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Introduction

Whatever Happened to Quality Assurance in Residential Appraisals: Avoiding Risky Appraisals and Risky Loans was written to benefit appraisers, underwriters, appraisal reviewers, real estate agents/brokers and quality control personnel. This seminar replaces the older seminar *Quality Assurance in Residential Appraisals: Risky Appraisals = Risky Loans*, which was developed to educate appraisers about the repetitive appraisal problems encountered by the lending industry.

This new seminar further enhances the issues highlighted in the original seminar with more in-depth discussions and the addition of numerous real life problems. Participants learn about the challenges that appraisers face in working with the lending industry and information on changes within the industry, such as the Home Valuation Code of Conduct and the implementation of the Fannie Mae/Freddie Mac Market Conditions Addendum to the Appraisal Report (1004MC). Other topics include the issues of declining values and thorough discussions of seller concessions. These classroom topics challenge the students to discuss how the problem issues would be addressed in their everyday work product.

This new seminar was the result of reviewing volumes of faulty appraisals and meeting the challenges of the community to communicate lenders' needs to appraisers. Through direct work with numerous lenders—underwriting and quality control divisions—it became apparent that they were the recipients of large volumes of poor quality appraisal reports. With this came the realization that the experienced and highly qualified appraisers were not getting these assignments. The challenge was how to bridge this gap—to bring together those institutions seeking quality appraisers with the appraisers who perform quality work. One solution was to create a seminar focused on the overall issues and to alert the lenders to those appraisers who attended the seminar. The seminar was also designed to meet the need of financial institutions for quality appraisers as well as the need of appraisers to work for quality clients. In a joint effort with the Appraisal Institute, FNC began an ongoing effort to provide the names of attendees (with their permission) to lenders who are seeking to expand their list of qualified appraisers.

The seminar provides an in-depth review of real appraisal report problems and is a practical applications class. The material used for all class discussion exercises and case studies is a combination of issues found-in actual appraisal assignments. The names, addresses, and other identifying information are fictional, and any similarities to any appraiser's work product are coincidental. Participants will review areas of the appraisal report that reveal signs that the value has not been supported. There are "Consistency Checks" throughout the seminar, which indicate places in the report where reviewers sometimes discover inconsistencies.

For appraisers, the seminar will increase awareness of problems that lenders see in reports and help appraisers to focus on sections of their reports that might need

improvement. The detailed examples provide an additional benefit for appraisers who review appraisal reports.

For participants from the lending and real estate industry—underwriters, appraisal reviewers, real estate agents/brokers, and quality control personnel—the seminar will provide valuable information on the stringent requirements necessary to produce a USPAP compliant appraisal report. Further, this seminar will increase awareness of how appraisers add value to the lending process. The detailed examples show the type of quality appraisal reports produced by experienced, highly qualified appraisers, and demonstrate the need to seek out these professionals. This information should result in more thorough appraisal reviews and increased quality control. For risk management of collateral backing a real estate loan, qualified and ethical appraisers are irreplaceable.

Overview

Seminar Description

Whatever Happened to Quality Assurance in Residential Appraisals: Avoiding Risky Appraisals and Risky Loans discusses the consistent problems in appraisal reports found by underwriters, appraisal reviewers, quality control divisions, state appraisal boards, and fraud investigators. This seminar was developed around the Uniform Residential Appraisal Report form (URAR), but it is not intended to be a review of the entire form. Although the general appraisal process is discussed, the focus of the seminar is directed at issues within specific sections of the appraisal form that are consistently problematic. Further, since most of the other Fannie Mae/Freddie Mac appraisal forms include these same sections, the material in this seminar has wide application in most residential appraisal assignments.

Learning Objectives

At the completion of this seminar, participants should be able to

- Recognize key issues and concerns of the lending industry about residential appraisals; recognize key issues and concerns of the appraisal industry about the lending industry
- Identify actions of incompetent and/or unethical appraisers that render faulty appraisals, thus impacting the credibility of the appraisal profession
- Recognize the responsibility of the appraiser as being the primary gatekeeper charged with providing an independent, quality appraisal
- Identify red flags consistently noted on faulty appraisals; recognize the impact of inconsistencies and omissions in an appraisal report that result in an opinion of value that lacks support and credibility
- Recognize the differences between underwriting guidelines and proper appraisal procedures and identify ways to bridge the gap
- Identify possible solutions for both lenders and appraisers, which will result in improved business relationships and more reliable appraisal reports

Learning Enhancements

The seminar has been designed with a variety of elements to enhance your learning experience.

- **Learning Objectives.** Each learning objective covers essential information you need to know to fully understand the concepts in the seminar. Look them over before each part begins so that you have a frame of reference as you move through the material. At the end of each part, reread the objectives. Are you able to perform what is stated? If not, this is the time to ask your instructor for help. Or, review the concepts that you do not understand.
- **Discussion Questions.** Discussion questions provide you with additional ideas to consider as you absorb what you are learning.
- **Examples.** A number of examples are scattered throughout the handbook to provide everyday illustrations of what you are learning.

Classroom Guidelines

To make the learning environment a positive experience for everyone attending, please follow these guidelines when class is in session.

- 100% attendance is required. No exceptions.
- Limit use of laptops to classroom projects.
- Communicate with business associates during break time instead of class time.
- Put away reading materials such as newspapers and books that are not used in class.
- Silence cell phones and other communication devices.
- Use recording devices only if prior permission has been granted.
- Refrain from ongoing conversations with those seated near you and other distracting behavior.

General Information

- **Breaks.** There will be one 15-minute break during the morning session and one 15-minute break during the afternoon session unless noted otherwise by the program sponsor. The lunch break is one hour. A meal is not provided unless specified in the sponsor's advertising or in your seminar confirmation materials.
- **Attendance sheets** will be distributed during class to verify your attendance during the morning and afternoon sessions. Attendance for the entire seminar is required.
- **Certificates of completion** will be distributed or mailed after completion of the program.
- **Materials required.** A financial calculator is required. The HP-12C is the recommended calculator.