

Delaware Association of Appraisers Views & News

Volume 3, No. 3.....July 2009

BILL DIVELEY APPOINTED

William “Bill” J. Diveley of Newark, DE has been appointed to a seat on the Delaware Council on Real Estate Appraisers. His appointment is for a three year term. Congratulations from all of us!

He joins three of our other members who are on the Council---Bradford “Brad” Levering, George Fantini and Steve Huston.

RAFAEL DELGADO APPOINTED

Rafael Delgado of Newark has been appointed to the Board of the Delaware Association to fill the remainder of the term of our departed member “Alfred “Ike” Beam, Jr.

Rafael was appointed to the Education Committee and will be coordinating our September seminar in New Castle County. Welcome aboard Rafael.

APPRAISER BUSINESS ICENSES

Many of our members received, over the past couple of weeks, notification they have not obtained a license in order to appraise in the City pf Wilmington. I have not received a letter but I understand one needs a business license and must pay the wage tax on fees earned from appraisals in the City.

In our discussions we also found the town of Lewes also has a license requirement. We have discussed this at length and the fees required by the municipalities must be paid. No way around it.

The Governor proposed quite a while ago to make Delaware more business friendly by requiring only one license to do business in the state, rather than a number of them. When you get an opportunity, talk to your legislator. Licensing would be simplified. One of our members asked the town of Lewes if they know any other towns that have a license

requirement. The answer was “You need to call all of them.” As we find towns, counties and others who do, we will let you know.

EDUCATION COURSE COMING

The Delaware Law, Rules and Regulation seminar will be offered in New Castle County sometime in September. It is approved for 3 continuing education credits. Stay tuned for date and location. Registration will be free for all DAA members.

FREDDIE MAQC UPDATE

Freddie Mac updates its Appraisal and Valuation Requirements and Guidelines as follows:

Freddie Mac recognizes the challenges that current market conditions pose in connection with determining accurate property values. Sellers are accountable for the quality, integrity and accuracy of the appraisal and other collateral documentation. To help them address these challenges, **Sellers must review Chapter 44, Appraisal Reports, Inspection Reports and the Property Inspection Alternative (PIA), including the Home Valuation Code of Conduct (HVCC), to understand our requirements for appraisals.** An appraisal should provide a complete and accurate description of the property, and a supported market-based opinion of value.

Due to current market conditions, with this Bulletin we are reminding Sellers of certain existing appraisal requirements. This section covers the following topics:

- **Qualified appraisers**
- **Credible appraisals**
- **Comparable sales**
- **Monitoring appraisal quality**

We are also providing additional best practices identified in the exhibit attached to this Bulletin to assist Sellers in their determination of whether the collateral value is accurate. To help ensure that Seller/Service providers meet our appraisal requirements, Freddie Mac is recommending the adoption of these best practices.

[The portion of the Bulletin that addresses appraisal issues may be downloaded here.](#)

GEOGRAPHIC COMPETENCY

The following article appears in the current issue of the Massachusetts Board of Real Estate Appraisers newsletter. The issue of competency and, in particular, geographic competency is extremely important and critical that it be taken seriously.

"As we continue to measure the impact of the Home Valuation Code of Conduct on residential appraisal practices, there have been hundreds of stories in newspapers and on TV focused on the "problems" caused by the new guidelines.

Typically, reporters mention that appraisals are coming in low and killing deals left and right. They blame appraisers who are too conservative and use foreclosed properties and short sales for comparables. And, they blame appraisers who come from distances to appraise a house in an unfamiliar community.

The first complaint is difficult to deal with. Foreclosures and short sales make up the market in some communities and cannot be overlooked in the appraisal process.

The second complaint does have a resolution. It's the appraiser's decision about accepting an assignment within the boundaries set by USPAP.

The most recent USPAP Q&A issued by the Appraisal Standards Board, addresses geographic competency. An excerpt from the answer reads:

"USPAP Q&A - The COMPETENCY RULE in USPAP requires an appraiser to notify the client that he or she does not have the necessary competency to complete an assignment prior to accepting the assignment. **Because your statement in the question states that the "time frame does not permit me to adequately research the subject property market," you have already made the determination that becoming geographically competent for this assignment is a concern.** The client must be notified, appropriate steps must be taken to become competent, and the lack of competency, plus the steps taken to become competent, must be disclosed in the assignment report. *If an appraiser is not in a position to spend the necessary time in a market area to attain geographic competency, affiliation with a qualified local appraiser may be an appropriate response to ensure development of credible assignment results. Alternatively, the appraiser must decline the assignment.*"

In addition, **Freddie Mac released a bulletin that instructs lenders that:**

"Appraisers must be familiar with the local market in which the property is located, must be competent to appraise the subject property type, and must have access to the data sources needed to develop a credible appraisal"

[Unlike appraisers] Appraisal management companies, who now dominate the appraisal ordering process, do not have to worry about compliance with USPAP and think nothing of asking an appraiser to travel to "foreign" territory to complete an assignment. However, in light of the guidance provided by the ASB to appraisers and instructions

from Freddie Mac to its customers, each appraiser has to determine her or his competency to complete an assignment before acceptance [or risk putting their license and career on the line]."

NEW MEMBERSHIP BENEFIT

Tom Amatuzio, Vice President of DAA, is working with our website designer to come up with a plan to allow our members the option of placing their names and counties in which they appraise on it. This will be optional for the members and FREE. This is one way DAA plans to help our members grow their business. Persons looking for an appraiser in Delaware can easily access our website and look by county. We will probably have this set up by the end of the year. Now we will need to promote our website to the potential users. Your ideas please!

Visit our website at www.deappraisers.org

ATTEND A COUNCIL MEETING

Did you ever attend a Council meeting? The Delaware Council on Real Estate has their next meeting on Tuesday, September 15th at 9:30 AM in Conference Room A, 861 Silver Lake Boulevard, Dover, DE 19904. Two disciplinary hearings are scheduled at this time to be heard. If any DAA members would like to see what goes on at a hearing meet me there. Would not it be great if we had 10-15 members in attendance? I think DAA should be making a presence at Council meetings. We are the largest appraisal organization in Delaware. Let's now become greater and become involved. Check the Council agenda a couple of days before the meeting at www.dpr.delaware.gov