



Relocation Appraisers and Consultants, (RAC), is the recognized authority for providing education, research, advocacy and standards for the relocation appraiser, their clients, and all the parties who rely on accurate residential property valuation to support the employee relocation process.

RAC Newsletter - September 2009



Cleveland Marriott
Downtown at Key Center

**Midyear Planning Meeting in
Cleveland Ohio October 21-23, 2009**

The President's Corner...

Can you believe it is September already? It has been three months since RAC Trac in May in San Diego and the Mid Year meeting is next month in Cleveland on October 21-23. I encourage all of you to attend this meeting as Charlie Flagg has done an outstanding job putting this together and it promises to be informative and beneficial to our members. I also want to thank Jill Godwin and all her efforts in assisting Charlie and trying to keep me out of trouble. Thank you to all who have answered the call to participate on the Planning Committee.

It has been relatively quiet on the relocation front since May. Like most of you, my relocation business has been slow, but that is to be expected in this economic climate where corporations are downsizing and/or cutting costs to try and remain profitable. Even Prudential Relocation cancelled their annual relocation conference due to the economy. But, I remember when we held the RAC conference in San Diego in 2001 we were experiencing slow business for just the opposite reason. The real estate market was so hot that relocation appraisals orders were down because transferees could sell their house quickly and easily and did not need a buyout.

My point is, no matter what the economic climate, the market is always changing and we are still relied upon to help our clients realize when one trend has ended and another has begun. Our local market went from going up like my golf scores to coming down like my bank account. But, now we are seeing a bifurcated market with the low end (for California) experiencing a shortage of inventory with houses selling with multiple offers above list price and dare I say it, increasing prices, and the high end stagnating and seeing an increase in foreclosures and inventory with declining prices. Staying on top of what is happening in your local market and conveying that to your client can sometimes put you on the bleeding edge versus the leading edge. For example, when you are one of the first to say one trend is ending and another is beginning, expect to receive criticism and maybe even ridicule. It is a lot easier to go along with the crowd then to say something different. But, as they say, "That's why we get paid the big bucks." And it is why we exist as appraisers and as RAC appraisers. I hope to see as many of you as possible in Cleveland next month and hope that all is well with your families and businesses.



Best Regards,

Rick Foos, SRA

2009-2010 RAC President



**Relocation Appraisers and Consultants
RAC Trac Meeting and Client Meetings/Presentations
October 21st – 23rd, 2009
Cleveland, Ohio**

Wednesday, October 21st

Noon - 1:30 Luncheon with Dwellworks at Marriott Key Center **New Addition**

1:30 - 3:30 Meeting and Presentation with Dwellworks **New Addition**

5:00 – 9:00 pm **Tour and Reception at the Rock and Roll Hall of Fame - for members and clients that are in town**

Tickets are \$70 per person – send a check to Jill in order to make your reservation.

Thursday, October 22nd

10:30 a.m. – Noon **Meeting with Howard Hannah**
Presentation to staff and agents by Charlie Flagg, Brad Charnas and Rob Barone

Noon – 1:00 p.m. **Buffet lunch** at hotel for RAC Trac Planning Committee

1:00 – 5:00 p.m. **RAC Trac 2010 Planning Meeting** at Hotel

Noon – 1:00 p.m. **Buffet lunch** at SIRVA for RAC members who are attending and presenting at SIRVA

1:30 – 2:30 p.m. **SIRVA Meeting**
Webinar: “What A Client Needs to Know About the Relocation Process” including discussion of White Paper followed by a Q&A

6:00 ish **Dinner** – Place to be determined - for members and any clients that remain in town

Friday, October 23rd

Morning **Client Meeting/Presentation**– for RAC non-board members

8:00 a.m. - 3:00 p.m. **RAC Board meeting** - with a working lunch at hotel

Hotel Accommodations

Marriott Cleveland Downtown at Key Center
127 Public Square, Cleveland, Ohio 44114
For Reservations - 800/228-9290 by Sept 30th
Block of rooms reserved under RACs name for \$124.00 per night.

Questions

Charlie Flagg – 330/655-9369, HYPERLINK "<mailto:Charlie@cwflagg.com>" Charlie@cwflagg.com

RECENT EVENTS

ERC 2009



San Diego Convention Hall

Relocation Appraisers and Consultants had a booth at the 2009 Worldwide ERC National Convention. Thank you to those who came by and said hello. Please see the information to the right if you are interested in joining the excellent team of nationwide relocation appraisers.

JOIN RAC MEMBERSHIP:

RAC members are specialists with a minimum of 4 years of experience and most have specialized in relocation appraising and consulting for a far more significant period of time. Additional criteria for **RAC** membership include, but is not limited to the following:

- Applicant must have the most advanced residential license in the state or states where they practice residential appraising.
- Applicant should have attended a minimum of 3 relocation-related seminars within the last 5 years.
- Applicant must provide at least (2) Letters of Recommendation from current relocation clients.
- Applicant will need to provide (1) PDF file of a recent ERC appraisal to demonstrate the member's understanding of and ability to apply ERC appraisal guidelines, including forecasting.
- Applicant will be required to complete Appraisal Log Form of (25) recent ERC appraisals, of which additional samples may be required to be sent to Admissions Committee upon request.

Are you interested in becoming a member? We have updated our [Admission Requirements](#). Please review and print them if you like. Also, we have a new [Appraisal Log Sheet](#) and [Membership Application](#) for your use with our admission requirements. Please print as many copies as you need. The completed application and all required supplemental information should be submitted in a single PDF file organized sequentially.

If you have questions, please direct them via E-Mail to: membership@rac.net

One of our members will be most pleased to contact you, answer your questions, and provide you with application information.

Thoughts from Charlie Flagg...

“Flagger”...came the voice over the phone that awoke me from a deep dream of peace.

“But, Chief”, I gurgled sleepily, “it’s three o’clock in the morning.”

“Yeah, I know, sorry, but this is important,” he went on...

“We have a special case for you to handle. We need to move our guy quickly, quietly, and efficiently to the Far East. He’s a gifted asset that’s needed in Singapore on special assignment for a corporate partner. We’ve arranged for you to rendezvous with him at first light day after tomorrow. Be careful, be discreet, take your time but, hurry...you’ve got 72 hours. And, Flagger, this is an important move.”

“Chief”...

“Yeah, Flagger”

“They’re all important ...that’s what I do”

In today’s tumultuous executive relocation environment, more than ever before, the Relocation Appraisal Specialist faces many challenges including tentative markets, challenging financial concerns, billowing inventories but, not the least is reluctance on the part of some transferees and families to accept a move despite rewards, promotions, income incentives, and added prestige notwithstanding.

Many of us recall rather fondly the early days of executive relocation when the assignments were plentiful, upward mobility was common, the forms were varied but generally brief, the markets were dynamic...90 days and done...was the norm...life was good. Except for the financial & credit crunch of the Carter 70s, (cash equivalency anyone?) relocation appraisal valuations served as a back-up purchase price for properties that were absorbed by most markets in 90 to 120 days while veteran appraisers easily met the desired 5-7 day turn-time and 4-5% variance.

This brief monograph is designed to serve as a reminder that those days are long past and we as seasoned Relocation Appraisal Specialists must adapt to the changing markets and the moods of our transferees. We must pursue our analytical studies with more diligence, we must carry ourselves more upright as professionals and, most of all, interact with our Home Owners with greater sensitivity.

When the coast – to –coast run up in residential property prices began to flatten prior to collapsing in many markets beginning in 2007 we were introduced to new terminology that included:

“As is” vs. “as vacant”; “cost to cure”; “anticipated sale price” vs. “market value”; “market change” adjustment; “forecasting” (additional incentive to buy). Beyond the call for the inclusion of additional comparables, Relocation Appraisers have been encouraged to include sales proffered by the Transferees plus additional competing properties including “new construction within 10 miles” of the subject. Furthermore, the importance of analyzing competition has expanded to include a market-based “list price to sale price ratio” and the imposition of adjustments to the competing properties in the same manner as that applied to the sold properties. Those halcyon days when 3 listings and 3 solds made a complete ERC report are gone while today’s report that has 10 to 12 properties is the rule rather than the exception.

In reaction to the financial chaos that erupted in the Fall 2008, leaders in the mortgage loan universe experimented with ways to require appraisers to examine, explain, support, and justify their opinions of market value for lending cases. Even before any federal guidelines were put in place many Relocation Appraisal Professionals had already been including their own versions of the “market area analysis” with graphic statistical overlays that explained and foreshadowed changing markets over a period of years. These spreadsheets provided a solid context for “market change” and/or “forecasting” adjustments in view of the scope of work that culminated in a reasonably defensible anticipated sale price. Those on the cutting edge were adapting seasonal trends in many parts of the country where time-of-year was a precursor to ‘days-on-market’ issues. Here are some ideas that all of us should consider: If you’re new in the business, consult ERC Worldwide and follow the steps for CRP certification; visit RAC.net to learn cutting edge tools in developing and understanding changing markets. If you are a veteran appraiser, be open to adapting to change and be willing to learn new refinements to old techniques.

Relocation Appraisal Specialists are constantly reminded that we often represent the one and only face-to-face contact between the Transferee and their relocation program. Our appearance and demeanor are critical to the trust one places in the relocation program. Clearly, the appearance of any Appraiser in cut-offs, tee-shirts, and flip-flops is not what the Client had in mind. How much confidence would place in an appraiser who came to your home in jeans, a sweat shirt, and in a hurry when the report he or she produces can have a major impact on the possibility of selling your home, the success of your career, and the enjoyment of your life as you know it? Our deportment and appearance speak to the entire relocation experience. As much as you may find it hard to believe, there have been many cases when appraisers appeared at the Transferee’s door in fashion ensembles well below standards known in the business world as “Casual Friday”. In one instance, arriving in beach attire with the family in the car, the appraiser explained to the Transferee: “We’re heading to the beach and your house was on the way.”

Another appraiser set an appointment during the week of his high school class reunion and brought along an old "bud". While the Appraiser was viewing the Transferee's property his pal was enjoying a brown-bag-cocktail in the car and after waiting a considerable length of time...ah, use your imagination! Recently, an east coast practitioner with an appointment to view a Transferee's house arrived at the appointed time but failed to announce his arrival at the front door. By coincidence, the lady of the house opened the door to the garage wherein stood our clip-board brother in tee-shirt and jeans. Surprise! We set the tone for the entire oft-times-painful, stressful, anxiety-filled process of relocation. We must always look professional clean, commanding, and purposeful. This demeanor would likely omit the efficacy of a sweat-shirt, designer label or not. No jeans, no T-shirts, no flip flops, not now, not ever. Certainly, dress for the climate, have boots, or as they say "footy-up". In certain cultures you are expected to leave your shoes outside or at least inside the front door. Get used to it; it's their house and you are a guest. Respect it. On some occasions you would be advised not to address the spouse. It's inappropriate and impolite in certain cultures to address anyone other than the gentleman, head of household. We would all be wise to learn a few greetings in foreign tongues in this truly-global market place.

The impression we leave with our Clients and Homeowners is an extension of how we view ourselves and our profession. As a novice attending my first chapter meeting long ago I was less than impressed by the veteran appraisers who discussed "jobs" meaning assignments and "shops" meaning their offices. (Hello, Joe-the-plumber?) Perhaps by modifying our professional lexicon we as professionals...this is no longer a cottage industry performed by part-timers who work out of dingy basements or from the cluttered kitchen table. Students of the appraisal profession are advised to get out of the "basement mentality" because what you wear at home is not the attire for a property visit. Perhaps seek affordable office space; think in terms of handling "cases" or "assignments" rather than jobs; You appraise "homes" not just houses; you are part of an "appraisal firm" no matter how small not a "shop". Modifying our views of ourselves as Relocation Professionals is the first step in creating an improved image that others will surely notice.

While navigating today's troubled waters of relocation the Relocation Professional must practice a degree of empathic objectivity: taking time to know and understand the pressures facing the transferee...and their family...while maintaining the objectivity needed to develop realistic valuations. Here is a sampling of situations the Relocation Professional may face that require a greater degree of sensitivity.

>The first move: In his or her first job after college the young transferee is sitting in their first house when you arrive. Fearing perhaps for the first time a move away from home and family, the young transferee deserves the extra time spent to explain this process and how it will unfold. Present ideas how they may prepare themselves for the next purchase. Refer them to a list of appraisers in the destination city.

>Non-traditional family: with greater frequency we are visiting non-traditional families; singles sharing a home. There are special anxieties here that your transferee has not faced before. Consider the stresses placed on the transferee by not knowing if the partner is able to move or change jobs as easily. See "Family Issues" by Elizabeth D. Nunan, CRP,GMS and Susan Vittorio,CRP PHR **Mobility** Vol.30 No. 9 September 2008.

>Illness: Be extremely sensitive when dealing with relocating families while a family member or domestic partner is dealing with severe illness. Be willing to take extra care and concern while in the home by explaining your role in the process.

>Extended families: Now more than ever, the term "trailing spouse" may include "trailing children". This is not meant to imply that the relocation program is charged with finding jobs or moving adult children. Please, be aware that there are many cases when married children have returned "home" with their families, often jobless, and the transferee has considerably more anxiety associated with this move. Aging parents on one side, adult children on the other place ubber- anxieties upon these relocating "tweeners" more than ever before. No, you're not expected to help the situation or do anything about it but you can empathize while in the presence of the family, respect the shared space that may be occupied by this extended family.

>Empty-nesters: No children, no pets, empty nesters may be making their last move whether home where it all started or to the "home" office facing retirement. Having been moved many times this couple may seem to take the relocation process quite casually. Don't drop your guard or treat this case with any lesser degree of care and concern than any others. There's melancholy at work here...it may signal the "end of the trail" not altogether a happy yellow-brick road.

>Single-parent: transferees may have no one closer than the HR or TPC professionals with which to discuss the relocation process. You're it...you're the sounding board...sit down, listen.

These are just a few of so many non-traditional cases we may face today. Be cogniscent of moods. Many of us are well trained in understanding the mood of the market; all of us need preparations in reading the mood of the household. We can make this entire stressful process more pleasant by explaining what we do, how we do it. First, don't load up your schedule with 6 relocation properties in a day. Act like this one home is the sole focus of the day. Begin the visit by asking the Homeowner to guide you through their home. Then, go through a second time taking notes, inputting your sketch, and taking your photos. Upon returning to a comfortable setting discuss with the Homeowner issues of personal property that will remain; ask for their input about home-improvements, special features.

Ask the Homeowner, out of all the homes they may have seen during their visit to this community, what influenced their decision to live in this community...this setting...this home. You'll be amazed to learn how many have been asked that question. Finally, ask for their input regarding area properties that they feel are significant to the valuation of their home... their home..it's not just a house.

Author, Peter T. Kilborn, in his new work entitled *Next Stop, RELOVILLE ,Living Inside America's New Rootless Professional Class* copyright @2009 Times Books Henry Holt and Company, addresses many transferee-related dilemmas of which we would know very little in as much as our contact with the transferee and family may last but a comparative moment. In conclusion, today's Relocation Appraisal Specialist not only faces the difficult task of developing reports in challenging markets using new methods and terminology but also faces relocating families operating under heightened anxieties. Some are caused by the market downturns while others are related to changing lifestyles. Appraisers must be mindful of the image they project by appearances, while conducting themselves as patient professionals in showing empathy, sensitivity, and maintaining a strict sense of objectivity in each and every case.

Charlie Flagg, SRA, Member of RAC is a Relocation Appraisal Specialist from Hudson, Ohio. He can be reached at 800.760.9010 or e-mail Charlie@cwflagg.com



Rick Foos



Rac President

CONTACT RAC:

RELOCATION APPRAISERS &CONSULTANTS.

**P.O. Box 1000
Canton, Texas 75103**

By Phone : (972) 658-9216

By Fax : (866) 388-5143

By E-Mail : [RAC Executive Secretary](#)

RAC Publications



The group of RAC members is nationwide and currently consists of approximately 100 members. Among its members are major contributors to the industry. Currently, the group produces a publication known as the RAC Reporter (as seen above on the right). It is a breakdown of cities throughout the country providing market trends and indicators and specific analysis of a particular metropolitan area. It is distributed to most of the relocation companies in the U.S. and also available on line.

www.rac.net has a plethora of published articles which are specific to appraisers, transferees and clients. Relocation Appraisers and Consultants (RAC) has publishing a White Paper in response to developments in industry practice as well as changes in the Uniform

Standards of Professional Appraisal Practice (USPAP). Part I of our White Paper focuses upon client directions to the appraiser.

There are two primary areas of concern for appraisers: USPAP compliance and not being a party to enriching an employee. USPAP is the guiding document for appraisers, as all states have adopted USPAP as the definitive standard for appraiser conduct and ethics. Appraisers must comply with USPAP or risk their licenses and livelihood. Stay tuned for the White Paper Part II. If you would like a copy of the RAC Reporter contact Jill Godwin at jillgodwin@rac.net.



The following three gentlemen are now members of Relocation Appraisers and Consultants (RAC) and have passed all of the member qualifications. We would like to welcome them officially to the group.

Joseph M. Trecola, CRP
TREA Corp Appraisal
1144 Falcon
Troy, MI 48098
(248) 828-8218
JoeTrecola@RAC.net
www.treacorp.com
(248) 828-4258 FAX



Craig A. Stebner
C.A. Stebner Appraisal Services, Inc.
13105 Rounding Run Circle
Herndon, VA 20171
Voice: (703) 860-9060
Fax : (703) 860-9062
Email: CraigStebner@RAC.net

John "Jack" O'Connor, SRA
John V. O'Connor Appraisal Services, LLC
537 Fort Dearborn Street
Dearborn, MI 48124
Voice: 313-359-4066
Fax : 313-359-4177
Email: JackOConnor@RAC.net

California's still declining, Or is it?

Prior to the past two years of dramatic decline, our Southern California market had been rising steadily for more than 10 years. In fact, you couldn't buy a 1000 square foot home in a bad part of town, on a busy street, needing lots of TLC for less than \$500,000. It was ridiculous. I was seriously wondering how my kids would ever be able to buy a house, especially a decent one. Well, alot has changed.

With the implementation of the HVCC on May 1, 2009, coupled with the financial bailouts of banks by the new government regime, appraiser's have had to rethink the way they do business or get out of the business all together. There were so many seasoned appraisers who had allot of eggs in a single basket or two. Well, those basket were taken away when they could no longer talk to their clients directly. Those strictly doing relocation work have found that relocation work is down dramatically as well. Corporations have tempered their moves to cut costs and relocation companies are still holding an abundance of standing inventory, especially in California where declining markets are everywhere, or are they?

Last week I had an appraisal in an area known as the Inland Empire. Further from the Pacific Ocean and the main employment hubs, the Inland Empire has taken a major hit. Just about every property being sold or currently listed is a short sale or foreclosure. All of the media outlets are telling me this particular area, where my property is, has declined nearly 36% over the prior 12 month period. So why is my client of 22 years (the buyer's agent) telling me I am dead wrong when I say that the market is still declining?

Well, part of it is that the house they were trying to buy was not a short sale or foreclosure and these properties are considered a premium in today's market. Buyers realize now that banks are not performing on short sale or foreclosure homes. When they come across a property that is not in distress, they are willing to simply pay more. The security of knowing they can close in 30 days is worth alot. Buyers have so much riding on time frames. In fact, these properties are being bid up well above list. So, what is an appraiser to do when a home is selling \$5,000 to \$50,000 above list and all of the market data is telling you that it would be difficult to even hit the list price?

I have come across these properties at an alarming rate lately. I try to be careful to use listings that are not short sales because they are sometimes being marketed well below market rates to attract interest and create a bidding war. These properties sometimes can lead an appraiser to "go low", justifying their negative time adjustments. In many cases, there is just no way to avoid using short sales. I have completed assignments where every sale and/or listing was a short sale. I guess what I'm trying to say is that the lowest competition in the neighborhood is not always the direction one should head in a declining economy. Is it justifiable to use positive time adjustments when all indicators say the opposite? My opinion is "no, not yet". In most of the cases where I had a sales price I could not justify, I would simply go where the data lead me and conclude there. Many times, I will then get an amended purchase price, with both parties agreeing to the value opinion on the appraisal.

There has been enough information thrown at me lately to make me take pause and really look at what I am doing. I have taken my foot off the "negative time adjustment" gas pedal just a bit. I have tried to sift through these distressed properties and understand what buyers are really looking for. They are looking for the security of closing a home in a reasonable time and don't care if it sells above list. The feeding frenzy in the market has really heated up and agents on the front line continue to attest to that. Unfortunately, they typically cannot supply an appraiser with data to support the increase in value. Appraising in Southern California right now is more than just a numbers game. Appraisers must navigate the neighborhoods with more than just their computers, they will also need to get in the trenches with the agents working the neighborhoods in order to get a read on the ever changing climate. It is difficult for anybody, not just appraisers, to change the way they do things. And let's face it, there has been no indication that our economic future looks any brighter. Nonetheless, we do need to see the trees in the forest as they often change colors as we walk right by them.

Hank Fontes Jr.

Editor's Comments

If you would like to write an article for the next RAC READER Newsletter, something pertinent to the relocation appraisal industry, please contact me at hfontes@earthlink.net. The RAC READER Newsletter is intended for members, non-members and the relocation industry to increase awareness of Relocation Appraisers and Consultants (RAC) and how the national group of appraisers can educate and train in completing the relocation appraisal. It can also help prospective members join. We would like your suggestions and/or comments as well. This newsletter will be distributed on a quarterly basis. The next letter will be out in December, 2009.

Editor in Chief
President, Fontes Appraisals, Inc.
Hank Fontes Jr.
1240 N. Van Buren Street, Suite #213
Anaheim, CA 92807
(714)630-5098 W
(714)630-5058 F
hfontes@earthlink.net

