Desktop Valuation Business and Lifestyle Event

Ron and Lacey Maloney

Main Event Goals:

1. Write faster, better and more compliant reports

2. Attain the kind of income and lifestyle you want

3. Develop your WHY and incorporate health as a foundation to a successful business

John Di Lemme and the Importance of Having a WHY

- Your WHY stokes the fire within!

- Your WHY keeps you inspired during the "tough days"

- It is best when your WHY is bigger than yourself

What is your WHY?

Health Strategies for the Desktop Worker

1. Get up from sitting at your desk - drink plenty of water

2. Nitric flush exercise

3. Walking, resistance training

4. Keep depression at bay by staying connected and maintaining and growing good personal relationships. Remain relevant.

Healthy Foundations for a Healthy Business

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3 Best Practices for Running on the Beach:

No Judgement Zone

Healthy Foundations

1. What Lacey and Ron Do to stay healthy:
   a. Support Digestion
   b. Eat Nutrient Dense Vegetables
   c. Cut Out Sugar
   d. Fitness
2. Be your own Health Coach (we'll conclude at the end of the day tomorrow)
3. Go through the items in the goody bags

Start Every Morning with A Digestive Tonic

⭐ Helps naturally boost stomach acidity - Necessary for breakdown and absorption (especially foods like proteins and fibrous fruits/vegetables)

⭐ Support healthy gut flora

⭐ Helps stimulate digestive system

- Hydrates the body after 6+ hours of sleep (dehydration)

Stomach acid weakens by stress, lack of sleep, too much sugar, too much processed foods, antibiotics, NSAIDs, history of illnesses, etc

Support Stomach Acid with Raw Apple Cider Vinegar

- Start with 1 Teaspoon diluted in 16oz of water (preferably warm or room temp).

- Gradually increase to 1 Tablespoon as you get more used to it.

- Tingling sensation is normal but it should never burn!
  - Dilute more or start with lemon if irritation occurs.

Support Digestion through Healthy Gut Flora

- Probiotic Supplements:
  - Enzymatic Therapy, PB8 - Nutrition Now, Nature's Way, Garden of Life, Mega Foods, Cinnamon Berry Probiotic Yogi Tea,

- Food Sources:
  - 1-2 Tablespoons daily is good (start small if it's new to you)
  - Must be raw *(look in the refrigerated section):*
    - Sauerkraut
    - Pickles
    - Kimchi
    - Kombucha
    - Coconut Kefir
    - Dairy Kefir if you can tolerate dairy

Add these to salads, on top of green vegetables or eat as a snack.

Nutrient Dense, High Fiber, Low Carb Veggies

**2+ Servings of
Leafy Greens and Cruciferous Vegetables Daily**

- Spinach, Romaine, Arugula,

- Swiss Chard, Collard Greens, Kale,

- Broccoli, Cauliflower, Cabbage, Brussels Sprouts,

- Bok Choy, Endive, Mustard Greens, Watercress,

Cut Out Sugar

Cut Out Sugar

- No sugary beverages
- Snacks have no added sugar- Nuts, Olives, Cheese, Tomatoes, Berries, Kale Chips, Pork Rinds, Jerky
- Dessert is 80%+ Dark Chocolate - Endangered Species (88%) and Divine (85%).
- Aim for 5 grams or less per serving

Fitness is a Habit not a Chore

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Make Fitness a Habit not a Chore

Daily Walks

Gym 3 times a week

Be Your Own Health Coach

Write down 3 things you know you should be doing (or not doing) for your health.

Save this for tomorrow

Health Products We Use & Recommend

Not A Substitute for Good Nutrition and Exercise

Health Products We Use

1. Calm - Magnesium from Natural Vitality

2. Spry - Xylitol sweetened Gum and Mints (and Nasal Spray) from Xlear

3. Ginger Rescue - Digestive Boost from The Ginger People

4. Tiger Balm Patches - Natural Pain Relief from Prince of Peace

5. Topricin - Homeopathic Anti-Inflammatory Cream

Report Analysis
Let's Review Some Reports

Example Report #1

1. **How would you approach this report?**
   - Circle what stands out to you

Example #1 What I Found

- Distant comps #1 and #2
- Superior locations #1 and #2
- Much larger site #2
- Much larger GLA #4
- Comps support a lower value #3 and #5
- Erroneous condition adjustment #4 (per review of MLS listing)
- 2 Non-Bracketed adjustments
- Wide adjusted range of value

#1 Question I get asked is:

How do you do a review so quickly?

Answer: My Process

Typical Risk Factors/Deficiencies

1. Any externalities that could impact the subject's value and marketability

2. A declining market and old/dated comparables that are not adjusted

3. Selection of comparables at the top of the range of value for the neighborhood

4. Selection of distant comparables-across major boundaries and/or in different neighborhoods, when comparables exist in closer proximity

Continued...

Typical Risk Factors/Deficiencies

5. Selecting all comparables that have unadjusted sales prices lower than the opinion of value, which results in all comparables having positive net adjustments

6. Wide variance in sold prices of comparables with conclusion at the top of the range

7. Sales history of the subject and/or comparables not reported and a recent sale which is at a significantly lower price than the Appraiser's opinion of value

Example Report #2

1. **How would you approach this report?**
    - Circle what stands out to you
    - Identify important features and possible risk factors

Example #2 What I Found

- Predominant value is contrived and overstated
- Comps #1, #4 and #5 are distant and in a superior area
- Comps #1 and #2 are much larger and are inadequately adjusted
- Sale #3 is not a good comp (2 houses on one lot)
- Comparables #4 and #5 require minus condition adjustments based on review of information found online

Ron's General Red Flags

1. Rush orders
2. Possible foreign borrowers
3. LLC sales or refi's
4. Private sales-no exposure to the open market
5. Tenant occupied properties
6. Lenders whose appraisals are typically "pushed", "stretched"
7. Lenders who lend on marginalized properties
8. Subject selling over the list price

Continued…

Ron's General Red Flags

9. High number of DOM
10. Significant seller concessions, including Gifts of Equity
11. Rural properties
12. Declining values, oversupply of inventory
13. Significant REO activity
14. Two - tier markets
15. Subject selling way above or below the predominant value
16. Inaccurate and/or contrived predominant values

Ron's General Red Flags

17. Externalities not ascertained, disclosed or measured
18. Inaccurate property description
19. Functional obsolescence not ascertained
20. Condition rating which is inconsistent with the Appraiser's assertions, photos and/or MLS information
21. Flips
22. Unique dwellings

Ron's General Red Flags

23. The date of inspection much earlier than the date of your review (problems closing the loan which could be as a result of prior appraisals coming in lower than the Appraiser's opinion of value -Being shopped around)

24. When the purpose of the review is for "repurchase consideration"

25. Appraisers who consistently do poor work

26. Appraisers doing valuations outside their local markets

27. Trainee Appraisers

Ron's Market Analysis Red Flags

Ron's Market Analysis Red Flags

1. A listing and/or pending sale which does not support the current opinion of value

2. A prior sale that does not support the current opinion of value

3. Lack of commentary supporting large differences between a recent listing or prior sale and the current opinion of value

4. An opinion of value far higher than the subject's sales price

5. The use of comparables that are superior to the subject either due to location or physical characteristics, (site and GLA in particular) including style/market appeal

6. Significant condition adjustments and/or the lack of ones when apparent

Ron's Market Analysis Red Flags

7. Adjustments for very minor differences, "mechanical" in nature and not market based

8. Comparables that have been excessively adjusted or required excessive adjustment (not good comps, alternatives or substitutes)

9. A comparable sale(s) which do not support the Appraiser's opinion of value

10. Wide adjusted sales range

11. Reconciling towards or at the upper end of the adjusted sales range

Helpful Hints

1. Do a quick Google Property Search of each subject property-you will often uncover valuable information from this (prior sale, tax assessments, condition etc).

2. Use Google Earth to identify boundaries, obsolescence and positive location influences.

Example Report #3

1. **How would you approach this report?**
   - What Red Flags can you find?

Example #3 What I Found

- Incomplete listing analysis
- The subject's obsolescence was not ascertained or measured (per review of Google Earth)
- Comp #1 is much larger
- Significant condition adjustments made to Comp #1
- Comp #3, #4 and #6 are distant and not affected by obsolescence

Also: Review of MLS indicates:
- Comp #1 is in a far superior neighborhood
- Comp #2 requires a significant condition adjustment

Final Analysis and Summary

Example Report #1
Analysis and Summary

Example #1 Analysis & Summary

Comparables #1 and #2 require minus net location adjustments due to their proximity to a lake. Additionally comparable #2 has significant setback from the road (which mitigates its location on a busy road) as well as a much larger site. Comparable #3, which is located on the subject's block and is the most recent sale, supports a lower opinion of value. The condition adjustment made to comparable #4 is erroneous based on a review of its MLS listing, and it's much larger than the subject. Comparable #5 is a nearby pending sale which also supports a lower opinion, two areas of adjustments are not bracketed and the resulting adjusted sales range is wide.

The Reviewer does not agree with the Appraiser's opinion of value; he placed most weight on comparables #3 and #5 and reconciled at a lower opinion of value.

My opinion of value =$640k or 8.6% less

Example #1 Analysis & Summary

- Weighted comparables differently

Example Report #2
Analysis and Summary

Example #2 Analysis & Summary

None of the comparables were able to be verified with the MLS. The one family predominant value indicated appears contrived and is overstated. Comparable #1, #4 and #5 are distant and located in a superior area (much closer to town). Comparables #1 and #2 are much larger than the subject and have been inadequately adjusted for size. Sale #3 consists of two houses on one lot and, as such, is not comparable to the subject. Additionally, comparables #4 and #5 require minus condition adjustments, based on review of information found on line.

The Reviewer does not agree with the Appraiser's opinion of value; he readjusted the Appraiser's comparables, in those areas noted as deficiencies, placed most weight on comparable #2 (which is located nearby and is most similar with, respect to location), and reconciled at a lower opinion of value.

My opinion of value = $1,450,000 or 9.4% less

Example #2 Analysis & Summary

- Readjusted the Appraiser's comparables and reconciled differently
- Gave greatest weight to comparable #2
- Reconciled lower

Example Report #3
Analysis and Summary

Example #3 Analysis & Summary

A complete analysis of the subject's listing history was not provided and the subject's obsolescence was not ascertained or measured. Comparable #1 requires a minus location adjustment, based on a review of its MLS listing (which indicates it is located in a "beautiful" seaside neighborhood offering residents a private boathouse, beach, dock and mooring"). Additionally the condition adjustment made to comp #1 is erroneous based on review of numerous photos, it is much larger than the subject and was inadequately adjusted for size. Comparable #2 requires a significant minus condition adjustment as it has been "just renovated", as indicated in its MLS listing. Comparables #3, #4 and #6 are distant, located in slightly superior neighborhoods and are not equally affected by obsolescence; as a result they require minus location adjustments.

The Reviewer does not agree with the Appraiser's opinion of value; he readjusted the Appraiser's comparables, in those areas noted as deficiencies, considered the supplemental sale selected and reconciled at a lower opinion of value.

My opinion of value = $675k or 7.5% less

Example #3 Analysis & Summary

- Readjusted sales
- Provided Supporting Sale
- Reconciled at a lower opinion of value

Ways to Support your Opinion of Value When you Disagree:

1. Reconcile differently
   a. Indicate what comp(s) you are placing greatest weight on and why

2. Readjust the Appraiser's comparables
   a. Use your experience and judgment to support your changes along with supportive commentary

3. Provide supplemental sales which support your opinion of value
   a. Should be reasonable alternatives, and not have the same risk factor(s) which you have identified of those you indicated in your report.

   You can use any method, a combination of them *or* all three.

   Note: extract adjustment(s) when possible, use:
   - **Internal paired sales analysis**
   - **Analyze the supplemental sales**

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Day 2

Recap

1. Foundations for any Successful Business:
   a. Have a strong WHY
   b. Take care of your health

2. Foundations for Successful Appraisal Reviews
   a. Identify Red Flags and determine their effect

3. 3 Ways to Support your Opinion of Value when you disagree

   Q&A

Putting it Altogether:

Ron's Process

The answer to the biggest question of how I do a review so quickly:

- Go through each category of the report
- Identify important features
- Look for Red Flags
- Highlight all possible risk factors
- Connect the dots
- Determine reasonableness

Ron's Process:

Do:

1. **Take off your Appraiser Hat - Put on your Lender Hat**

2. **Ask: How would this affect my decision if I were lending my own money or purchasing it for myself?**

Ron's Process:

Don't:

1. Do a technical analysis

2. Over analyze... "paralysis by analysis"

3. Reappraise the subject

The next 2 biggest questions I get are:

1) How do you get minimal clarification requests, so few challenges to your opinion of value?

2) And how is it that you have been able to avoid complaints being made against you?

Answer:

How I write my reports

How to Write Bullet-Proof Arguments

1. Use Templates
2. Based in fact, little or no subjectivity
3. Clearly identify risk factors
4. Anticipate and answer questions up-front
5. Write logically on an 8th grade level, no "big" words or ego
6. Use short, concise sentences
7. Be reasonable
8. Indicate what comps you place most weight on
9. Conclude your argument

Example Report #1
Analysis and Summary

Example #1 Analysis & Summary

Significantly, six comparables were provided including two pending sales. The Reviewer places most weight on comparables #2, #4 and #6 which are located in the subject's development. The adjustments made are bracketed, in the correct categories, in the right direction and do not exceed typical guidelines. As adjusted by the Appraiser, the sales offer a conclusive range of value. No significant analytical, procedural, or discrepancies found in review of the analysis.

The overall reliability of the report is strong and the Appraiser's opinion of value is well supported.

My opinion of value = $1,210,000 (same as the Appraiser).

- Agreed with the value

Example Report #2 Analysis and Summary

Example #2 Analysis & Summary

Comparables #1, #3, #4 and #6 support a lower opinion of value. The location adjustment made to comparable #2 is inadequate, comparable #5 is much larger than the subject and was inadequately adjusted for size and the resulting adjusted sales range is very wide (other).

The Reviewer does not agree with the Appraiser's opinion of value; he places most weight on OA comparables #1 and #6 which have the same room count and are nearly the same size as the subject. Comparable #1 is located in the subject's building and comparable #6 is located close by; it is a pending sale which is most indicative of the current market.

My opinion of value = $1,400,000 or 10.5% less

- Weighted sales differently and reconciled lower

Example Report #3
Analysis and Summary

Example #3 Analysis & Summary

The subject's front frontage has not been disclosed or analyzed. Additionally, none of the comparables front footage has been disclosed or measured as well. Comparable #1 sold over two years ago and is assessed substantially higher than the subject ($1,901,680 versus $1,158,380). Comparables #2 and #5 are the most recent sales and support a much lower opinion of value. Comparable #6 (a listing) has a larger lot, is much younger and in superior condition as well as larger (particularly considering its below grade area); it supports a value of $1,105,600 or $422,400 lower than the Appraiser's opinion of value. The resulting adjusted sales range of $1,249,250 to $2,085,900 is wide and inconclusive (other).

The appraisal is weak and inconclusive. In addition, there is a lack of sufficient, quality sales data needed in order to properly analyze and render a supportable opinion of value. None of the supplemental sales appear to be comparable to the subject.

Indeterminate: a supportable opinion of value is unable to be opined.

- Was unable to opine a value

Model Success -Fast track your desktop business by modeling what works!

1. **Use my completed reports as a guide to complete yours**
2. **Use the Templates provided- modify them how you want to**
3. **Take action - get approved by the companies I recommend**
4. **Obtain multiple licenses**
5. **Time Management**

Top 5 ways I have gotten business

1. Request assignments from existing clients, contacts
2. Communicate by phone or email
3. Direct mail
4. Attend Events, Expos
5. Solving a client's problem
   - Available when others are not- rushes, holiday weekend
   - Additional licenses- where they need help

Keep your Clients Happy

1. Build rapport- people do business with people they like!
   - Take an interest in them
2. Be an advocate for their company
3. Do quality work
   - Write supportive reports without ego and flowery words that can be understood by a novice
   - Review your reports to minimize clarification requests so you build confidence and respect with the interior staff

Keep your Clients Happy

4. Get your work done on time
   - Communicate with your client if you need an extension
5. Take on difficult assignments and become a "go to" person
6. If you cannot complete an assignment, decline it as quickly as possible and explain why
7. Follow up and follow through - be proactive, not reactionary
8. Have the mindset that you are part of a team serving a mutual client

Your *daily habits* predict your future

1. Plan your day the night before!
2. Early to bed, early to rise
3. Be neat and organized
4. Keep to your schedule and guard your schedule
5. Avoid distractions and multi-tasking

5 Second Rule

Let's Recap:

1. Use Ron's Process to analyze and write faster and better reports
2. Model Success
3. Take action - get approved by the companies we recommend and others
4. Keep your clients happy
5. Your daily habits predict your future