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Third Quarter 2011

Comp & Circumstance

A Louisiana Real Estate Appraisers Board Quarterly Report

REAB Remembers
R.C. McCormick

Dodd-Frank on AMCs:
A Prescription for Placebos

Prerequisites and Audits:
What you should know about
changes in education

Volume 1 No. 1



R.C. McCormick

The phone directory in my office hasn't been updated yet. Extension 229 is still marked "R.C." in a black, sans-serif font at the bottom of the list taped next to the receiver. I never met R.C. McCormick, but references to him like this are scattered around the Louisiana Real Estate Commission office: a detailed procedures chart with various boxes from the *Shapes* function in Microsoft Word, a red binder with a taped Post-It note reading "Training Manual," a full coffee pot after 3p.m. Even his name remains on the door of the office with the long window that faces the highway. To write about a man like R.C. McCormick, whom I never got the chance to meet, can be daunting. As I sit down at my desk, peering over the interview notes, the obituary, the special letter a close friend sent out after his death, I can only think about how many mistakes he could probably find in this article when I'm finished. Sure, I have breezed past a few tough English teachers in college and even impressed a handful of journalism professors, but the way his coworkers, Marsha Stafford and Ivy Stringer, spoke of his eye for detail, R.C. could probably find my weak points in writing. "He was very thorough," Marsha remarked. She explained that as the hearing examiner for the LREC, he reviewed the reports of the investigators—Marsha and Ivy included—and he would almost always send the case reports back with more questions or suggestions about who should be interviewed before moving forward. Ivy laughed when she spoke of his impeccable eye for detail, and said, "You think you'd write this perfect report, and he'd found a lot of things wrong. You'd think, 'this is perfect.' He was a stickler for details. He would just smoke them out."

A few others in the office mentioned a coffee cup, but Ivy knew the routine behind it. She settled into a chair in my office after a brief hesitation at the door. "He had this coffee cup," she began with a smile. "It was this old brown cup, the kind with a lid. When he'd get here in the morning, he'd come down the hall to the coffee pot. Marsha would say, 'Good morning.' He would say, 'How good is it?' Or someone would ask, 'How are you, R.C.?' and he'd say, 'Home sick, in bed.'" Then some mornings, she remembered him coming through the hall calling, "Reveille!" Throughout the day, he would top the cup off, warm it up in the microwave, but he never emptied it to add fresh coffee. "And we never saw him ever wash it," Ivy remarked with a laugh. She said he wouldn't go anywhere without his cup. At his funeral, she asked his wife where his cup had gone, to which she replied that it now rests on top of their refrigerator.

“He had this coffee cup,” she began with a smile.

“He was really a mentor for me,” Marsha remarked as she played with the collar on her white linen shirt. “And he helped me a lot and gave me a lot of advice.” Marsha began to talk about R.C.’s military career, and I wasn’t quite sure where she was going with the information. But she wanted me to know he was a recruiter for the Marine Corps, and he won recruiter of the year his first year recruiting. He was a drill instructor at Paris Island, and he also acted as a hearing officer at some point, which is how he got the job as hearing examiner for the LREC. He was also a Vietnam veteran and had been awarded the Purple Heart. “Marines,” she said, “were a big part of his life.” But when Marsha’s 22-year-old son, Hunter, decided to join the Marines, she was horrified.

That’s when she ran to R.C.

She described him as being “fatherly” toward her, walking her through two deployments, and acting as a stoic figure of support. “He’ll be all right,” Marsha remembers R.C. often saying, and then she added he often thought she babied Hunter. Now, Marsha is confident in her son, who has since reenlisted and become a Recon Marine. “Hunter can do no wrong,” Marsha joked. She dropped her head and fumbled with the white linen shirt again for a moment, letting the air settle to stillness, and then she said, “At R.C.’s funeral, he had full military honors.” She described the lone bugler’s side profile as she played Taps next to a large oak tree, “and the wind was blowing,” she added. “It was beautiful.”



Commission Chairman, Frank Trapani (left), poses for a photo with R.C.’s family during the June 2011 meeting, in which a resolution was passed in R.C.’s honor. From Left to Right: Wife, Lucy Jane McCormick; son, Michael McCormick; daughter, Kathy Kedroske; granddaughter, ; daughter-in-law, Evelyn McCormick.

Marsha recalled the day R.C. broke his hip in the LREC parking lot in 2006. He calmly asked another employee if she minded doing him a favor and calling an ambulance because he thought he may have broken his hip. Marsha followed the ambulance to the hospital, and when they pulled R.C. out on the stretcher, he looked at her and said, “Marsha, on my desk...” When she went into his office while he was in the hospital, she found letters ready to be sent out over a week before they needed to be sent. And when she spoke with the physical therapist, he remarked that R.C. had given “2000 percent,” and he had never seen anyone that motivated. Even during his battle with cancer, R.C. was still “trying to make it back part-time,” Marsha said.



R.C. McCormick's family poses for a photograph with his LREC coworkers on June 16, 2011.

R.C. played golf with Ivy's husband. The first thing she said about R.C. on the golf course was that he played by the rules. No close enough and no mulligan. Either you made it in the hole, or you didn't. This seemed to be a glimpse of how R.C. operated professionally as well. Marsha observed that R.C. believed in one way of doing things, the right way. He didn't accept excuses from anyone. He believed in doing everything by the rules, but at the same time he was a gracious man, Ivy said. He was a fellow of the Lion's Club, and she recalls he would collect old reading glasses for those in need. He also helped her husband obtain a volunteer job as a Marshal for the Oaks at Sherwood Golf Course.

“
Please, God, let me have a husband like that when I'm 86 years old, a husband that dotes on me.
”

Yet one aspect of his personality both women recalled to be one of his greatest was his devotion to his wife, Janie. Marsha said that every afternoon, R.C. would call his wife as he headed out the door to go home, and he would talk to her in a playful way. Marsha said she would hear him talking to Janie and think, “Please, God, let me have a husband like that when I'm 86 years old, a husband that dotes on me.” Ivy said R.C. always visited the Co-Op in Denham Springs to buy Janie “pounds and pounds” of birdfeed for her feeders. She said he was always concerned with “taking care of Janie.”

“R.C. was a remarkable man,” Ivy mused, gazing toward his office at the end of our interview. She paused a minute, and I couldn't tell whether she was looking for something Marsha might have forgotten or simply reminiscing. And then she said, “I really miss him... already.”

CHAIRMAN'S CORNER

Progress. Motion. Action. Change.

The Louisiana Real Estate Appraisers Board is evolving. As we embrace this newsletter as a primary communications tool to detail events, laws, rule changes, and so on, we invite appraisers and the public alike to let us know how we're doing. Moreover, we're interested in knowing what you think of this newsletter as well. What are your opinions on issues raised in this newsletter? Please, feel free to email them to info@lrec.state.la.us.

Speaking of change, I received a call recently from an appraiser concerning appraiser licenses and the fact that they are not transferrable to an inactive status. Real estate brokers and agents have this option, and it helps tremendously. Especially with unregulated AMC activity drying up some appraisal businesses, perhaps providing an inactive status will alleviate some of the pressure appraisers feel when they have to meet a certain appraisal hours requirement each year to retain their active license status.

Just a thought.

Leonard E. "Pete" Pauley, Jr.

AUDITS, PREREQS AND WORDS LIKE "BIENNIAL"

Unlike others in the Louisiana real estate field, appraisers are not required to renew their licenses annually. Instead, a biennial license renewal allows ample time to satisfy certain education requirements. So, to refresh appraisers' memory on their education requirements, Anne Brassett, program administrator for the Louisiana Real Estate Appraisers Board, explains that real estate appraisers practicing in Louisiana must complete 30 hours of approved appraisal coursework. These 30 hours **must** include a 7-hour USPAP course. Appraiser trainees who are still completing qualifying education courses may use such hours to satisfy their continuing education requirement. However, they must also complete the USPAP course. Courses approved for real estate agents and brokers are not accepted for appraisers; all courses must be related to real estate appraisal.

However, the Louisiana Real Estate Appraisers Board announced it will no longer require appraisers' proof of hours to renew a license. Instead of collecting the verification documents at the time of renewal for every appraiser, a random audit will occur within 60 days of renewal whereby those audited will be required to send the verification documents to the Board. If the hours were not satisfied, immediate action will then be taken.



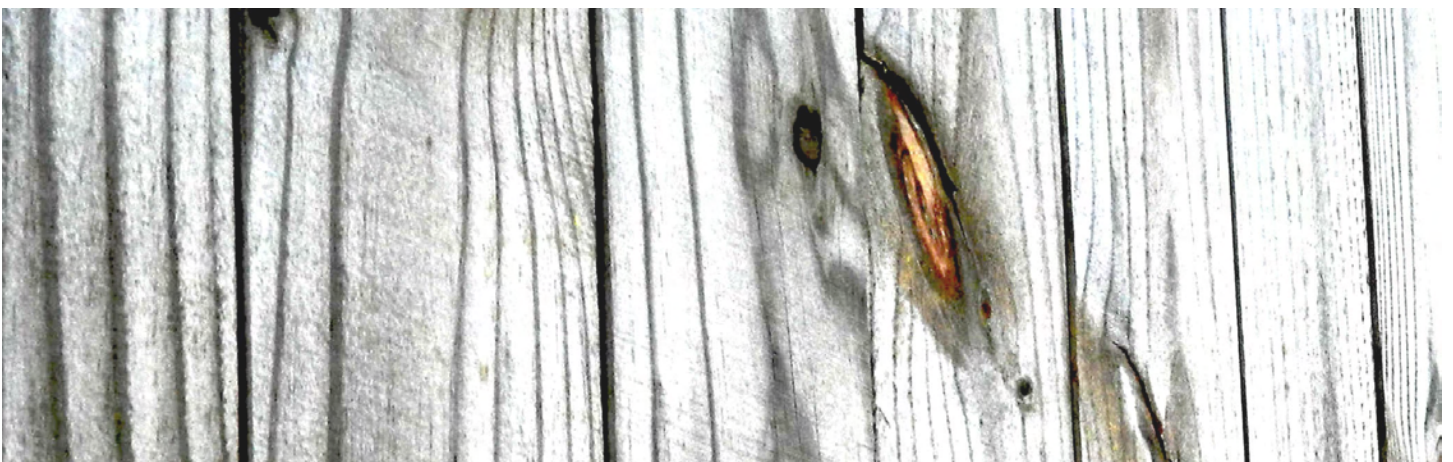
COMMUNICATION, QUARTERLY: ANNOUNCING A NEW PUBLICATION

Oscar Wilde, in his book, “The Picture of Dorian Gray,” wrote, “Nowadays people know the price of everything, and the value of nothing.”

Although relevant to nearly any business practice, appraisers have an especially close tie to such an idea. They, indeed, deal directly with worth. Appraisers are valuers, expert assessors of a thing’s merit. But appraisers are human too. That’s why government-ran agencies, like the Louisiana Real Estate Appraisers Board, are existent: to ensure every appraiser is practicing in accordance with the law. And laws tend to change. But, although small, the board is progressive, ever-changing as well. So, it should come as no surprise that the board has developed a quarterly newsletter to keep appraisers and the public up to date on new laws, changes to existing laws, rule implementation, etc.

“Comp & Circumstance” will give appraisers and the public all the insight about what’s been happening at the Louisiana Real Estate Appraisers Board. The publication will be posted on the REAB website as well as sent to each appraisers REAB email. For further questions or comments about this new publication, please email us at info@lrec.state.la.us.

ATTN: APPRAISER TRAINEE SUPERVISORS



Effective January 1, 2011, all appraisers who wish to sponsor a trainee must “complete the course, Supervising Appraiser Trainee, or an equivalent course approved by the board, prior to sponsoring” such a trainee, according to LAC 46:LXVII.10307.





Prescription for Placebos

EXPLORING THE DODD-
FRANK BILL'S "CURE" FOR
COZY LENDER-APPRAISER
RELATIONSHIPS

By: Bruce Unangst

Our federal government's response to the 2008 financial meltdown of Wall Street and the documented abuses of Fannie Mae and Freddie Mac, was to enact the "Wall Street Reform and Recovery Act," commonly referred to as the Dodd-Frank bill.

Criticism at the time the Dodd-Frank legislation was being debated centered on the belief that the legislation did little to correct the core problems of Fannie and Freddie, as well as the misdeeds of financial manipulators on Wall Street. Further, concern was raised that the bill added unwarranted regulation and bureaucracy that would stifle prudent banking and real estate activity, crucial to a healthy economic recovery. Early critics of the Dodd-Frank bill are now screaming "I told you so!"

Perhaps there is no more glaring example of the additional bureaucracy and unintended consequences of this sweeping "reform" legislation than the Dodd-Frank requirement that most lenders who utilize independent outside appraisers must now engage Appraisal Management Companies—AMCs for short—to manage the selection and work product of appraisers in any federally related transaction, including FHA, VA, USDA, Fannie, Freddie and the other myriad of federal bureaucracies related to lending activity. The bill further places an unfunded federal mandate on each state to take responsibility for regulating AMC activity.

The perceived problem, defined by authors of the bill, was that a cozy relationship existed between lenders and independent real estate appraisers, which may have resulted in lenders influencing an appraiser's judgment of value on which lending decisions were made. Opponents of the bill argued that independent appraisers were and continue to be strictly regulated at both the federal and state level that precludes the very problem perceived by Senator Dodd and Representative Frank.

The "cure," as mandated by Dodd-Frank, envisioned Appraisal Management Companies serving as a buffer between lenders and appraisers, thereby eliminating the potential of any cozy relationship that might influence otherwise independent value judgments by appraisers. While the objective seems laudable, critics of the bill, as well as independent appraisers from around the country, contend the "cure" is already causing debilitating side effects worse than the perceived "disease."

These "side effects," if you will, are currently legal because state's are still scrambling to not only put laws into place, but to fund the regulation of these middlemen.

SIDE EFFECTS:

Mounting evidence suggests that the largely unregulated AMC field has attracted unsavory competitors into this new land of opportunity. In fact, some former sub-prime lenders disciplined for bad business practices, have morphed themselves into AMC's and are now up and running with essentially identical management.**

Despite laws preventing coercion of appraisers to provide appraisals outside their area of geographic competence, complaints are on the rise that certain AMC's are doing just that.

Another section of the law requires AMC's to compensate independent appraiser's "customary and reasonable fees" for work performed. It is evident that what is customary and reasonable to an AMC may differ greatly than what could normally be expected by an appraiser for a quality product in a given market area.

Aggressive marketing by some AMC's now boast of 24-hour turnarounds at the lowest cost in an attempt to boost their lender market share. Although the law and professional standards are clear that an appraiser must be allowed sufficient time to complete a quality and thorough product, a growing number of appraisers claim they are, or will be, blacklisted if they cannot meet the time and price demands of AMC's.

While there are many reputable Appraisal Management Companies providing a valuable service to their lender clients and the Appraisal Industry, the jury remains out on the long term implications of Dodd-Frank on banking, real estate, and consumer protection here in Louisiana.

Check back next month to learn of new developments initiated by the Louisiana Real Estate Appraisers Board to protect the public interest.

**A recent Bloomberg Businessweek article highlights this issue: [Housing Appraisals: Still Blowing Bubbles?](#)



ANNE IS NOT TIRED YET

The Louisiana Real Estate Appraisers Board's program administrator, Anne Brassett, has been working for the agency for 34 years. And, though retiring, Anne will continue to work for the board part time. The board would like to thank her for her commitment to the board and diligence during her years of service. She has been a valuable asset to the board as she has worked closely with the board members and staff to ensure appraisers are registered, have met education requirements, etc.

Congratulations, Anne, on your retirement.

And thank you for your past and continued service!

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