market area, with the knowledge that the highest and best use of commercial properties lies with what is the legally permitted use providing the highest return.

As for how the industry can lure appraisers into commercial valuation, Bullock had an interesting philosophy on such recruitment tactics.

"I don't think individuals should be enticed to enter the appraisal field," he said. "I don't believe there is an appraiser shortage, only a shortage of appraisers willing to work for lower fees. I would only recruit a person already committed to entering the appraisal field. Proof of that commitment would include the completion of several appraisal courses."

Special-use work is an area most prominent in commercial appraising.

Bullock suggests that nothing really beats experience when it comes to special-use properties.

"For special-use or special purpose properties, it's important to have completed at least one (or more) appraisal(s) for each property type you wish to appraise," he said. "If you do not have any experience with a particular property, you really need work with (or have your work thoroughly reviewed) by an appraiser with that specific experience."

AIC recognizes fraud prevention efforts

The Appraisal Institute of Canada (AIC) has concerns about recent allegations of fraud relating to syndicated mortgage offerings, according to a release, and said it supports the Government of Ontario's recent budget initiatives to protect Ontario investors. The AIC said it looks forward to collaborating with the Financial Services Commission of Ontario (FSCO) and the Ontario Securities Commission (OSC) to implement these measures.

AIC also encourages governments across the country to implement similar measures to ensure a consistent approach to protecting all Canadians from mortgage fraud.

A syndicated mortgage is offered as an investment in either a specific mortgage or a group of mortgages. Through a syndication, investors may invest in a single mortgage to develop a commercial project, such as a commercial development. Investors in syndicates may also invest in a "bundle" or grouping of residential property mortgages, the release stated.

Designated members of the AIC can help mitigate lending and investment risks by providing an unbiased opinion of value on the property or properties. An on-site appraisal prepared by a qualified professional is the most effective way to confirm the value of an individual property used as collateral to underwrite a mortgage.

The release also states that AIC members are guided by a Code of Conduct and Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) to ensure the highest level of professionalism and integrity.

"Appraisals provide an unbiased, reliable market value for property and is one part of the solution that ensures that real estate used to secure a mortgage is legitimate, helping to detect and prevent fraud," AIC President **Dan Brewer** said in the release.

Sound mortgage underwriting requires a balanced approach that includes due diligence on the creditworthiness and credit history of the borrower as well as the value of the collateral used to secure the loan.

AIC encourages investors to mitigate potential investment risks by verifying that the real estate used to secure a mortgage has been appraised by a designated appraiser.

"To best protect the public and the Canadian financial system, AIC believes that the mortgage underwriting guidelines set by the Office of the Superintendent of Financial Institutions should be extended to all organizations that provide mortgage financing -- including those offering syndicated mortgage investments," AIC CEO **Keith Lancastle** said.

Groups announce credentialed exam

The exam for the Certified in Entity and Intangible Valuations (CEIV) credential for fair value measurement now is available.

It offers the opportunity for finance professionals to receive this credential from the American Institute of CPAs (AICPA), the American Society of Appraisers (ASA), or RICS (Royal Institution of Chartered Surveyors).

The CEIV credential helps finance professionals bring clarity and more uniformity to fair value measurement, the release said.

"The CEIV credential is an important step in improving the confidence that clients, regulators, auditors, investors, and the public have in the quality of fair value measurement results that are included in financial statements," said **Jeannette Koger**, vice president, advisory services and credentialing, public accounting, for the Association of International Certified Professional Accountants.

"We believe this confidence will be heightened when the preparers and users of financial statements know that fair value measurement was performed by someone holding the CEIV credential."

To obtain the CEIV credential, finance professionals must have a minimum of 3,000 hours of experience in fair value measurement.

They also must pass the credential exam to demonstrate a working knowledge of fair value measurement, business valuation, accounting and auditing standards, and the uniform guidance to be followed as a credential holder.

Finance professionals who obtain the CEIV credential will be required to follow uniform guidance on how much documentation is necessary to support their fair value measurement results in determining values of businesses and intangible assets for company financial statements.

Intangible assets include trademarks, patents and technology, customer sales lists, and non-compete agreements. The CEIV credential also requires quality reviews of credential holders to ensure they are following the guidance properly.

Auditors, regulators and other users of financial statements had sometimes found it difficult to see how certain values were determined using fair value measurement.

The uniform guidance was developed to make it easier to understand how fair value measurement was used to develop these values.

The CEIV credential's eligibility requirements were determined by the AICPA, ASA and RICS in collaboration with other organizations that contributed to its development, including The Appraisal Foundation and the International Valuation Standards Council.

Finance professionals who obtain the CEIV credential have demonstrated that they have the necessary training, qualifications, experience, and expertise to perform this fair value measurement work successfully using the uniform guidance.

"The CEIV credential is a groundbreaking accomplishment for the valuation profession. Having a robust and uniform set of standards and requirements will greatly enhance transparency and confidence in the work being performed by CEIV credential holders." said **William A. Johnston**, ASA Business Valuation Committee chair and managing director, Empire Valuation Consultants.

The online credential exam is divided into two parts, with each part containing 60 multiple-choice questions that will take two hours to complete.

"Passing the credential exam does more than demonstrate a practitioner's aptitude for fair value measurement, business valuation, and accounting and auditing standards," said **Steve Choi**, global director of business valuation at RICS.

"The exam represents a thorough understanding of the new uniform guidance, which defines the level of documentation and performance that is necessary to provide supportable and auditable fair value measurements. This is critical as credential holders must submit to ongoing quality reviews to demonstrate that they are in accordance with the guidance."

ASA noted the recent certifications of **Brian Marler** and **Joseph Shalhoub**, the first two ASA students to complete the CEIV certification program.

Marler is a director of Houlihan Lokey's Financial Advisory Services business. Shalhoub is a vice president in the Portfolio Valuation group of Duff & Phelps.

Accurate Group expands team

Accurate Group, a leading provider of real estate appraisal, title and compliance services, announced the expansion of its sales team. **Matthew Lichtner**, a mortgage and settlement services industry veteran has joined the Accurate Group sales team as senior vice president, national account manager, the company announced in a release.

Lichtner, with nearly 30 years of experience, has served in a number of senior level sales positions within the title insurance and information industry. He has extensive knowledge in property data products and services, technology platforms, and business process outsourcing across all segments of the mortgage industry.

"Matt's focus will be to drive new title and valuation sales, including our industry leading ValueNet suite of products, using his unique relationships within the banking and real estate finance industries," Accurate Group National Sales Manager **Scott Vilseck** said in the release. "Matt will concentrate on the west coast, specifically California where there is tremendous growth opportunity for the Accurate Group. He will also market our AMC services to all areas of real estate lending."

The other team expansions included **Richard L. Heltzel III** moving from his current position as director of ValueNet, a division of Accurate Group, to join the company's sales team as vice president, national account manager.

Heltzel began his career with the Accurate Group in 2010 and was an integral part of the company's explosive growth as an appraisal management company.

During that time, he managed Accurate's Alternative Valuation Division in Cleveland, where he successfully cultivated a nationwide network of inspection companies along with overseeing Accurate's reseller relationship with ValueNet. When Accurate acquired ValueNet, Rich relocated and assumed the role of director, overseeing Accurate's GroundWorks inspection business.

"Rich has been extremely successful in his role as director of Accurate's ValueNet suite of products," Accurate Group's ValuNet Division President and Chief Appraiser **Scott Waxman** said. "Given his prior success within the company, I'm looking forward to watching his continued development as he diversifies and expands within our organization."

"I've asked Rich to lead Accurate in winning new title and valuation revenue in the northeast region as well as specific target accounts across the United States," Vilseck said. "Based on Rich's drive and product knowledge, along with his desire to pursue a career in sales I felt this was the perfect opportunity for him to continue to grow within the company. I'm excited to make this announcement – I expect Matt and Rich's expertise will help further accelerate revenue growth and solidify Accurate Group's position as a market leader in real estate title, appraisal and valuation products and services."

AI: Low-cost landscaping boosts value

The Appraisal Institute (AI) reminds homeowners that inexpensive landscaping improvements can add to home values and help increase salability, AI said in a release.

As spring arrives and homeowners add to their landscaping, they will spend an average of $1,766 to $3,227 per landscaping project, according to ImproveNet.com.

Besides beauty and pleasure, these projects can bring homeowners a return on investment with selected upgrades increasing property values by 10 percent to 12 percent.

"Curb appeal is important to both appraisers and potential buyers, and homeowners don't have to spend a lot of money to get it," Appraisal Institute President **Jim Amorin** said in the press release. "In fact, it's important that upgrades don't exceed neighborhood norms."

The Appraisal Institute recommends that homeowners consider these four low-cost landscaping improvements:

- Clean up. Tidying up is one of the simplest and least expensive landscape makeovers and a clean yard can make a major impact on a property's first impression. Replacing tired-looking flower pots, power washing sidewalks and raking grass clippings cost little and can take just a few hours.
- Maintain the lawn. Proper lawn maintenance can cost as little as a few hundred dollars annually and can have more than a 300 percent return on investment, according to a 2016 survey by the National Association of Landscape Professionals and the National Association of Realtors. Lawn care can be particularly important for homes going up for sale within a year.
- Seal driveways, decks and patios. When properly maintained and protected, expensive investments such as driveways, decks and patios can provide enjoyment and add value to a home. Sealing wood can reduce rotting and insect infestation, and a sealed driveway is less likely to have unsightly weeds growing through cracks.
- Pick perennials. Perennials can add an appealing pop of color to landscaping. Although initially more expensive than one-season-and-done annuals, their varying sizes and textures add visual interest, and with proper care can bloom for many years.

NAHB: Builder confidence near decade high

In another sign indicating that the housing market continues to strengthen, builder confidence in the market for newly built single-family homes rose two points in May to a level of 70 on the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). This is the second-highest HMI reading since the downturn, according to a report from the NAHB.

“This report shows that builders’ optimism in the housing market is solidifying, even as they deal with higher building material costs and shortages of lots and labor,” NAHB Chairman **Granger MacDonald** said in the company’s release.

NAHB Chief Economist **Robert Dietz** emphasized additional confidence-boosting points within the market.

“The HMI measure of future sales conditions reached its highest level since June 2005, a sign of growing consumer confidence in the new home market,” Dietz said. “Especially as existing home inventory remains tight, we can expect increased demand for new construction moving forward.”

Derived from a monthly survey that NAHB has been conducting for 30 years, the NAHB/Wells Fargo Housing Market Index gauges builder perceptions of current single-family home sales and sales expectations for the next six months as “good,” “fair” or “poor.” The survey also asks builders to rate traffic of prospective buyers as “high to very high,” “average” or “low to very low.” Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor, the report said.

Two of the three HMI components registered gains in May. The index charting sales expectations in the next six months jumped four points to 79 while the index gauging current sales conditions increased two points to 76. Meanwhile, the component measuring buyer traffic edged one point down to 51.

The three-month moving averages for HMI scores posted gains in three out of the four regions. The Northeast and South each registered three-point gains to 49 and 71, respectively, while the West rose one point to 78. The Midwest was unchanged at 68.

Report: Appraisal values keep behind expectations

Homeowner and appraiser views of home values are diverging more each month, according to the National Quicken Loans Home Price Perception Index (HPPI).

In April, appraisals were an average of 1.90 percent lower than what the owner expected. This is the fifth consecutive month the gap between appraiser opinions and homeowner estimates of home value widened, according to the release.

Although the HPPI shows a widening perception gap, appraised values continue to rise at a steady pace. The National Home Value Index (HVI), the only measure of home value change based solely on appraisals, showed values rose 1.06 percent in April. Home values also increased annually, rising 5.08 percent year-over-year.

“The appraisal is one of the most important data points in a mortgage transaction. This single number can impact how much money a buyer needs to bring to closing, or the equity that is available to the homeowner on a refinance,” Quicken Loans Capital Markets Vice President, **Bill Banfield** said. “If homeowners have a grasp on home value differences throughout their local area, it can lead to a smoother mortgage process.”

The national HPPI disparity between home value opinions in March was 1.77 percent. A wide range of perceptions persists across the country, but month-to-month change in most metros was minor.

The study continues to find appraised values higher than expected in the West, while it was more likely to have appraisals lower than owners estimated in the Midwest and East.

All regions measured by the HVI show positive momentum, ranging from 3.54 percent annual growth in the Northeast to a 6.52 percent year-over-year increase in the West.

“Home values were pushed higher once again by the demand for housing outpacing the stock of available homes. This effect is intensified by the start of the spring buying season,” Banfield said. “While sellers are obviously thrilled as their investment continues to grow in value, this trend could make homebuyers set their sights on smaller homes or less pricey neighborhoods. I would encourage homeowners who are considering listing their home to take advantage of the opportunity they have in this sellers’ market.”

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>
> Bill Banfield,
> Capital Markets Vice President
> Quicken Loans

Report: Residential inventory keeps declining

Summit Valuations, LLC, a full service valuation company, announced the release of its May Residential Real Estate Market Overview based on data compiled in April 2017.

This month's report includes an analysis of real estate inventory levels and a discussion of why inventory is so low and what the future might hold from Chief Valuation Officer **Mark Melikian**.

"The number of existing homes for sale nationwide continues to decline," Melikian said in his report. "One year ago, there was a 4.4 month supply of listings on the market. The housing inventory has declined over the past 12 months, and today, there is a 3.8 month supply of listings on the market."

Melikian pointed to a number of factors influencing inventory levels today, including the recent period of historically low mortgage interest rates, followed by recent interest rate increases and a shortage of new construction. But Melikian said he expects the market to correct itself in time.

"Once we see more sellers with a need to sell and an increase in new construction, we'll begin to experience a more balanced market," he said. "History has taught us that constant price appreciation is not sustainable and does not make a healthy and vibrant market. Since the real estate market is cyclical, it will eventually arrive at this more balanced level of supply and demand."

On a regional level, the South had the highest number of existing home sales and the West had the highest median price.

The West experienced a month-over-month decline in the number of seasonally adjusted existing home sales while all other regions saw month-over-month gains. All four regions experienced increases in the median sales price month-over-month, the report said.

Real estate financial solution company hires veteran

Emerald Capital, LLC announced the hiring of **James E. Canavan** as originator/portfolio manager serving Massachusetts and New Hampshire. Canavan will be responsible for the expansion and oversight of a portfolio of private real estate loans, according to the press release.

"Over the past 12 months, Emerald Capital's hard money lending platform experienced record growth particularly with new home construction and single family flips," said **Michael Chadwick**, vice president of real estate and lending for Emerald Capital Corp., LLC. "Real estate investors today demand flexible lending partners who truly understand real estate and can close loans quickly; in days - not weeks or months. Canavan's extensive real estate valuation and construction experience, and intimate knowledge of the Massachusetts and New Hampshire markets, aligns extremely well with Emerald's growth initiatives."

Canavan brings nearly three decades of institutional banking industry experience to Emerald Capital, where most recently he served as a senior review appraiser at Berkshire Bank after holding the position of managing partner at Stone Castle Mortgage Co. Throughout his extensive career, Canavan also held the positions with Bank of New England, Butler Bank, Bank of America Mortgage, Bank of New Hampshire, Federal Deposit Insurance Corp. (FDIC), and Bank of Boston.

"As a wholly owned affiliate of one of the largest private real estate firms in the U.S., Emerald Capital has institutional-quality depth with an entrepreneurial mindset and a proven ability to provide attractive real estate financing solutions to the markets I've directly served over the past 30 years," Canavan said in the press release.

PNC Bank program eases homebuying experience

Most homebuyers will agree that purchasing a house can be a stressful experience. To reduce that anxiety, PNC Bank is introducing a new online tool – Home Insight Planner to make the homebuying process easier, the company announced in a release.

Home Insight Planner lets house hunters create scenarios using their monthly budget to assist them in searching the inventory of houses on the market.

This online tool assists homebuyers to determine how much home they can afford. It connects budgets, real-time rates and loan products with a real estate listings search capability to help homebuyers understand what they can afford, the release said.

"Planner is not just another mortgage calculator. With Home Insight's guidance through the mortgage process, customers are better prepared to buy the home they desire and feel more confident in understanding what they comfortably can afford," **Peter Boomer**, head of mortgage production at PNC Bank, said in the company's press release.

Valuation company offers audit services

Clayton Holdings LLC announced that it has developed an enhanced internal audit services program. The program is designed to help bank and lender clients develop, manage and enhance their internal risks and controls programs and comply with new government-sponsored enterprise (GSE) and Consumer Financial Protection Bureau (CFPB) requirements, the company announced.

Offered by Clayton's consulting division, the program leverages the company's in-depth industry knowledge and combines it with seasoned professionals to deliver operational efficiencies. The program strengthens internal audit activities in several areas, including:

- Risk assessment design/performance
- Turnkey development of internal audit functions
- Internal audit process reviews/enhancement
- Remediation of gaps in existing audit programs

"The GSEs, investors, corporate boards and regulators are all focusing on the importance of managing internal risks and controls," Clayton Holdings President **Jeff Tennyson** said in the release. "Fannie Mae now requires seller/servicers to have internal audit and management control processes, and the CFPB is mandating and examining for Compliance Management Systems.

"Our new offering helps clients identify gaps and inadequacies in existing functions before GSE and regulatory reviews and to design and build stronger processes. Depending on the client's need, our role can range from reviews to training and from problem remediation to turnkey audit process development," Tennyson added.

Clayton Holdings LLC is a leading provider of loan due diligence, surveillance, REO management, consulting, valuation, and title and settlement services to the mortgage industry.

"Our new offering helps clients identify gaps and inadequacies in existing functions before GSE and regulatory reviews and to design and build stronger processes."

Jeff Tennyson,
President
Clayton Holdings

Analytics tool resolves loan problems

The Houston Association of Realtors (HAR) has signed a multiyear license with Remine to bring big data and predictive analytics to more than 36,000 real estate professionals throughout the greater Houston area.

Remine is available to more than 200,000 agents nationwide with the addition of HAR.

"Remine will provide agents with powerful new data based tools that will improve the way they provide service to their customers, identify new listings, connect with buyers and stay in touch with their clients," HAR Chairperson **Cindy Hamann** said in the release.

"It's a real badge of honor to be working with **Bob Hale** and the HAR team," Remine CEO **Leo Pareja** said.

"Bob is a real visionary of the industry; to have his endorsement means a lot to us. We are excited to bring the Remine intelligence platform to such a forward thinking organization."