

Kirchmeyer Klips

"A publication for people in the mortgage industry"

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Dates to remember...

May 6-8...Appraisal Buzz - Valuation Expo 2004

Las Vegas, NV
www.valuationexpo.com

June 15-19...NYSCUL - 2004 Annual Convention

(New York State Credit Union League)
Saratoga Springs, NY
www.nyscul.org

June 20-30... PMC-2004

(Predictive Methods Conference)
Newport Beach, CA
www.pmc2004.com

July 28-30...INMAN NEWS- Real Estate Connect

San Francisco, CA
www.inman.com

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May 2004

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Issue #69

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HUD to Triple Fines for FHA Lenders

Proposed rule aims to keep defaulted borrowers in homes

Inman News

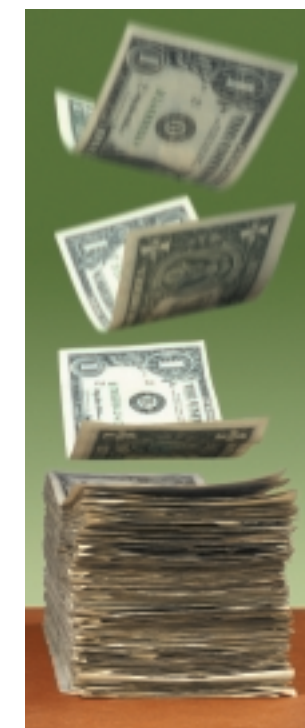
The U.S. Department of Housing and Urban Development has published a proposed rule that would triple the amount of damages HUD can seek against an FHA lender that fails to engage in loss mitigation techniques. Loss mitigation options can enable many homeowners who are in default on their FHA mortgage to remain in their home, HUD said in a statement. "We are working to ensure that every qualifying FHA borrower is afforded the opportunity to explore all options to keep their homes," HUD Secretary Alphonso Jackson said in a statement. "Our lenders must engage in loss mitigation efforts to help people stay in their homes, help to stabilize neighborhoods and prevent losses to FHA's Insurance Fund."

In the last two fiscal years, about half of defaulted FHA borrowers have been able to avoid foreclosure. The proposed rule would build upon those efforts by addressing how HUD will be empowered to penalize lenders who fail to engage in loss mitigation techniques and by specifically defining the criteria

used to evaluate a lender's performance.

Currently, the maximum penalty that can be imposed on lenders is \$6,500 for each violation, up to a limit of \$1.25 million for all violations committed during any one-year period. The new triple damages penalty would be in addition to the current penalty and not subject to the current limitations.

Failure to engage in loss mitigation is defined as a servicing lender's failure to evaluate a loan for loss mitigation before four full monthly mortgage installments are due and unpaid,



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HUD to triple fines

(continued from page 1.)

failure to determine which, if any, loss mitigation techniques are appropriate and to take appropriate loss mitigation actions. HUD will use its tiered ranking system to measure a lender's loss mitigation efforts on a portfolio-wide basis, and rank the lender based on the ratio of loss mitigation actions to foreclosure actions. HUD intends to focus its efforts on lenders ranked in the lowest tier, according to a department statement.

Unusual Floor Plans

by Ann O'Rourke

Mark S. and Sandy R. warned me over the phone that they had changed their living room. I assumed they had installed several large sets of shelves, a wet bar, or some other minor modification.

When I walked into their home, I immediately noticed a large wall, with a door, where the large opening to the living room was normally located. When I opened the door, I saw a wood shop, complete with a wood floor, large machines, and wood shavings on the floor.

Why would someone convert their living room to a workshop? Because Mark had always wanted one, and the living room was the best place. Mark had loved woodworking since he was a boy. His father was a master woodworker, and taught Mark his craft. But Mark's parents wanted their son to become a professional, not a blue collar woodworker, so he became a dentist. Mark liked dentistry and had a very successful practice, but his true love was woodworking. Mark had always had a small workshop, usually located in the garage of the homes he and Sandy owned over the years. His retirement plans included starting a small business building custom furniture.



Ten years ago, when their last child left home, Mark and Sandy converted their living room into a wood shop. They no longer needed their living room.

"When I opened the door, I saw a wood shop"

When guests came, they could be entertained in the large family room. Mark and Sandy wanted to use their garage for parking Sandy's expensive new car, and storing Mark's wood in racks. The living room had a high ceiling and was large. Mark and Sandy had a corner lot. The living room was on a street side,

so the noise would not bother any neighbors.

Sandy mentioned they were planning on selling their home in a few years after Mark retired. Before selling it, they plan on returning the living room to its original condition by removing the wall, recarpeting, and any other necessary repairs. As an appraiser I frequently see modifications even stranger than a living room full of woodworking equipment. Unfortunately, most of the owners are not as savvy as Mark and Sandy, who knew that few, if any, buyers would want a living room converted to a wood shop. They also knew that even though returning the wood shop to a living room would be easy, few buyers are able to visualize what it would look like. Selling their \$300,000 home "as is" would result in their home selling for at least \$15,000 less. Also, selling it would be very difficult since it was so unappealing.



Turning the wood shop back into a living room would cost about \$1,500. For Mark and Sandy, that was a very reasonable cost for using it as a wood shop for five or six years.

Ann O'Rourke, SRA, MAI is a practicing fee appraiser (commercial and residential) in Alameda California. She has been appraising for over 20 years, publishes appraisal newsletters, and provides seminars to appraisers all over the country. For more information, visit Ann's website at www.appraisalstoday.com.

PRESS RELEASE

James A. Kirchmeyer Serves as Panelist for eRadio-AVM Nation

BUFFALO, N.Y. — April 30, 2004 — James A. Kirchmeyer, president of Real Info, Inc., a National real estate valuation company, served as a panelist for October Research Corporation's eRadio-AVM Nation audio seminar. Broadcast live from Cleveland on Thursday, April 29, from 2 p.m. to 4 p.m., the discussion covered the latest automated valuation model (AVM) technology.

The seminar was conducted in an interactive talk radio format, with a round table of industry experts and call-in questions from listeners. Panelists discussed how appraisers could use valuation technology to grow their business and the role of appraisers in the development of new alternative valuation products. The round table also addressed the future of AVM technology, such as trends, quality, data and reliability, appraiser-assisted valuation technology, and the future roles of appraisers in a more automated landscape. The eRadio seminar was developed to highlight topics of interest to lenders, appraisers, vendor management companies, and AVM providers. "It was exciting to participate in this open-forum environment and to share expertise and ideas with industry leaders," said Kirchmeyer. "It was great to receive the questions from listeners and to see what their needs are."

Along with Kirchmeyer, panelists included: Lee Kennedy, Washington Mutual; Marianne Angarola, Future Value LLC; Vicky Cassens Zillioux, Strategic Development Worldwide; Dennis Conway, Stewart Mortgage Information; and Robert Jenican, Appraisal Solutions and Products. Special guests were Randy Ilas, DataQuick; Tony Stewart, Basis 100; and Robert Walker, First American Real Estate Solutions. Rick Grant, editor of Real Estate Technology Insight, was the host and moderator for eRadio-AVM Nation.

Real Info provides automated property valuations to home equity lenders, credit unions, and real estate professionals. The automated valuation model (AVM) services allow clients to streamline the appraisal

process with cost-effective, accurate, and time-saving solutions. Real Info uses its proprietary Internet delivery technology to provide searchable real estate data on over 85 million parcels across the United States through its realAccess™ subscription service.

For more information, visit www.real-info.com or call 1-800-771-5246.

Employee Spotlight



Peter Staas

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POSITION: Status Division

JOB DUTIES: Peter is responsible for all appraisal status updates on our secure website and is an intricate part of our status team. He is in contact with clients, appraisers, and borrowers almost every minute of every day. Peter answers client inquiries and follows up with the appraisers to ensure that the appraisal process runs smoothly. Balancing how the client and the appraiser prefer to receive their status updates is a very difficult task but Peter makes it all look so easy. Some prefer phone calls, others prefer to be faxed, others e-mailed, etc. If you ever have a question about an open appraisal order, Peter will have your answer or he will know how to get it for you!

When not at work, Peter enjoys reading, listening to music, and peanut butter and jelly sandwiches. Actually, he enjoys PB&J at work!

