

Beyond HVCC

A Webinar for Appraisers

By

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Lender Business

- PRO:
 - Steady supply
 - People are always buying or refinancing
 - Easy assignments (often)
 - Predictable fees (may be lower now)
- CON:
 - HVCC and AMCs pressuring fees
 - Pressure for turnaround time
 - Can get boring
 - Competitive; fees can't be too high



Other Sources

- ❑ Estates
- ❑ Trusts
- ❑ Sellers
- ❑ Buyers
- ❑ Relocation Companies
- ❑ Insurance Companies
- ❑ Bankruptcy Clients
- ❑ Divorces
- ❑ Partial Interests
- ❑ Conservation easements
- ❑ Oil, gas, mineral rights
- ❑ Personal property
- ❑ Lenders—REO & Short Sales
- ❑ Consulting work
- ❑ Government work
 - Condemnation
 - Other reasons
- ❑ Private clients
 - Colleges & universities
 - Hospitals & medical centers



Diversify

- Expand your practice
- Add additional services
- Build a client data base



Estates & Trusts

- Valuation for estate tax purposes
- Valuation for trust
- Valuation for estate planning
- Retrospective values
- Client sources:
 - Trust officers
 - Department of Revenue (state or federal)
 - Attorneys
 - Elder care
 - Estate planning



Estate Work

- Steady
- Clients are generally less demanding than mortgage underwriters
- Nice niche



Estate Planning



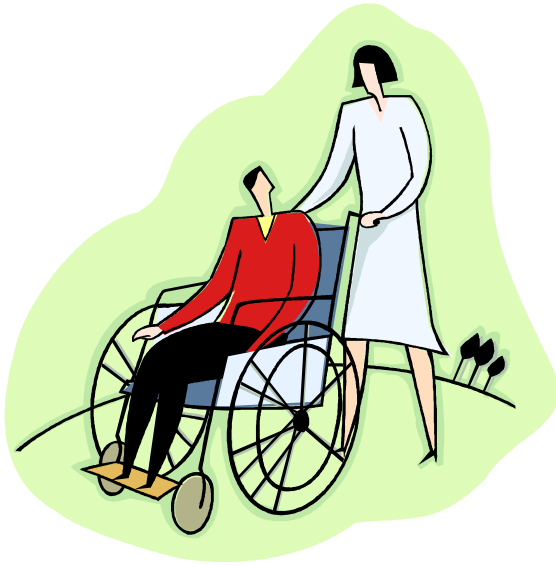
- ❑ As Boomers age, they are making estate plans
- ❑ Some have inherited money already
- ❑ Highest earning generation in US history (so far)

Farmers & Small Business Owners

- ❑ Have a particular need for estate planning
- ❑ Elder care attorneys have these folks as clients



Nursing Home Admission



- ❑ Medicaid Rules require establishment of value
- ❑ In some areas, they are using agents & BPOs or CMAs
- ❑ Market the difference!

Reverse Mortgages

- ❑ 65+ market
- ❑ Most of these are FHA loans
- ❑ Growing as Boomers age
- ❑ Another niche



Sellers

- Pre-listing
- Have a buyer—what's it worth?
- Unusual property
- Appraisal & consulting, e.g. are there issues with the property for various loan programs?
- Sellers
- Agents
- Brokers
- Past clients
- Market to:
 - REALTORS®
 - HOMES Magazines
 - Website



Sellers

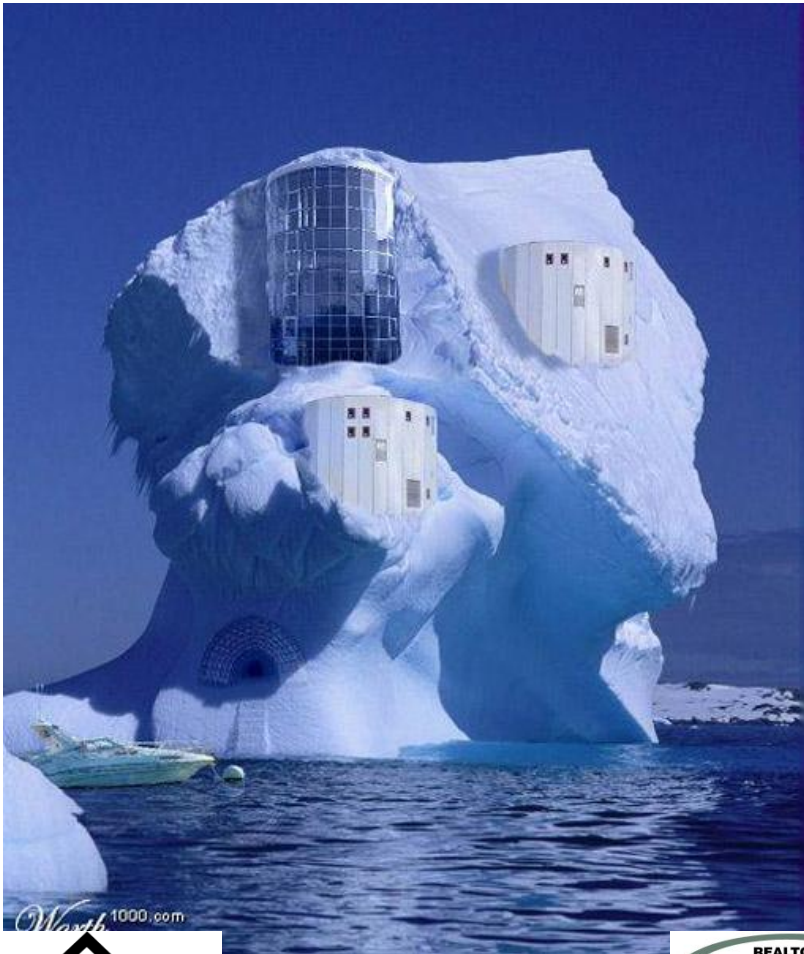


- ❑ FSBO Market
- ❑ They don't want to pay a commission. . .
- ❑ But would they pay a lot less to make certain they get the right price?



Real Estate Agents

- For help valuing the “odd” property



16%!

- According to NAR®, this is the percentage *less* that a typical FSBO sells a house for, compared to a seller who uses an agent



Buyers

- Before making an offer
- Cash buyers
- Auction buyers
- Unusual property
- Appraisal + consulting, e.g. "If I buy this and do X, Y, Z, what will property be worth?"
- Sources:
- Past clients
- REALTORS®
- Publications and media buyers look at
- Website
- Informative ads, blogs, posts



Buyers

- ❑ With change in market, they don't want to overpay
- ❑ Savvy cash buyers get an appraisal
- ❑ Relocating buyers
- ❑ Buyers planning to fix up



Pre Auction

- ❑ For seller, to have a minimum price
- ❑ For buyer, to have a maximum price
- ❑ Another niche



Relocation Companies

- ERC
- Offers courses
- Can become a member
- Strictly review work
- High ratings of accuracy= more jobs
- Sources
- National companies
- Local companies
 - Human resources directors
 - Networking
 - Executives
 - Chamber of Commerce



Insurance Companies

- Directly or indirectly
- What should the property be insured for?
- What is replacement cost?
- What is reproduction cost?
- Sources:
- Users of insurance
- Insurance agents
- Insurance companies



Bankruptcy

- Liquidation value is usually what is sought
- Many borrowers are now declaring bankruptcy
- Administrator of bankruptcy proceeding has to value assets, sell them
- Sources:
 - Bankruptcy attorneys
 - Judges



Divorces

- ❑ Love it or hate it
- ❑ Niche market
- ❑ Goal: get established as so credible they agree in advance to accept your value



Divorces

- Either side
 - Both sides
 - Niche: Be the appraiser both sides agree to *in advance*
 - Based on your reputation for “honest and fair”
 - Agreement with clients
- Sources:
 - Attorneys
 - Mediators
 - Past clients
 - REALTORS®



Partial Interests

- Undivided partial interests, tenant in common
- Life estates
- Remainders
- Easements
- Sources:
 - Attorneys
 - REALTORS®
 - Owners
 - Hunting cabins & lodges
 - Persons who inherited together
 - Former business partners



Easements

- Conservation easements:
 - Sale of development rights—permanently
 - Long term easement

 - Air rights
 - Access rights
 - Utility easements
 - Cell towers
 - Etc
- Sources:
 - Agriculture offices in some states
 - Nature conservancy
 - Other conservancy groups
 - Attorneys
 - REALTORS®



Sub-surface Rights—O, G, M

- Oil, gas, mineral
- Value of the lease
- Value of the interest
- Value of the easement to get the interest
- Sources:
 - Attorneys
 - Estate settlement
 - Divorce
 - Litigation
 - REALTORS®
 - Pricing
 - Selling



Personal Property

- Household goods
 - Antiques
 - Equipment
 - Machinery
 - Inventory
- Sources:
 - Estates
 - Businesses
 - Litigation
 - Bankruptcy
 - Attorneys and REALTORS®



REO Lenders—Flipping & Flopping

- ❑ Flopping—Relatively new practice where real estate brokers set up a sale to an insider (they may even be part of the LLC)
- ❑ Convince lender they should short sale/foreclosure sale at this price
- ❑ Immediately flip for a profit
- ❑ Lenders want to know what it is worth
- ❑ Emphasis is your local knowledge, ability
- ❑ Sources:
 - Lenders
 - Honest REALTORS®
 - Attorneys



HAFAs and TARP

- TARP Inspector General just called this week for appraisals for these properties



Consulting Work

- USPAP has always allowed us to consult
 - Market analysis
 - Cost flow analysis
 - Rent analysis
 - Highest and Best use analysis
 - Other
- Sources:
 - Attorneys
 - Past clients
 - REALTORS®
 - Specific investors/buyers
 - Webinars/seminars



Government Work

- Condemnation
 - Roads
 - Other public projects
- Litigation
- GSA
- Numerous federal agencies, for a variety of reasons
- State agencies
- Local government
- Surf the web
 - Federal
 - State
- Match your expertise to the agency/job
- Contact local government
 - County
 - Municipality



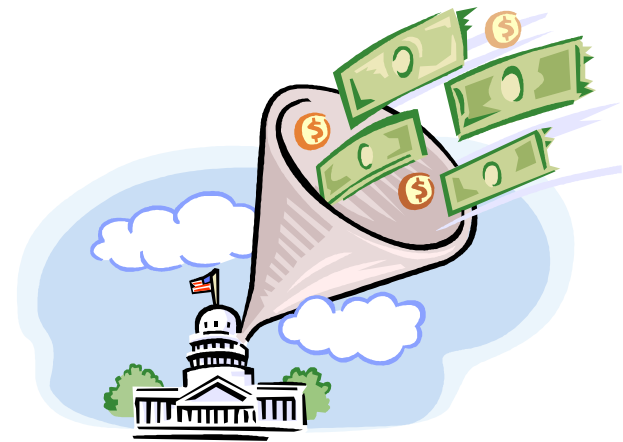
Private Clients

- Colleges & Universities
- Hospitals, medical centers, nursing homes
- Libraries
- Foundations
- Churches and religious organizations
- Schools
- Expansion or contraction of facilities
- Condemnation
- Sources:
 - Boards of Trustees
 - Attorneys
 - REALTORS®



Tax Appeal Work

- ❑ Reassessment always brings work
- ❑ Become an expert in certain counties
- ❑ Become an expert in certain types of property
- ❑ Another niche



Who's on *your* list?

- Attorneys
- Accountants
- Trust Officers
- REALTORS®
- Government officials
- College & University contacts
- Nursing home administrators
- HR people
- Past clients & customers

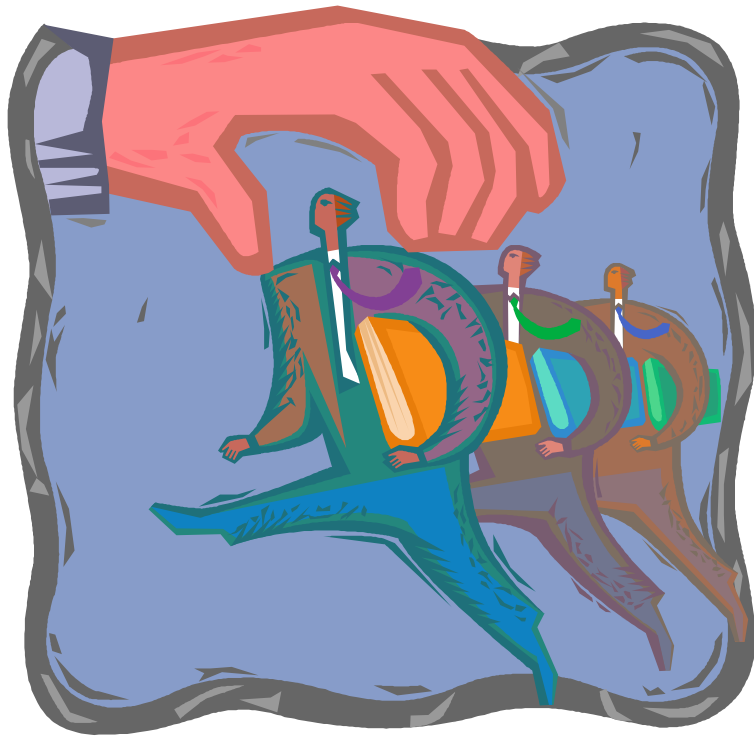


The “M” Word

- MARKET!
 - eNewsletters
 - Blogs
 - Paper Newsletters
 - Articles in local publications
 - Have a website
- Presentations to:
 - Attorneys
 - Accountants
 - Human Resource People
 - REALTORS®
 - The general public



Pick Your Clients



- ❑ Instead of them picking you
- ❑ Figure out who you want to work for
- ❑ Offer them exemplary service

Pick Your Niche(s)

- ❑ Type of assignment
- ❑ Type of property
- ❑ Geographical location
- ❑ Type of value (e.g., liquidation, insurable)



In Conclusion. . .

- ❑ Make your career what *you* want it to be
- ❑ Choose your clients and your niche

