

# NABOR



FALL 2009



**NAPLESAREA.COM**  
YOUR NAPLES HOME,  
A CLICK AWAY



**PLUS+**

**HVCC:**  
A Fractured Fairy Tale

**Fannie Mae:**  
Tools and Information

WE ALREADY KNOW YOUR  
DREAM HOME'S ADDRESS



**NAPLESAREA.COM**  
YOUR NAPLES HOME,  
A CLICK AWAY



# NaplesArea.com: Your Naples Home, a Click Away

By Ginny Cooper

**A**mazing. Restful. Tommy Bahama. Sophisticated Tropical. And that's just scratching the surface, so to speak! The new web site for the Naples Area Board of REALTORS® is about to launch, bringing NABOR members, buyers and sellers, and the general public to the forefront of Web 2.0 wizardry. Enticing as the visuals of the new NaplesArea.com are; it's depth and customization of the programming behind the site and the wealth of information that visitors to the site will have at their fingertips, that catapults NaplesArea.com into a class of its own.

"There are only three or four sites in the country that compare," says Marilyn Wilson of the WAV Group. "This is the prettiest and the most robust I've seen. From

a design perspective, it's the best. The tonality of the site reflects the beauty, yet captures the essence that is uniquely Naples." Her firm has been serving as marketing consultant to the NaplesArea.com Committee.

The National Technology Consultancy for the real estate industry has conducted extensive research into what consumers want when shopping online for property. Their key findings have led the NaplesArea.com Committee to produce a web site that is content rich; is highly customizable in its search capabilities; provides for "one stop shopping" including community and school research; and allows the consumer to remain in control until they feel like engaging with someone else. All that, and it's beautiful! Leafy palm fronds, colors that reflect the sky,

sand and sea, and elegant fonts contribute to the "Sophisticated Tropical" feel. Pages that are subtly watermarked, the judicious use of reflecting type, and consistency in the design result in a site that is at once professional and welcoming, with that aura of sophistication. The design reflects the "Real Life" portion of NABOR's branded tag line. The phenomenal programming behind the site guarantees the "Real answers."

NaplesArea.com Committee Chair Brenda Fioretti describes the four segments of the population the web site is designed to serve.

- **Buyers** will have the most up to date, accurate information at their fingertips. They will be able to do a lot more "homework", researching communities, schools, and public records information

from one place. They can even choose their REALTOR based on their personal preference according to professional designations, language(s) spoken, personal interests and hobbies.

- **Sellers** will enjoy increased internet exposure for their properties, creating more buyer traffic. They will be able to keep abreast of current market conditions themselves, allowing them to determine the most advantageous pricing of their property; they will be able to choose a REALTOR® to represent them based on the same personal criteria listed above.
- **The general public** will be able to stay informed of existing and

new communities, explore the lifestyles available in all Naples area communities, and stay abreast of market changes through the monthly market statistics posted online, thereby keeping a close eye on the value of their own property.

- **NABOR Members** will benefit from increased internet exposure; be able to research and provide solutions for buyers' and sellers' needs instead of having to pay for leads generated by national sites such as Trulia.com and Zillow.com; be able to speak intelligently to consumers about the market conditions at that very moment. The data available at NaplesArea.com will increase REALTORS'

value to the consumer as the area's expert. The project, begun in 2007 and budgeted for in 2009 (and coming in under budget), will not increase Members' dues or expenses; it is NABOR returning value to its Members.

Fioretti goes on to praise NABOR technical staff CIO Charlie Willets, Director of Application Development Irena Suput and Senior Application Developer Chris Barr, saying, "We are really fortunate to have them on staff. Their expertise has enabled us to accomplish things other boards couldn't possibly accomplish."

NABOR can accomplish so much because it maintains and manages

**NaplesArea.com  
Website Launch  
Event**

**Save the Date:  
October 21, 2009**

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This newly designed website will set the online standard in consumer real estate search and offer REALTORS® and their listings the greatest FREE exposure available.

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Be sure to update your NaplesArea.com profile.

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its own MLS system, says Charlie Willets. "We're unique in that jointly with the Bonita/Estero Association of REALTORS, we maintain and manage our own MLS system. That's the bigger project, but NaplesArea.com is a lot more fun. We get to push the boundaries and do the fun stuff like the translations." Willets has been involved with the MLS system since 2001, during its early stages. "This site is going to help make us the place to go for real estate information for the consumer. Even the national sites don't have the wealth of information this site will have," he says.

Project Manager Irena Suput agrees that the wealth of informa-

tion to be found on the new web site sets it apart from others. "For our members, benefits such as capturing the leads and sending them directly to the members, will be a big plus." Suput has handled the documentation, communications between NABOR and graphic design vendor CyberSunshine and has done some of the programming on the site.

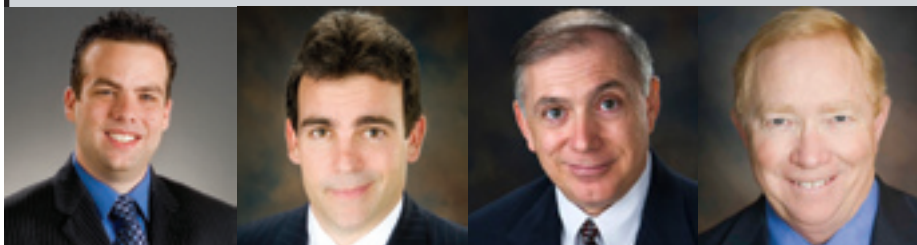
Committee Vice-Chair Jo Carter is especially excited about seeing this project come to fruition. "The current site is 'blah' compared to what the new one will be; it's even more fabulous than I thought it would be." Carter has been a member of NABOR for 36 years, and served as Presi-

dent in 2006. She's been a Naples resident for 55 years. "I love it, and have enjoyed my association with NABOR so much. Who knows our communities better than we do? We have the most up to date information, why not take advantage of it?" she queries. Carter agrees that the new NaplesArea.com site will far exceed the national Web sites.

A launch party for members is planned October 21, from 5-7p.m at NABOR. It will be the first time the site is presented live and multiple computer stations will be set up for hands-on training. RSVPs are required at [www.NABOR.com](http://www.NABOR.com) and space is limited to the first 250 people who register.



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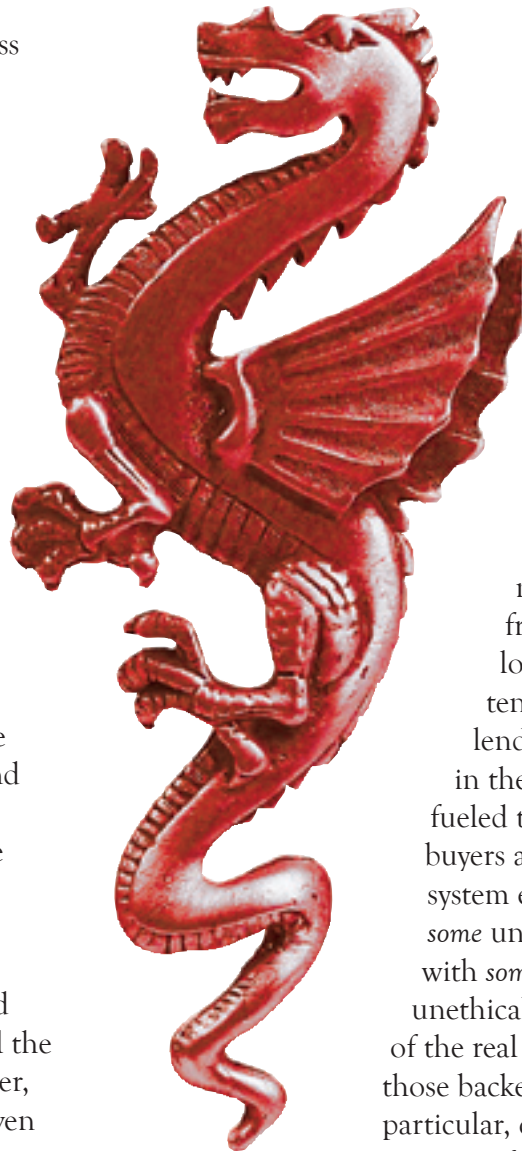
# HVCC — A Fractured Fairy Tale

*Home Valuation Code of Conduct*

By Ginny Cooper

## **The Round Table of Appraising**

Once upon a time there was a process for obtaining residential real estate appraisals that was fair, efficient and self-regulating. It was in the kingdom of FHA and the process went like this. Noble and brave real estate appraisers who had achieved the “FHA-approved” status sat at the appraisal “round table” known as the Fee Panel. Nationwide there were approximately 6,000 of them. They were assigned to lenders on a completely arbitrary rotational basis. They ventured forth to appraise a property in their “realm” knowing that the report required was longer and more tedious than a “regular” appraisal and knowing that their work would be reviewed on a regular basis to ensure it met professional standards. During the busiest of times, there was a backlog of 30 days or more, but although slower, the tightly regulated and methodical process protected all the citizens of the kingdom – buyer, seller, real estate agents, lenders and yes, even the appraiser. Alas, in 1990 legislation was enacted that allowed lenders to choose the ap-



praiser for the property and the fee panel was subsequently abolished.

## **From White Knight to Dark Lord**

Appraisers were no longer the white knights, but became the dark lords of the manor, frowned on as the “deal killers”. To grow their fiefdoms, unscrupulous lenders began pressuring unethical appraisers to “hit the number”. The lessons learned from the collapse of the savings & loan industry were quickly forgotten as buyers began speculating, lenders became increasingly creative in their financing and REALTORS fueled the unrealistic expectations of buyers and sellers. Abuse within the system escalated, and while there were *some* unethical appraisers collaborating with *some* unethical lenders and *some* unethical real estate agents, the collapse of the real estate kingdom in general, and those backed by government mortgages in particular, can no more be blamed on one segment of the real estate population than it can on another.

## **HVCC to the Rescue?**

As the government seeks to correct the industry's flawed practices with regard to mortgages that will be sold to Fannie Mae or Freddie Mac, it enacted the Home Valuation Code of Conduct (HVCC). Effective May 1, 2009, the HVCC establishes standards for solicitation, selection, compensation, conflicts of interest and appraiser independence. Its purpose was to create a hard firewall between those who underwrite loans and those who hire appraisers. According to Jerome Nagy, senior regulatory policy representative for the National Association of REALTORS, "The code was specifically designed to protect appraiser independence. It has taken some positive steps to improving the independence of appraisers and that's something we support. But there have been a lot of unintended consequences with the code that have delayed or killed some transactions and may be hindering the market recovery overall."

There have also been some misconceptions as to what HVCC does or does not require. (For a look at the myths and realities of the HVCC from both the REALTOR and appraiser viewpoints, see the links in the sidebar). Contrary to popular belief, the HVCC does not require a lender to engage the use of a third party vendor, known commonly as an appraisal management company (AMC).

However, a survey of approximately 30,000 National Association of REALTORS (NAR) Members found that, as a result of the increased use of AMCs, fees to appraisers are going down, appraisals are taking longer, and, perhaps most importantly, deals are falling through when appraisers are chosen who aren't familiar with a market area, even though the Uniform Standards of Professional Appraisal Practice (USPAP) obligate an appraiser to live within the geographic competencies.

## **My Kingdom for a Horse — or for an AMC Regulatory Agency**

It is the absence of regulation over AMCs that

has the nation's largest organizations of professional real estate appraisers — the Appraisal Institute, American Society of Appraisers, American Society of Farm Managers and Rural Appraisers, and the National Association of Independent Fee Appraisers — concerned. In a joint statement issued recently they said, "We are reviewing the revised Appraisal Code (HVCC) to study its impact on the appraisal profession and the mortgage lending industry. While we applaud the thrust of the Appraisal Code to increase appraisal independence, we have continuing concerns that certain elements are at odds with the goal of obtaining competently prepared appraisals, specifically, provisions that place increasing reliance on unregulated appraisal management companies. Like much of the mortgage industry during the years that led up to the current housing crisis, these entities are unregulated. Further, the current business model of many appraisal management companies places appraisal quality last, while shifting the cost of appraisal management services to the consumer without any disclosure. For many years after the Great Depression, lenders sought out competent appraisers as a central component of risk management activities. This system worked. Unfortunately, those tables turned in recent years, as the lending industry became dominated by loan production and computerized risk management."

Another common misconception is that REALTORS are not allowed to talk to the appraiser. "Communication is key," says NAR's Nagy. "It's crucial for sales associates to let appraisers know when they perceive an appraisal is missing information or contains errors. There's nothing in the HVCC rules that prohibits such communication".

## **A Damsel (and Properties) in Distress?**

Cindy Carroll, of Carroll and Carroll Real Estate Appraisers & Consultants, still hears from REALTORS and emphasizes that it is essential they do talk, and understand that they **can** contact appraisers about problems not

related to HVCC. What she encounters most frequently is “agents saying in an apologetic fashion that they can no longer recommend me as an appraiser.” Carroll has seen her work load decrease dramatically since the inception of HVCC. What’s unusual about that is that HVCC applies to loans that are intended for sale in the secondary market to FNMA and FHLMC and most of Carroll’s work is with high-end properties where the mortgage is more than likely a portfolio mortgage. “Lenders are now outsourcing almost all their appraisal work to the AMCs,” explains Carroll. “It’s easier than sorting through the packages and determining which will be sold, which will be kept in-house and then ordering the appraisal accordingly. Even the moratorium proposed under H.R. 3044 won’t make much difference in the process. It’s unlikely that lenders will staff up and restart in-house programs if there’s a chance they will only be disbanding them again in 18 months.”

Distressed properties (foreclosures, short sales) are creating an unfair balance in the market. The *market value* is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction **after proper marketing** wherein the parties had each acted knowledgeably, prudently, and without compulsion. “It’s hard to compete with the high volume of REO’s,” says Carroll. She adds that condition comes into play in very big way. “The likelihood of the condition of an REO being as good as that of a well-maintained, consistently occupied home in an established neighborhood is slim. An appraiser must take that into consideration, investigate and sometimes make large adjustments to compensate for condition. An appraiser, who is

not familiar with the area, is receiving less than \$200 for the assignment and is under constant pressure for quick turnaround, is not going to be able to take the time to properly investigate.” This sometimes results in an opinion of value that is not high enough to successfully complete the loan closing.

There is an opportunity for recourse, although it takes time, perhaps adding weeks onto the process without the guarantee of a better outcome. That is to have a formal field review conducted by a knowledgeable local appraiser. Or at the very least consult with an appraiser on what data should be used. For these options, a REALTOR can still employ their choice of local appraisers.

### **Slaying the Dragon**

The National Association of REALTORS’ Public Issues Director Mary Trupo is quick to refer inquiries to [www.realtor.org/HVCC](http://www.realtor.org/HVCC). “Everything you need to know is there,” she says. And the web site does indeed offer a thorough overview





of the controversial legislation. Yet despite the efforts of several professional appraisal associations and the NAR to educate their respective and related industries, the confusion continues. So much so that both industries support H.R. 3044 which proposes an 18-month moratorium on the HVCC until some of the issues are better defined and the consequences better assessed. NAR is asking its state associations to contact the attorney general in their respective states to contact the national attorneys general association to support the moratorium. (You can follow the progress of H.R. 3044 at <http://thomas.loc.gov/cgi-bin/bdquery/z?d111:H.R.3044>)

But Cindy Carroll doesn't know if H.R. 3044 will have the desired effect. "HVCC is a disastrous law," says Carroll. "The bottom line is, that it is completely impossible to legislate ethics." Will the federal government ride in and slay the very dragon it created with HVCC? Will the market recover during the proposed moratorium? Will this fairy tale end "happily ever after?"

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## Home Valuation Code of Conduct — Myths and Realities

### From NAR:

[www.realtor.org/wps/wcm/connect/f57e63804e57784890e4b3d4f1772a7a/HVCC+Flyer+6.16.09.pdf?MOD=AJPERES&CACHEID=f57e63804e57784890e4b3d4f1772a7a](http://www.realtor.org/wps/wcm/connect/f57e63804e57784890e4b3d4f1772a7a/HVCC+Flyer+6.16.09.pdf?MOD=AJPERES&CACHEID=f57e63804e57784890e4b3d4f1772a7a)

### From The Appraisal Institute:

[www.appraisal institute.org/newsadvocacy/downloads/HVCC\\_myths.pdf](http://www.appraisal institute.org/newsadvocacy/downloads/HVCC_myths.pdf)



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