

APPRAISAL TODAY

Where to get flood information on the Internet

Keeping up with flood map changes, finding misfiled maps, finding subject properties on the maps, and other problems are a real hassle for appraisers.

For commercial appraisers who typically work a wider geographic area than residential appraisers, maintaining current paper maps is time consuming.

For residential appraisers, with relatively low fees and fast turn-arounds as compared with commercial appraisers, time spent on getting flood data is money lost.

Two companies that provide flood map information on CD are now doing it online - Digital Media Services (DMS) and Transamerica Flood Insights. Two other companies, Locksheil and Beacon Maps, plan to launch Internet maps within a few months.

The online flood data/mapping is much easier to use than most of the CD products that have images of the actual flood maps, but are not geocoded. Also, data can be much more current. However, nothing is as accurate as an appraiser in the field with the most current maps and updates.

Personally, I would prefer not to have to check flood zones for lender

work, as lenders already run flood zone determinations.

What about free maps from FEMA?

Links to FEMA's maps are available at http://ftp2.census.gov/plmap/pl_trt/. However, they are not geocoded and are difficult to use.

FEMA's Q3 maps are available but you need a GIS program such as Arcview to use them, they are not "user friendly," and they are not as accurate as the paper maps.

What about the actual paper maps (FIRMs)?

The two current online map providers, DMS and Transamerica, only provide street overlays, not the actual maps. DMS provides the actual FIRMs on CD, but they are not geocoded.

If your client requires a copy of the actual FEMA map, you will have to get them on CD or paper, or try the

FEMA site above.

DMS provides flood maps on CD for many states. Transamerica's CD product does not provide the actual flood maps, only the data, similar to their online product.

You can order paper maps from FEMA's electronic Map Service Center at www.fema.gov/msc - the link to the Store is on the left side of the page.

Lochshiel and Beacon Maps also provide flood maps on CD. Beacon Maps' are geocoded. Lochshiel's are not geocoded.

What are FEMA, FIRMs, etc.?

Most appraisers, including myself, just see flood data and maps as part of the description of the subject property, and don't really know much about FEMA or how the maps are created.

A good place to start is www.fema.gov. The site is very easy to use in comparison with other government Web sites where it is hard to

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find anything!

An excellent tutorial is at http://www.fema.gov/mit/tsd/OT_FIRM.htm. It takes awhile to download and you need a Flash plug-in, which newer versions of browsers include. The objectives of the tutorial are to show the various types of flood maps, describe the elements and symbology on the FIRMs (Flood Insurance Rate Maps), and explain how to read and use the FIRM. The tutorial is written for homeowners, and is very easy to follow, very informative, and relatively short.

What are LOMAs and LOMRs?

Occasionally, FEMA issues Letters of Map Amendments (LOMAs) and Letters of Map Revisions (LOMRs), and LOMCs (Letter of Map Change Status and Description Explanations), changing properties' status for Flood Hazard Areas.

If your subject property is in a Special Flood Hazard Area (zones beginning with A or V), check with the city to see if an LOMR or LOMA has been filed, which typically removes properties from Flood Hazard Areas.

For the status of map change requests, go to http://www.fema.gov/mit/tsd/ST_main.htm.

I checked the local city where new Zone As had been identified (Fremont California) in early 2000. Two LOMCs had been filed this year.

Transamerica includes LOMAs, LOMRs, and LOMCs on their maps.

What is FEMA?

Flood maps are a small part of FEMA's job. The Federal Emergency Management Agency - an independent agency reporting to the President and tasked with responding to, planning for, recovering from and mitigating against disaster - can trace its beginnings to the Congressional Act of 1803. This act, generally considered the first piece of disaster leg-

islation, provided assistance to a New Hampshire town.

Over the years, federal disaster relief and preparedness became fragmented. President Carter's 1979 executive order merged many of the separate disaster-related responsibilities into a new Federal Emergency Management Agency (FEMA).

Today, FEMA is a 2,500-person agency supplemented by over 5,000 standby disaster reservists.

Geocoding - the key to easy usability

With geocoding, you type in an address and the flood information and a map is displayed. The map indicates the location of the subject.

How accurate are the flood determination services?

Sometimes they are very accurate, sometimes not. An appraiser who goes to the subject with a paper map would be more accurate. The most accurate determination would be made by a surveyor.

Several appraisers who have compared the flood determinations to the paper maps with an onsite inspection have found a few errors to around 10%. If you're concerned, do a comparison test on your local area.

I did a comparison on a few local properties. I checked the same address on my local MLS, FloodInsights, and DMS.

When I typed in an address for a property in an area rezoned to Zone A in 2/2000, one correctly identified the flood zone as A, but did not show the boundaries of the Zone A correctly on the street map. Another showed the correct Zone A boundaries, but identified a nearby property not in the flood zone as Zone C, not X. My local MLS used old data and identified it as not in a flood zone.

What are the problems?

- Only appraisers do an inspection of the site and identify the approximate location of the improvements. But

keeping up on all the flood map changes is tough for fee appraisers.

- Various sources of geocoded addresses are used and none of them are accurate all the time. Check out www.mapquest.com for your area and see how well it can find properties.
- The Q3 FEMA data is not as accurate as using an actual FIRM.

What's the answer?

Using an online determination service, or flood maps on CD is okay, but you want to be sure you don't miss any Zone A's.

- Check the FEMA Web site regularly for any map changes (including LOMAs, etc.) in your area, particularly when areas are moved into Zone A.
- If you are unsure about a property's flood zone, call the municipality.

Exporting maps

All the CD products allow for exporting maps, such as a jpeg file. However, some are awkward.

To save files on the Transamerica Web site, just right click on the map and "Save as" a jpeg file.

DMS Web site allows right clicking and saving as a Gif or Tiff. It has an export button with different size pages but I couldn't figure out how it worked.

Transamerica Flood Insights

www.floodinsights.com was very easy to use. Just type in an address. If you type in the zip code, you don't have to type in the address.

The map is a street map overlay, showing the various flood zones in different colors, with a house icon to indicate the subject. It does not have an arrow or indicator of the specific location of the subject. Mapquest is used for geocoding.

The Web site allows you to change the location of the house icon and get a new determination without any additional charge, if the geocoding

does not appear correct.

Data source: Transamerica is a large national flood hazard certification provider that uses its own data. Data is updated monthly, and is "enhanced" Q3 FEMA data.

Pricing is per use. You purchase "credits":

50 Lookups, \$75, \$1.50 each

100 Lookups, \$125, \$1.25 each

250 Lookups, \$250, \$1.00 each

You can check your account online to see how many lookups you have left.

You can get 5 free lookups, to see how well it works, by calling 1-800-932-1018. Screen shots and information is available by clicking a purple pyramid on the left side of the home page, just above "log in."

You can also pay per month, with a \$50 minimum, for \$1 per lookup, billing to your credit card.

Digital Media Services - www.floodmaps.com

The subject location indicator is a push pin, which I preferred to Transamerica's house icon.

I found the interface not as "clean" as Transamerica's, and more difficult to use.

Data source: data for most states is provided by a national flood hazard insurance certification provider. DMS has its own data for some states.

Pricing is fixed with a monthly subscription fee of \$20.00 per state or a yearly subscription fee of \$199.00 per state

I didn't see anything on their Web site about a trial subscription or screen shots.

How to keep current on map changes

Keeping up with new maps is not too hard if you periodically check the list National Flood Insurance Program Community Status Book for your state, updated daily, at www.fema.gov/fema/csb.htm.

There are very few flood hazard areas where I work, and I know where they are, so I never worried much about keeping my maps current.

But, a nearby community where I do appraisal work regularly (Fremont, California) was partially remapped in early 2000, making some areas Zone A. Two other nearby cities also were partially remapped in 2000.

How did I find out? A very small news story in a local paper that my husband noticed. What difference did it make? I recently did an appraisal in a small tract of homes built in the 1950s in that city. Only a few of the homes were not in the new flood zone. Mine was one of them. Did that affect the value of the homes? Difficult to say for sure now, as the market is so active in its under-\$400,000 "starter home" price range. When the market slows down, it will make a difference. Flood insurance is not cheap. Were the other homeowners upset? Yes, they didn't want to pay for the insurance. Previously, few, if any, homes in the city were in Zone A.

How many appraisers don't know about these changes. Many don't, I suspect.

Now, I regularly check the FEMA site for any changes. If you use a CD service, you will also need to check for any new paper maps, as the CDs are updated only periodically.

What about other flood map vendors?

I reviewed the national CD flood providers in the January, 2000 issue of Appraisal Today. At that time, only DMS had online mapping, and it was limited to a few states.

Beacon Maps (www.beaconmaps.com) expects to have online maps available in the next few months, starting in California, using the actual geocoded FIRM maps, not Q3 data. They have a geocoded CD product for California.

Lochshiel, www.wearemaps.com, is also working online flood maps. They have national CD maps, not geocoded.

Where to get more information

For lots of information on flood maps, go to www.fema.gov.

www.transamerica.com, has lists of terms and other information useful to appraisers.

Flood Insights -
www.floodinsights.com - 800-932-1018

Flood Insights will be exhibiting at the August 23-24 AppraisalTech 2001 conference in South San Francisco. Go to www.appraisaltech2001.com or call 800-839-0227.

Beacon Maps -
www.beaconmaps.com - (800) 582-0444

Digital Media Services - www.floodmaps.com - 732-446-2211

Lochshiel - www.wearemaps.com - 888-356-6362

All the links from this article will be posted at www.appraisaltoday.com/subscriber.htm.

Use technology to drive your competitive strategy - Part 1

By Doug Smith, IFAS

For most appraisers, both residential and commercial, marketing strategy flows from the generalized assumption that appraising is a service business. The primary focus of most marketing is directed toward expanding a client list and maintaining the client base. Marketing strategy planning concentrates on methods that meet the needs of the clients, constantly improving communication between the appraiser and the client.

Increasingly however, for both the residential appraiser and commercial appraiser, changing technology and competition in the marketplace are forcing appraisers to consider new dimensions of their marketing environment.

Focusing solely on the client, and ignoring the impact of new technological trends, directs attention away from marketing strategies rooted in the new competitive environment. Today we see the competitive environment changing at breathtaking speeds. Much of these changes are technologically driven and demand increased attention and integration into an overall marketing plan. While there have been enormous changes in the software used by residential appraisers including new mapping capabilities, flood map availability and communication between the appraiser and clients through EDI, there is equally as much impact in commercial appraising.

Commercial appraisers are seeing

their productivity increased by adjunct software programs, mapping programs, capitalization models, and are benefitting greatly from the research opportunities offered by the Internet. Commercial clients, seeing the ability of residential appraisers to reduce turnaround time, are beginning to request faster turnaround times from the commercial appraiser, making it necessary for the commercial appraiser to look into technology as a way of increasing productivity.

Shifting the focus from the business of appraising as a service business, to the focus of the competitive advantages necessary to compete in the new environment, places our emphasis on a framework of competitive strategies that considers the technological component of the appraiser business.

The five competitive forces

Michael E. Porter, of Harvard University, has written widely about competitive strategy and technological change. Porter views competition, broadly stating there are five fundamental competitive forces at work in any business whose collected strength determines the ability of firms to succeed.

The five forces are:

1. The threat of entry
2. Substitution
3. Bargaining power of suppliers
4. Bargaining power of customers
5. Rivalry among existing competitors.

In the context of both residential and commercial appraising, it is important to analyze marketing strategy in terms of these five forces and the rapid changes in technology that affect these forces.

Technology and entry barriers

In appraising we have seen technological change lower economies of scale in nearly every aspect of the firms operation. Digital cameras, software, the DSL connections, and EDI capability have shortened the time reports are prepared and delivered to the client.

We're now reading about hand held devices for gathering information in the field promising even greater productivity gains. Although we may not know what is ahead in the next year or so, it is certain appraisers, both residential and commercial, will be doing business differently as more innovations toward greater productivity arrive on the scene. These innovations do not come cheaply and the capital costs of entering the appraiser business are increasing, giving a competitive advantage to those firms that stay ahead of the technological curve.

Technological change also affects access to distribution and circumvention of conventional distribution channels. We're in the midst of a great change-over from reports faxed and mailed to reports sent quickly over the Internet. Adopting software that meets the needs of the clients is an important consideration. In term of entry barriers, the advantages of technological change are certainly short-lived. Therefore, it is imperative to

remain up to date with changes within this industry, even taking steps to be ahead of current changes, thus raising the stakes and entry barriers to the appraiser business from potential competitors.

Technology and buyer power

Technological change can shift the bargaining relationship between a firm and its buyers. Moving along with the client's needs for reporting with EDI solidifies a relationship, increasing switching costs. Staying with the client in the changes made to receive reports, may also, in the end, reduce price sensitivity of the buyer, a key element of competitive strategy.

Technology and supplier power

Technological change also shifts the bargaining relationship between a firm and its suppliers. Technological change can eliminate the need to purchase from a company or conversely can force a firm to purchase from a new powerful supplier. This has been shown by the rivalry between residential software firms, and the practical advantage of having Adobe Acrobat as an alternative to delivering reports.

The important principle about evaluating software is not the consideration of a software company's past performance but their role in the future. While very comfortable with one type of software, the appraiser

today has to face the realities of the competitive environment and at least consider a complete change over to software that better positions a firm competitively.

Technology and rivalry

Technology can change the nature and basis of rivalry among existing competitors in a business. Technological change can raise or lower fixed costs enhancing the pressure for price-cutting. The translating of productivity gains by the technological change in appraising is probably the most overlooked source of competitive advantage.

It simply does not take as long to prepare a report as it did just a few months or years ago. Appraisers must take advantage of these productivity gains by increasing more volume or expanding the range of products. Lastly, technological change can raise the effectiveness and ability to adjust capacity to demand. Both the residential and commercial appraisers face enormous pressure to reduce turnaround times. Increased productivity brought about through technological change is the greatest source of lowering turnaround times and increasing a firm's competitiveness in the marketplace.

Technology and substitution

Today, appraisers face competition from companies producing appraisal reports statistically derived. This is being brought about by technological change in the industry, and it will be on this playing field, that the greatest competitive challenges will come. Here we see technology expanding the boundaries of the typical apprais-

ing business. For the appraiser, technology offers an opportunity to create new products pushing out the boundaries, where there were none before.

What does this mean for you?

In summary, as appraisers face the future, it is important to continue marketing efforts that enhance the service aspects of appraising. At this point, however, marketing strategy must consider the harsh realities of the new competitive environment and the role technology will play in influences the very survival of the appraisal firm.

Appraisers must consider the technology aspects affecting competitive advantage in the market place. Having set out the potential impacts of technological change, the question becomes how can an appraisal firm arrive at strategy alternatives to meet these impacts. Next month, I will discuss practical technological strategies and their integration into overall marketing strategy.

About the author

Doug Smith has an appraisal practice in Butte, Montana, and recently received an IFAS (commercial appraiser) designation from NAIFA. He is a certified general appraiser doing both residential and commercial appraising with a specialty in hotel appraising and feasibility studies. He has an MBA from the University of Montana, and can be contacted at hotelman@montana.com.

Marshall & Swift - what's the best option for you?

Like many appraisers, I considered the Marshall & Swift Residential Cost paper manual as a "Bible" for appraising, and used it for many years. But I never seemed to be able to keep up with putting the updates in the manuals.

Marshall & Swift has a new program, Residential Xpress, which automates the types of basic calculations done by many appraisers.

For this article, I reviewed Residential Xpress, and also, for comparison purposes, describe their two other CD products and their more advanced cost estimating software.

Ease of use

I found the Residential Xpress easy to use. It took me about an hour to figure out how to enter data, make changes, and print out reports.

A "Wizard" is used to enter building data, which has descriptions of many factors. For example, when you select "Average" for condition, a description appears below.

Reports

Four types of reports are available: Standard, Short, Form 1007, and an Input data listing.

Help

There was no paper manual provided. Standard Windows style help was available.

A manual is provided in the Help feature. I found the Index useful as it lists all the components, building types, etc. so you can see how they are described by Marshall & Swift.

The Web link on the help menu goes to www.marshallswift.com, not their online help. I didn't see any online help for Residential Xpress.

Printing and previewing

I found the Preview feature useful as then I could look at the calculations in a format I was used to, so I could find mistakes easier.

What about repair/remodeling costs?

I used to utilize the costs for components, such as brick patios in the paper manual, but they are not provided in Residential Xpress. For example, the cost of new carpeting, another fireplace, or brick patio.

Marshall & Swift has a Home Repair and Remodel Cost Guide for \$49.95. I will review it in a future issue.

Types of properties

Residential Xpress has single family residences, townhomes, condos, and duplexes.

Electronic transmission

Since many of us are transmitting some or all of our appraisal reports electronically, the ability to save as an image is important.

Like almost all of the programs I review and use, Residential Xpress pages can be saved as an Adobe Acrobat file but not as an image file such as Jpeg or Gif. The page can then be imported into an existing PDF appraisal file. Or, the Xpress report can be scanned but that is a hassle.

Products and prices

Listed below are the prices for all their residential cost products, so you can compare them. All CD prices are for an annual license for unlimited use. Prices are from their latest catalog and are subject to change.

- Residential Xpress - \$249.95 - software for basic quick cost estimating
- Residential Cost Handbook - \$159.95 - much more detailed, such as segregated costs for pools and

modular homes

- Residential Cost Explorer CD - \$159.95 - the paper manual in PDF format
- Both the Cost Handbook and the Cost Explorer CD - \$199
- Residential Estimator 7 - \$549.95 - very detailed cost estimating software. For example, depreciating individual components. Also includes the same fast, easy "Wizard" as Residential Xpress.
- Residential Valuation Suite - \$619.95 - all of the above except Residential Express

A product demo download is available for the Residential Estimator 7 - 21 MB, registration is required.

What's the best cost source for you?

I quit using the residential cost manual over 7 years ago, as I am in a high cost, plus very high land price, area, and the costs always seemed to be too low. Also, updating the manual was a hassle.

If you use the basic Cost manual on a regular basis, the new Residential Xpress program is a big improvement over keeping your paper manual updated quarterly, plus looking for the cost factors, etc.

If you need more sophisticated costing, the paper manual or the Residential Estimator 7 software above may work.

If you're using the paper manual regularly and need the detailed information (\$159.95 per year), on your next renewal, purchase the manual/CD combo for only \$40 more (\$199.95) and see how you like the manual in PDF format on the CD.

If you're use Residential Xpress and would like more detailed costing software, consider an upgrade to Estimator 7.

What about online programs?

They have online cost estimating, using a BBS type dial up connection (non-Internet), which I have not reviewed.

What about commercial and agricultural properties?

I will be reviewing their Commercial Estimator 7 in this newsletter in the next few months. The price for the paper manual and the Explorer CD (PDF manual) is \$289.95 each, or \$329.90 for both.

Their software, Commercial Estimator 7, costs \$649.95, single user annual license.

The Commercial Valuation Suite, with all three products is \$829.95.

Their new Agricultural Estimator software is \$649.95, standalone, and \$149.95 as an add-on to Commercial Estimator 7. Both products are available for \$799.00.

I will be reviewing the Commercial Estimator 7 software in a future issue.

What about other cost services?

In February, Marshall & Swift merged with E.H. Boeckh, another, lower priced, cost service. No changes have been made for appraisal-related data since that purchase. They also merged with Digital Documentation Systems, Inc. (DDS), a provider of technology services for property claims settlements.

Where to get more information

Go to www.marshallswift.com for tutorials, demos, and to order online. Or, call 800-544-2678, Monday - Friday, 6:30 AM to 4:30 PM, Pacific time.

Michael Gross of e-appraiser (www.e-appraiser.net) recently did a review of several cost sources, particularly for remodeling costs. His review is at www.appraisalstoday.com/cost.htm. e-appraisers is revamping their Web site and have not able to posted his

Appraiser watch

East St. Louis "Swampdog" flipping scam

"The house at 817 N. 42nd St. in East St. Louis has an estimated fair market value of \$4,716, and it shows. The buckled shingles fly off when a hard wind blows. Cracks in the ceilings channel water into the bedroom. Big holes riddle the walls inside and out. The wood around the window sills is rotted," per a March 18 article in the Belleville News Democrat.

"Rosie and Charles Stringer agreed to buy this crumbling wreck of a house for \$55,000 from East St. Louis businessman Marvis "Swamp Dog" Bownes.

"For Bownes the sale to the Stringers meant a windfall. Just three months before, Bownes bought the house and two others in East St. Louis for a total of \$18,800, St. Clair County records show.

"In total the Bowneses paid almost \$320,000 for 25 homes since 1999. They sold them for \$1.14 million. Buy at an average price of \$12,800. Sell at an average price of \$45,600."

In an April 10 story, the newspaper reported that appraiser Edward A. Dahlhoff, 64, was given one year probation. Appraiser Cheryl Oliver, 49, had her license was revoked for two years. The appraisers "could not be reached for comment." Per the article, "The News-Democrat series documented five instances of Dahlhoff appraising East St. Louis homes sold by the Bownes for six, seven, eight and even 22 times the value of what the Bowneses had paid for them only months earlier."

The link to the online Belleville News Democrat is www.bnd.com. To read the articles, go to www.appraisersforum.com and search for St. Louis. The postings were made by "Daniel" Worth reading.

Foreclosures in the Poconos

It's not just old, rundown houses that have inflated appraisals. It happens in new home subdivisions also.

Per an April 8 article in the Pocono Record, Francisca Moya purchased a new three-bedroom Cape Cod-style home from Raintree Homes for \$159,000 in 1999. A year later, Moya decided to sell but learned her home would bring no more than \$85,000 on the open market.

Incensed, Moya obtained a copy of her appraisal from her bank. The appraiser, she learned, was Dominick Stranieri... who routinely appraises houses being sold by Raintree Homes."

"Stranieri is facing a 136-count complaint filed last summer by the state Bureau of Professional and Occupational Affairs. The complaint says that Stranieri inflated the value of three homes for Northeast Mortgage Company of Stroudsburg. BPOA cites one three-bedroom home in Penn Estates, Stroud Township, that Stranieri appraised for \$160,000. The real value of the home, according to BPOA, was between \$113,000 and \$122,000."

"Jean Lee, owner of Northeast Mortgage, said she was unaware that Stranieri allegedly inflated appraisals. 'I wouldn't be aware of it,' said Lee, who declined further comment."

Per an April 10 article, "Another local appraiser, Dori Hanson, was hit with civil charges in 1999 by the BPOA for submitting inflated appraisals. Hanson was fined \$4,000 and her appraisal license was temporarily suspended. Hanson appraised properties for Keystone Development Company, Raintree Homes, Northeast Mortgage ..."

Direct links to the series of articles is on the subscriber page at www.appraisalstoday.com/subscriber.htm. Well worth reading!!

AppraisalTrac - online appraisal management

All appraisal companies need some way to track their appraisals in process, even if there is only one appraiser. As you get more appraisals, and appraisers, to manage, the task becomes much more difficult.

Many banks who order appraisals have developed custom in-house computer programs, but they are expensive to install and maintain. Almost all use email transmission, a big hassle for large appraisal files, typically well over 1MB.

For fee appraisers, having a client with a Web-based system that will send, track, and receive their order plus allow them to send messages, such as a delay by the borrower, is a big plus. Wasted time on the phone with a client providing updates and re-sending a "lost" emailed report means wasted time and money lost.

One of my oldest bank clients developed an in-house custom appraisal management program several years ago, but it is email-based for the appraisers. A Web based system would be much better for me as then I could upload my appraisal files, keep a good record of any messages I sent, etc. I don't have any way to interface directly with their computer program, which allows other people within the bank to have updates on appraisals.

I can see the advantages of a Web-based system like AppraisalTrac.

What are clients using now?

Everyone has to track their appraisals. Most clients are using some sort of a custom program, which can require a large "human" component because it is not comprehensive. For example, AMC's have different clerks from different departments calling the same appraisers for updates. Or, their corporate email system can't handle large appraisal

files well. Some are still using the very expensive proprietary VANs for electronic transmission.

Why don't they change? The Internet is finally able to handle their needs, but they have too much invested in legacy systems. Appraisals are not a top priority for lenders, so why rock the boat?

Some are changing, but it takes a long time and is difficult, particularly if they are a very large company.

And, of course, appraisals are a cost, not a source of income, for lenders.

What is AppraisalTrac?

Dattar Systems, a San Francisco Bay Area firm has developed an Internet-based appraisal order, tracking, delivery, review system for managing appraisals. It can also handle other types of service providers such as flood and title.

A customer can use AppraisalTrac's Web server, or install the program on their own server. The program can be run as AppraisalTrac or run in the background, with customer branding.

The program is written in Java, so it can be used on many different types of computer.

Data fields can be customized for a customer's business rules or for branding.

What does AppraisalTrac do?

I have looked at many in-house systems that do part, or all, of appraisal management. They are all similar in what they do, except some don't do all the process. For example, they don't have a good way of recording status updates.

I accessed AppraisalTrac separately as a client, manager, and appraiser. I found the screens easy to use. Navigation was also easy, without a lot of menus to sort through, as com-

pared with other systems I have tested.

Appraisers can display and sort their orders, check messages, and post updates such as a delayed appointment. Uploading appraisals was also easy. Files can be PDF or any other format, such as Lighthouse. Appraisers are notified of new orders by fax, email, or both.

Appraisal files are encrypted and compressed when being uploaded, a much better method than unsecured, uncompressed emailed files.

AppraisalTrac works with many applications used by appraisers, including AOL and cellular modems.

What type of customers was this developed for?

Dattar is targeting companies who order and track 300 appraisals a month, minimum. They could be banks, mortgage brokers, AMCs, or large appraisal companies.

What does it cost?

The fee is per appraisal, with a maximum of \$8 per appraisal, with significant volume discounts, or flat fee pricing.

The client pays the fee. There is no cost to the appraiser.

Who developed AppraisalTrac?

The two developers are Karl Dattar and Leslie Hurlburt.

Karl Dattar has worked information technology since 1988, and has been a self-employed consultant since 1994. He has worked for various corporations developing applications, including automation projects for Bank of America's Residential Appraisal Systems Group, where he was a consultant from 1996 to 2000. During this time he consulted on a variety of projects including, developing the interfaces between the internal loan origination system and appraisal systems and communica-

tion tools for internal appraisers to submit their work and results via the Internet.

Leslie Hurlburt worked for Bank of America from 1986 to 2000, and spent the past 9 years with the Residential Appraisal Department's technology group. She was key in developing the Bank's Intranet Web-based appraisal order system.

How do fee appraisers fit in?

Technology is the present and the future for lending, and for appraisers, particularly if they do lender work, which is almost all residential appraisers.

The "good old days" of developing a personal, face-to-face relationship with clients is fading fast, particularly in lender work.

Clients using this type of system make it much easier for fee appraisers to work with them. Everything is done on a Web site. No proprietary software, no problems with email delivery of large appraisal files, notification by fax or email of new orders, etc.

Who else sells this type of service?

There are relatively few companies offering this service.

I took quick looks at three other services at the recent Mortgage Bankers Association Technology conference - FNC, Ocwen's OTX, and RealEC. All offer a "one stop shopping" for service providers such as appraisers, flood, and title insurance.

With all these services, lenders sign up and then have their fee appraisers sign up. They relieve the lenders of the hassles of ordering and tracking appraisals and other services.

OTX (Ocwen Technology Xchange) targets mid to large size lenders with relatively high volumes. There is no fee to the lender and appraisers pay a maximum of \$3.50 per appraisal.

RealEC targets mortgage brokers and bankers. There is no fee to the

Singlehandling your mail

How many times do you handle a piece of mail, such as a request for a resume or a flyer for a seminar? Time management experts recommend single-handling, or only handling a piece of paper once. Every time you pick up that piece of paper is more time spent on it. Make a decision about what to do with the piece of paper and don't just put it into a pile to be "looked at later".

For appraisal firm owners, the pieces of paper usually come from faxes or the mail. Set aside a certain time of the day for opening mail and reviewing faxes. Always have a waste basket handy when opening and sorting the mail. Throw out the obvious junk mail without opening it.

Or, have a secretary screen your mail by throwing out the junk, routing it to the appropriate person, or responding to routine queries.

Don't leave magazines and journals sitting on your desk, where they will be a distraction. Put them on a side table or in a drawer.

Fill out questionnaires when you receive them, or throw them in the trash.

If you receive a meeting notice, put it on your calendar. If you need to keep the agenda, put it in a "tickler file" for future reference. A tickler file is a filing system with a separate file for each month or week. Or, you can use a calendar type computer program, which is much more flexible.

To single-handle a form letter with a phone and address change, immediately insert it in your rolodex and throw away the letter.

If a letter or fax needs immediate action, such as a phone call, do it now.

Give requests for tax ID numbers or copies of a license or resume to your secretary to send out. Or, finish it immediately by filling out the form or putting a resume or license in an envelope, and mailing them.

Put all bills into a "to be paid" bin or drawer. Give past due invoices to your bookkeeper.

If a brief response will work, write it on the letter or fax and send it back.

Give product brochures to the person who would be responsible for purchasing the item. See above. Remember this slogan, when in doubt, throw it out.

Single-handling does require some discipline, but it is a habit easily learned. Every minute you save by single-handling can be spent on a more important task such as finishing an appraisal report, or spending more time with your family. All those minutes saved can really add up over a month or two!

lender and appraisers pay a \$5.00 per appraisal.

FNC has XML-based Appraisalport (for appraisers), Bankport (small banks), and Collateral Management System for larger banks. It focuses on the appraisal component but also handles flood, title, and other services. Appraisers are charged \$5 per order.

From the lender side, the services vary widely in customization, reporting, and data provided.

From the fee appraiser's side, they

all look similar, as they are browser based. Some are easier to navigate than others, but none are difficult.

Where to get more information

AppraisalTrac

Dattar Systems, Inc.

2290 Diamond Blvd., Suite 101

Concord, CA 94520

925-688-1250

www.appraisaltrac.com

FNC, Inc. - www.fncinc.com

OTX - www.otx.com

RealEC - www.realec.com

Procrastination costs you time and money

Have you ever procrastinated on ordering paper or cartridges for your printer until you ran out, or waited until midnight to start an appraisal due the next morning at 9 A.M.? We all procrastinate, of course. However, when you are really busy and turning down work, procrastination often causes you more time to complete a task than if you had not waited until the last minute. Of course, that doesn't even take into account the stress.

So what's wrong with procrastination? Instead of having office supplies delivered, you or your assistant had to stop working and run over the office supply store. That appraisal you rushed out the door had a bad typo, such as the wrong address, and you had to take the time to redo and resend the appraisal, and, worse, you look bad to your client!

Overcome procrastination with your "to do" list

An excellent technique to start conquering procrastination is to begin your day by making a to-do list of tasks, with the most unpleasant task topping the list. The task could be as simple as returning a phone call, writing a check, or organizing your photographs for a complicated assignment. You'll feel relieved you don't have to worry about the task any longer, and confident that you can conquer procrastination. Work at it! The more you try, the easier it will be to develop the non-procrastination habit.

You're immediately rewarded by starting your day with a positive, can-do feeling. Doing this every day will make it a habit. You will probably find that you want to have this good feeling more than once a day, and you WILL be on the path toward overcoming procrastination.

Overcoming procrastination requires determination and consistency. You will need to use behavior

modification techniques, changing habits established over many years, but it is not hard to do.

Make a commitment to the new habit for a period of time, such as 2 weeks, and don't let yourself backslide. Reward yourself for using your new habit. Tell others about your new way of working, so you'll be more likely to keep doing it. You are trying to modify your behavior, and rewards and consistency are both very important to your success.

I overcame my procrastination habit over 15 years ago. How did I do it? Simple behavior modification techniques described above. Now every time I complete a task early, I feel good, and it reinforces my non-procrastination. I still procrastinate sometimes, but am very annoyed that I am wasting so much time and energy on a task that could have been completed much easier at an earlier time.

Prioritizing your to-do list

Another method is to prioritize your to-do list. It might be impossible to get everything done, but you'll want to be sure to get the most important tasks done first. It's very satisfying to cross the items off your list.

Just Say No

One of the greatest time savers is using the word NO. The inability to use this word leads to procrastinating on more difficult assignments, and on tasks you don't like. After all, you won't have the time to do them properly. In order to make more efficient and effective use of your time, you must be able to plan for the future and prioritize the present. You must control your workload as much as possible.

Setting your own deadlines, and adhering to them is very important. Intermediate deadlines are very useful on larger assignments. Don't let your clients control you. Set your own time

limits. Don't be afraid to have someone else check on your progress toward completing your deadline, as an additional reinforcement, if necessary.

Strive for excellence, not perfection

Many appraisers are inclined toward perfectionism. Excellence is not perfection. No appraisal is perfect, but all should be excellent. Strive for excellence. There's always more that could be written, or more research that could be done that may or may not be necessary. Procrastinating until you have the "perfect" appraisal is time consuming and frustrating. The perfect appraisal is an almost unobtainable goal. It is certainly not a profitable goal if you're trying to make money. If you're inclined toward perfectionism, force yourself to turn in a less than perfect appraisal. It will be easier the next time. You have a service business, and there aren't many clients that want, or are willing to pay for, the perfect appraisal.

Switch from perfection to excellence and both you and your client will be more satisfied.

Do it now!!

The best way to start is to do it now, don't procrastinate! When you're finished reading this newsletter, start changing your behavior! Don't wait! You control your time, not your clients or anyone else

The key to time management is managing yourself. It's not other people who control how you use your time, it's you. This might require changing habits you've established over a long period of time. You do it because you want to have more time for important activities, such as family, friends, hobbies, education, or just relaxing. You want to work smarter, not harder.

News Briefs

Kinnard passes away

Dr. Bill Kinnard passed away suddenly April 6, 2001 of a heart attack. I never knew Dr. Kinnard, but he was well known by many appraisers. One of his books was used in the first income property class I took from the SREA in the late 1970s.

Per his obituary, published April 8 in the Hartford (CT) Courant, "He was successively Head of the Finance Department, Director of the Institute of Urban Research, and Founding Director of the Center of Real Estate and Urban Economic Studies (CREUES), which was founded in 1965. He also served as Associate Dean and then Acting Dean in the School of Business Administration. During several summers, he also taught at the University of Florida, UCLA, and Brown University.

He retired from UConn in 1981 after 26 years. In addition to teaching, he published numerous articles in academic and professional journals, as well as authoring or co-authoring several major texts on property valuation and appraisal. Some of the awards Dr. Kinnard received are the Alfred Reinman Award from SREA, the George Bloom Award from AREUEA, and the James Graaskamp Award from ARES. Two awards were named after him, the annual award for outstanding contributions to appraisal education given by the Appraisal Institute, and the William N. Kinnard, Jr. Scholarship in the School of Business Administration at UConn. At the time of his death, Dr. Kinnard was owner and president of The Real Estate Counseling Group of Connecticut, Inc., the company he founded with Stephen D. Messner and the late Byrl N. Boyce in the late seventies."

Kinnard was 74 years old. In addition to his wife, Iris, he is survived by a

daughter, Susan Jones and her husband, Bruce; a son; Jeffrey and his wife, Andrea; seven grandchildren, Amanda Jones of New Haven, Nathaniel, Rebecca and Julia Jones of Nassawadox, VA, and Jason, Adam, and Elizabeth Kinnard of Woodbury.

Here's a testimonial by long time friend, Bill Swango

"He was in Marlboro in the 2nd day of a presentation when this happened; died with his boots on, never retired.

Mentor.
Intellectual.
Quick Wit
Humorist.
Thinker.
Giver.

Always helping
Always with a humorous wit
Always thinking, always active
Always with a smile
Always with a positive attitude
Always with a sound suggestion
Always with time to talk and listen
Always an effective communicator.
Never with an attitude of superiority
Intellect. Common sense. Humor.
Friendship.
He is missed.
Its good to remind ourselves, particularly at this time of year, that miraculously only his body died.

See you later Bill.

--Dan

If you would like to send me a remembrance/testimonial, I will post them at www.appraisaltoday.com/kinnard.htm.

Healthy HUD?

Three bureaucrats testified about HUD at the Subcommittee on Housing and Community Opportunity Hearing on "The Financial Health of the Federal Housing Administration (FHA) Single-Family Mutual Mortgage Insurance Fund" March 20, 2001

Testifying were:

- Thomas J. McCool, Managing Director, Financial Markets and Community Investment, General Accounting Office - financial analysis, including a "downturn" forecast, some good charts.
- Susan Gaffney, Inspector General, U.S. Department of Housing and Urban Development - addressed some appraisal issues
- Marvin Phaup, Deputy Assistant Director, Congressional Budget Office - overall analysis of funds

Here's a quote from Gaffney:

"Another critical control is the systematic testing of property appraisals by HUD. The direct endorsement lender selects the appraiser that sets the value of the property for FHA insurance. With the high loan to value ratio of most FHA loans, an accurate appraisal is critical to minimizing HUD's insurance risk. HUD's procedures call for field reviews of 10 percent of all appraisals. Also, there are additional requirements that assure oversight of each appraiser's and each lender's performance and follow-up when problems are noted. During our audit we found that these controls were not being followed. Branch Chiefs at three Homeownership Centers commented that they did not have enough staff to monitor appraisers or to sanction poor performers. Since completing our audit, HUD has made significant strides in the area of improved appraiser oversight, by

identifying high risk appraisers for review."

To read the three written testimonies, go to www.house.gov/financialservices/032001wl.htm

New bank examiner appraisal review course

The Federal Reserve's Federal Financial Institutions Examination Council (FFIEC) will offer a new training program in 2001, The Real Estate Appraisal Review School, that will provide bank examiners with the underlying knowledge and skills required to review a commercial real estate appraisal to determine compliance with appraisal regulations and standards as provided by the Uniform Standards of Professional Appraisal Practice (USPAP)."

The first offering of the 4½ day class will be in the summer of 2001.

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Per their Web site, "Examiners will learn how to identify the most commonly made mistakes by appraisers and to identify potential appraisal fraud. Using standard agency-provided data and information, participants will also learn how to review and test key assumptions used to determine value, and to estimate the impact on value given revised assumptions."

So, what does this mean for appraisers? Bank examiners have been reviewing commercial appraisals in loan files for some time, but many lacked appraisal training. When an examiner picks up your appraisal for a review, maybe he or she will have a better understanding of appraisals.

Special subscriber-only price for AppraisalTech 2001

The \$50-off price of \$245 for the 2-day AppraisalTech 2001 conference has been extended until July 31 for subscribers only. For more information on the conference, go to www.appraisaltech2001.com or call 800-839-0227. A brochure will be sent to all subscribers with the regular pricing. Be sure to mark on the registration that you are a subscriber!!

So far I have 13 exhibitors signed up for the Expo - ACI/Polaroid, SFREP, alamode, Appraisers Toolbox, Geolocator, Liability Insurance

Raise your fees

If you're turning down work and/or working very long hours, it's time to raise your fees, if only for those "rush" jobs or tough appraisals.

"One price for all" is not a good pricing method when there is a shortage of appraisers, however temporary. Not everyone is price sensitive.

You can start by asking for a significantly higher fee on a rush order. The extra money may be worth it for your client.

Yes, you will lose some work. So what? You're already way too busy. If you get only 10% more for an assignment, that's 100% profit for you!

Administrators, Flood Insights, ASA, AI, Argus, AppraisalTrac, Dataquick, REAMUG, and FNC.

CE approval is available from ASA, NAIFA, ASFMRA, and the Appraisal Institute (CE log).

Full page ads will be running in the next issues of Real Estate Valuation (Henry Harrison/Forms & Worms) and the Appraisal Institute's Valuation Insights and Perspectives.

MBA Loan Volume Application Index – 3/90 to 4/01

