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## **Appraisal Expo 2009 message: Proceed with caution!**

November 12, 2009 - Appraisal & Consulting

At the New England Appraiser's Expo co-sponsored by the Massachusetts Board of Real Estate Appraisers (MBREA) and the MA Chapter of the Appraisal Institute on October 26th guest speakers updated the 200 or so participants on the latest changes affecting appraisers and cautioned them on potential pitfalls. Policies are changing rapidly and it is imperative that appraisers remain informed.

It was reported at the Expo that on October 22nd, HR 3126, the Consumer Financial Protection Act of 2009, passed the House Financial Services Committee with an amendment that will ultimately sunset the Home Valuation Code of Conduct (HVCC). Legislators agreed to work on the amendment language to include the appraisal language from HR 1728, the Mortgage Reform and Anti-Predatory Lending Act. The rule is to be promulgated no later than 60 days after enactment of HR 3126. Upon the effective date of the appraisal independence rule the HVCC will sunset. The MBREA will continue to report on the progress of the bill in its weekly MBREA Online bulletin.

During the commercial program David Goldfisher, the founder of the Henley Group led a discussion of mortgage bankers about refinancing options for properties with CMBS backed debt. Later in the program Edward Zaval, a Qualified Intermediary at the New England Exchange Counsel Investment Property Exchange Services, Inc. (IPX 1031), along with Robert Horvath, a real estate broker from Marcus & Millichap specializing in net leased properties and Max Rans of Montgomery Wilshire Capital, presented a discussion of the market for a variety of net leased properties and the opportunities and benefits of tax free exchange.

Completing the commercial program was a well received mock case presentation before the Appellate Tax Board. The program was highlighted by entertaining "appraisal war stories" as told by Richard Dennis, MRA and John Lynch, an attorney having extensive experience before the Appellate Tax Board. Dennis reported on his experiences appraising the Boston Garden and other high profile stadiums across the country.

Ann-Margarette Barry, associate executive director of the MBREA Board discussed the role of licensing boards and their mission to protect the users of real estate appraisal services. Barry spoke of common consumer complaints, appraiser errors resulting in discipline, and more serious cases of appraiser fraud and the resulting board action.

Anthony Federico RA, residential appraiser and instructor discussed issues challenging appraisal professionals today. Federico is a popular MBREA instructor and involved the residential group in lively discussion during the morning program. Federico would later in the day sit on a panel with Jonathan Asker, RA cautioning appraisers about common errors review appraisers find. Kathleen Cooke, fraud investigation manager for Freddie Mac spoke about the serious issue of appraiser fraud and the consequences of developing fraudulent reports. Both portions of the program were informative and well-received.

If you are not a member of the MBREA I ask you to join. Please take advantage of our year-long

Diamond Anniversary membership offer of one-year at \$175.

During the residential program, Peter Gillespie, a senior appraiser in the Home Valuation Policy Division of the Department of Housing and Urban Development, reported on the latest FHA changes which were communicated by three lengthy letters released in September. To highlight:

\*Mortgagee Letter 2009-30 shortens the validity period of all FHA appraisals to 120 days, effective for all case numbers assigned on or after January 1st, 2010. Previously, an appraisal of an existing and complete property was valid for six months; 12 months for proposed and under construction properties.

\*Mortgagee Letter 2009-29 addresses "portability" and allows an original appraisal to be used by a second lender provided the original appraisal meets FHA guidelines. FHA prohibits the practice of "appraiser shopping" by lenders seeking higher values or limiting deficiencies or repairs noted by the original appraiser.

\*Mortgagee Letter 2009-28 outlines appraiser independence, following the intent of the HVCC institutes stronger restrictions on who can order an appraisal, and announces new requirements pertaining to entities that are eligible to order appraisals for FHA-insured mortgage loans.

\*The Letters take effect January 1st, 2010.

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