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9-23-2010

### Karen Mann Written Testimony Before the FCIC

Karen J. Mann

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# **Mann & Associates – Appraisers & Consultants**

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[www.mannappraisal.com](http://www.mannappraisal.com)

## **STATEMENT OF KAREN J. MANN, SRA, ASA, MRICS TO THE FINANCIAL CRISIS INQUIRY COMMISSION September 23, 2010**

Good morning Mr. Chairman, Vice Chairman, and members of the Commission. Thank you for the opportunity to testify today regarding my opinions, analysis and personal conclusions regarding the financial crisis of the Sacramento area and the factors affecting single family residential real estate market.

Before I commence with the response to the questions posed to me, you should be aware of a significant statement which has caused my increased awareness and sensitivity to the changes in the marketplace. FNMA representatives were guest speakers at the Appraisal Institute conference in 1994. The representative for FNMA told about 400 of us appraisers that we should be prepared. FNMA then outlined that their need of “live” appraisers will diminish in the near future due to the anticipated increased use of statistical valuation methods. Since that day, I’ve come to realize that the future of residential lending could change – and that to survive the valuation industry I must continue to expand my valuation services.

### **1. What is my experience in the mortgage market and appraisal industry and my perspective on how these sectors have evolved of the past decade, including, but not limited to, the regulation of appraisals.**

- My training began as a real estate appraiser in 1980, during the period of 13% - 18% interest rates. It became clear early in my career that the more successful and respected valuation professionals had designations from the primary appraisal organizations. For the residential appraiser the choices were the SRA/RM and the ASA.
  - By becoming active with the two primary appraisal organizations (Appraisal Institute and American Society of Appraisers) I was able to obtain mentoring and continuing education which resulted in the increased observation of the market and the trends therein.
- In 1987 The Appraisal Foundation was formed by 8 major appraisal organizations to help regulate the appraisal profession within the United States. As mandated by federal law, The FIRREA act of 1989 established the Appraisal Subcommittee who are charged with overseeing the foundation.

- In 1994, the FRB, OCC, FDIC and OTS proposed a rule change that would increase the de minimus appraisal threshold from \$100,000 to \$250,000, exempting more real estate loans from requiring an appraisal by a licensed/certified professional. The regulators contended that the proposed rule change would reduce regulatory burdening, improve credit availability and serve federal financial and public policy interest without threatening the safety and soundness of financial institutions. This law was enacted to expedite home loan lending in spite of the vast concern conveyed by appraisers and appraisal organizations, reportedly for the protection of the consumer.
  - This law allowed the mortgage loan to depend more on a borrower's creditworthiness than the value of the collateral (the house).
  - Under Title 11, lending institutions **were not** required to have a licensed or certified appraiser providing an on site inspection and valuation services for home loans less than \$250,000.
  - The products utilized to determine the worth of the collateral for the loan included; Broker Opinions of Value (BPO's), on line statistical valuation services such as Zillow, and Evaluations (prepared by individuals who may or may not be real estate professionals).
    - One of my neighbors is not a Realtor, and he has been preparing BPOs for lending institutions at \$40 per assignment for the last 3 years. A perfect example of an evaluation being used in the lending industry versus a professional appraisal.
- Between 1994 – 2003. Bank Regulators referred the real estate appraisal oversight to the state regulatory agencies. Many states do not have an adequate means to oversee appraisers. It should be noted that the State of California does not have an oversight "appraisal board" in the office of Real Estate Appraisers, **one of the few states which does not.**
  - This resulted in the influx of potentially fraudulent new licensees who's training (required to mentor under a licensed or certified appraiser) may have overstated their experience. We had a vast increase of licensed appraisers in the State in spite of the lack of qualified/experienced trainers.
    - (Quoted from the Office of Real Estate Appraisers "Effective January 1, 2005, affidavits are not acceptable for claiming appraisal education or work experience.")
      - This means affidavits were acceptable prior to 2005 leading one to wonder how many affidavits were not a truthful document.

- The OREA was understaffed and there was extensive backlogs for appraisers to obtain licenses as well as investigations which may reveal fraud or disciplinary action.
  - Prior to licensing – the Appraisal Organizations (Appraisal Institute, American Society of Appraisers, ASMFRA and NAIFA) were the organizations that any appraiser needed to join and adhere to their Professional Practices. Rigorous education and peer review requirements – practicing appraisers needed to stay in line, or else the penalties and potential expulsion meant significantly decreased business opportunities. Since that time, the Banks and Lending institutions pretty much ignore the professional designations that appraisers worked so very hard to obtain.
    - During the last couple of years the IRS has acknowledged the importance and preference of the professional appraiser with a professional designation as acknowledged by the industry.
- 2003 – 2005. The Bank Regulators Release Independent Appraisal and Evaluation functions. It is acknowledged that similar reliance is given to an Evaluation (not prepared by a real estate professional) versus an Appraisal. The appraisal industry was outraged. The Regulators released the Frequently Asked Questions on the Appraisal Regulations and Interagency Statement on Independent Appraisal and Evaluation Functions. This document was in response to the questions from federally regulated institutions regarding clarification of existing standards to select an appraiser, proper ordering procedures, the procedures for accepting transferred appraisers from one institution to another, and other related topics.
  - It would be curious to know the percentage of subprime loans which were Evaluations (**the complete opposite of an appraisal in experience, professionalism, training and does not abide by ANY appraisal guidelines**) versus Appraisal Reports as regulated by USPAP, the Appraisal Foundation, etc.
- 2009 HVCC (Home Valuation Code of Conduct) was implemented with drastic and immediate effects to the appraisal industry.
  - Long term clients (Mortgage brokers, Bankers, Mortgage Bankers) after 28 years of business development were severed. The creation of middlemen to “protect” the appraiser from getting pressure of value was changed to pressure of lowering your fee and an unreasonable turn around time.
    - On a personal note, prior to HVCC – the customary and reasonable fees for my firm was between \$400 and \$450. In

the early to middle 1990's our fees were in the \$350 to \$375 range. In the middle 1980's our fees were \$200 to \$225.

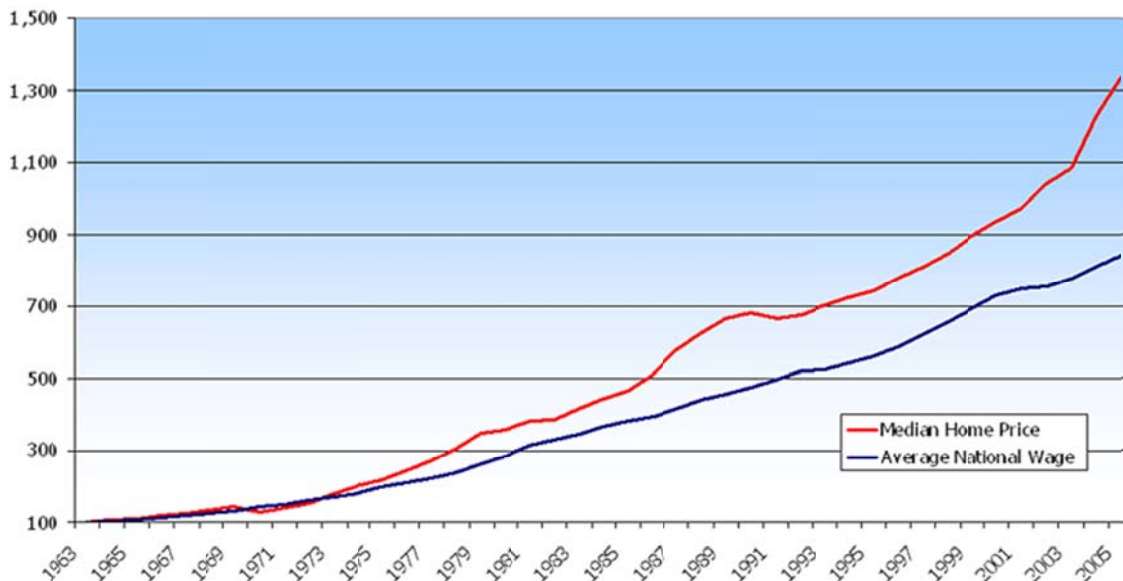
- The Middlemen known as AMC (Appraisal Management Companies) are now in control of 80% - 90% of the lending institution appraisal assignments. The fee paid to residential appraisers is between \$200 and \$275 per report. The AMC retains the rest of the fee, although not disclosed on the consumers Loan Cost Discloser Statement that the Appraisal Fee is split between the Appraiser and the AMC.
  - As a result, many experienced appraisers, like my firm, do not prefer to do this work and have concentrated on alternate types of valuation services.
- It has come to the attention of many that the unintended consequence of HVCC has driven the more qualified and more desirable appraisers away from the mortgage loan process, and the less qualified are performing these reports.
  - The other issue which has come to attention is that some of the AMC's were hiring appraisers from distances more than 7 hours or several states away from the property under appraisal. Resulting in less than reliable valuations.
  - The HVCC is nicknamed the **HAVOC Code** and has driven many very capable and qualified appraisers from the business to other forms of employment.
    - To quote Ann O'Rourke, MAI (author of Appraisal Today)  
***“the one thing I know is that the dishonest appraiser will do fine as a result of the HVCC changes to the residential appraiser; the honest and diligent appraiser....well that remains to be seen”***
  - The good news is that appraisers are not being asked to “hit a certain value”.
  - The bad news is that if the appraiser has a question in regards to how the lender wants an issue handled, the appraiser is prohibited from talking to anyone else but the clerk who ordered the appraisal. A very frustrating factor.
  - In my opinion, the consumer is being ripped off and is not being provided the best practice nor safe lending by providing the most inexpensive or the quickest appraisal versus the most qualified appraiser for the assignment.

2. My assessment of which factors, if any, contributed to the run-up in home prices and the collapse of the mortgage market, including but not limited to, inappropriate subprime lending, flaws in the appraisal process and mortgage fraud.

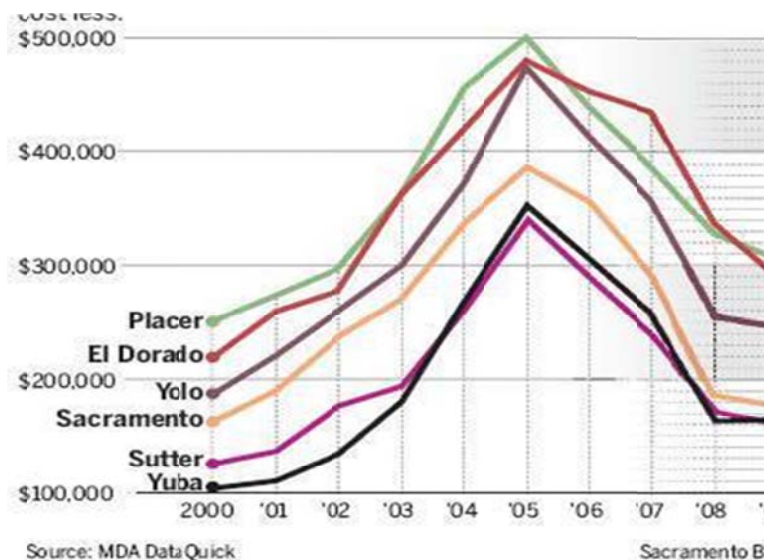
- Approximately 80% of U.S. mortgages issued in recent years to subprime borrowers were adjustable-rate mortgages.
  - After U.S. house prices peaked in mid-2006 and began their steep decline thereafter, refinancing became more difficult, if not impossible.
  - As adjustable-rate mortgages began to reset at higher rates, mortgage delinquencies soared.
  - Securities backed with subprime mortgages, widely held by financial firms, lost most of their value. The result has been a large decline in the capital of many banks and U.S. government sponsored enterprises, tightening credit around the world.
- Using one of the published trends by the National Association of Realtors and the US Social Security Administration, we can observe the differential and the trends of wages versus home prices. We can see on the following graph the two were nearly the same between 1963 to 1973 (the commencement of the Oil Embargo and a Recession). Between 1975 until 1985 there was a gradual change with an uptick after another recession in the mid 1980s. Between 1993 to 1999 the median home price exceeded the Average National Wage, but it remained constant and the indices are parallel. The upswing and the **really began** in 1990 and **by 2005 it skyrocketed**. This should have been an indicator than something is “out of line”.

Source: National Association of Realtors, U.S. Social Security Administration

### Home Prices vs Wages, 1963-2005



- The **Perfect Storm** hit the marketplace in the Sacramento area. Due to the prior shortage of supply, the extremely affordable interest rates and the very strong demand, prices were increasing up to 30% per years with the highest increases between 2003 and 2005.
  - It was between 2003 and 2005 my attention became at full alert. The **words of FNMA in 1994 echoed in my head** and I knew this trend could not last for appraisers nor for consumers. We observed the decline during 2005 and into 2006, as demonstrated by the following published data and confirmed with our in house appraisal reports. Our clients did not like the fact that we were beginning to make downward market condition adjustments for the change in the market conditions.
    - The following graph illustrates the average sales price by County within the Sacramento Metropolitan area. The inclusion of each of the adjacent Counties was to demonstrate that the market within Sacramento was not abnormal based on the trends we were observing throughout the area.



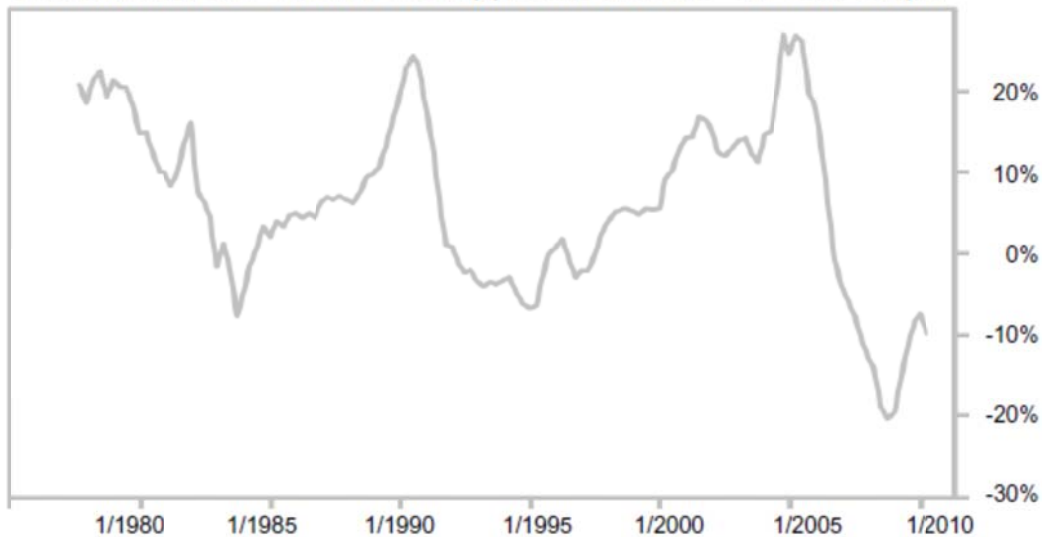
- Not to rely on just one source, the typical appraiser will review trends and compare the trends to our personal observations in the individual neighborhoods of properties we are appraising. For another unbiased sales graph, (published by Trulia.com) illustrating the 10 year trend between 2000 and 2010, the following graphs are reviewed.



- The above graphs as produced by Trulia.com illustrate the change which according to this source shows a median Sale Price peaking out at the end of 2005 and the beginning of 2006. Likewise, the number of sales transactions also began declining in mid 2005.
  - Even though published indicators show a variation, the overall trend is reflective of the change of the market between 2005 and 2006 and provides an unbiased report of the market trends.
- The following graph will demonstrate that for every drastic increase of appreciation, the decline is just around the corner – this is a trend of appreciation rates for the Sacramento Metropolitan area.
  - We can see the on the following graph first increase and decline from 1979-1980 – with the decline between 1980 and 1984.
  - The late 1980 had a very strong upswing to 20%, but the decline was significant and lasted from 1990 to 1995.
  - The next increase started out to be a gradual uptick, however, the upward trend lasted from 1998 to mid 2005.
  - The current downturn has been the most severe noted perhaps since the Great Depression.
  - It appears we may have hit bottom in the 3<sup>rd</sup> quarter of 2009. However, the loss in appreciation was an aggregate 40% - quite significant.



**Sacramento, CA - Home Price Appreciation Rate - 32 Year Graph**



- Since I appraise both residential homes and non-residential properties ( I remain vigilant of the trends of proposed land, commercial and churches) construction in new subdivisions. At the basis of any new construction is the cost of the land. The following will illustrate the average pricing prior to, during and after the financial crisis.
  - The market areas used for this depiction is in the Towns of Elk Grove (just south of Sacramento) and the Town of West Sacramento, also adjacent to Sacramento.

Raw Land Sales, Purchased for potential Residential Subdivision: Elk Grove & West Sacramento					
Period	# Transactions	\$/Acre Average	Change	\$/SF Avg	Days On Market
1999-2002	30	\$98,510		\$2.26	218
2003-2006	16	\$223,614	144%	5.13	120
2008-2010	11	\$88,241	-61%	\$2.03	363

Finished Lot, Subdivision Sales: Elk Grove & West Sacramento					
Period	# Transactions	\$/Acre Average	Change	\$/SF Avg	Days On Market
1999-2002	13	\$262,389		\$6.02	218
2003-2006	1	\$1,212,429	122%	17.7	120
2008-2010	3	\$266,721	-78%	\$6.12	363

- Reader should note the difference of days on market and the \$/Acre average for the raw land sales between 1999-2002 and Change of value of the following two periods.
  - Run up in prices normally results in Red Flags by underwriters and/or reviewers. In most cases appraisers have a difficult if not impossible task to valuate properties in such a scenario and

typically do not develop an appraisal which would illustrate the actual sales price due to the lack of market substantiation.

- o Another source of observation is the California Association of Realtors Market Outlook. The following outlook provides a comparison of the number of resale's, the percentage of change, the Median Price for the State and what the current loan rates were. We will note that the adjustable mortgage rates between 2003 and 2005 were extremely low, and lower than the following years as well.

## California Housing Market Outlook

	2003	2004	2005	2006	2007	2008	2009	2010f
<b>SFH Resales (000s)</b>	601.8	624.7	625.0	477.5	346.9	439.8	546.5	521.0
<b>% Change</b>	5.1%	3.8%	0.03%	-23.6%	-27.3%	26.8%	24.3%	-4.7%
<b>Median Price (\$000s)</b>	\$371.5	\$450.8	\$522.7	\$556.4	\$560.3	\$346.4	\$275.0	\$300.0
<b>% Change</b>	17.5%	21.3%	16.0%	6.5%	0.7%	-38.2%	-20.6%	9.1%
<b>30-Yr FRM</b>	5.8%	5.8%	5.9%	6.4%	6.3%	6.0%	5.1%	5.3%
<b>1-Yr ARM</b>	3.8%	3.9%	4.5%	5.5%	5.6%	5.2%	4.7%	4.2%

Forecast Date: June 2010

Source: CALIFORNIA ASSOCIATION OF REALTORS®



- o The observation of unsold resale (homes) inventory is also known as the absorption rate. The following periods were indicators as obtained from my files and were confirmed with the California Association of Realtors. The shorter the unsold inventory, the more the supply is depleted which results in the increase of prices.

Period	Unsold inventory (Absorption Rate)
2002	2.5 months
2003	1.5 months
2004	1.3 months
2005	2.7 months
2006	5.7 months
2007	9.1 months

- The media encouraged the “feeding frenzy” of the historical low mortgage rates

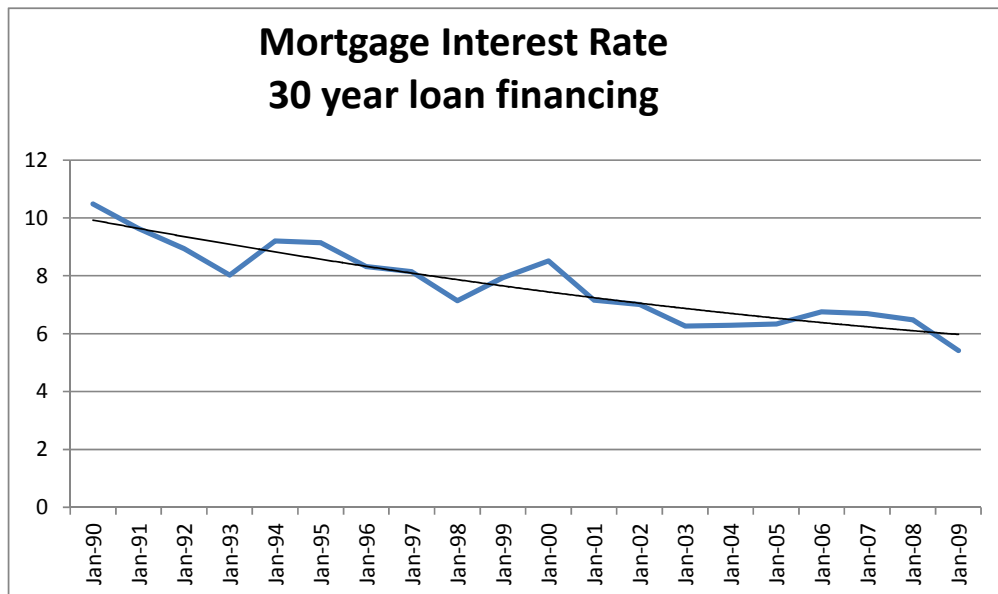
- Many San Francisco Bay Area residents relocated and/or invested in homes in the Sacramento/Stockton areas at what they considered bargain prices. Housing prices in the Sacramento/Stockton area are typically 40% to 50% less than that found in the San Francisco Bay Area.

**3. My assessment of the types of loans that entered the market and how these mortgage products affected the housing market.**

- In two words I can describe the types of loans between 2000 and 2005.

**EASY MONEY!**

- The following graph will illustrate that the period between 2002 and 2005 had the lowest mortgage rates since 1964 – and we know how much the standard person likes a “sale” or discounted price. Therefore, the market was stimulated.
  - The period of very low interest rates stimulated the construction industry, banking industry, finance and insurance industries, construction industries and other ancillary industries related to housing.
  - Not only were interest rates low, but unemployment rates are under 6% which meant the public felt like they had money and security. When rates bumped up slightly in 2005/2006 it was barely felt, however, the financial crisis had already shown signs that the “glory days” were over.



- With the confidence of low interest rate trends and the easy underwriting practices; the Consumer, the Speculators/Developers and many of the Economists were lulled into complacency and

became reckless in observing the various market indicators which were approaching during 2005/2006.

- Loan products were predominately the adjustable rate mortgages which were starting out at 3.8% to 4.5%. Property owners were optimistic that these price increases would just continue into the future – after all Real Estate Never Goes Down in Value – does it?
- Some call it greed, some call it ignorance, frankly, I call this mess **not a surprise.**
  - Lenders & underwriters were **qualifying** the borrowers **ONLY at the introductory rate** of the loan (not the maximum the loan could be adjusted to) – Seems dishonest to the consumer to me (Poor lending guidelines)
    - The volume of loan activity required the hiring and training of title & escrow officer, underwriters, loan processors, mortgage brokers (some who were not licensed)
  - Radio, TV, Internet and Newspaper ads were BLARING about obtaining loans which exceed 100% of the value of your home....Again –

### Easy Money!

- When collateral/home prices are increasing up to 30% a year and the public or media thinks it's going to just keep going up – we must wake up and realize that the Wild, Wild West of these lending practices would eventually catch up and haunt us.
  - My firm was receiving an average of 15 – 20 appraisal requests a day via fax machine. Previously, our norm was 30 -50 per week, we increased 100 per week which resulted in the expansion of the firm to adequately process the reports. This was quite exhausting on all staff personnel.
- Personally, in 2004 I began warning my friends, family and discussing with colleagues the fact that the faster and longer the prices rise unrealistically, the harder they will fall and that I was very concerned about the Banking Crisis which would result. Many of my colleagues agreed, others keep their head in the sand.
  - My warnings came out as Seminars (*Incredible Income Opportunities of Residential Appraisers, Profitable Appraising, Building New Skillsets for Appraisers, and Beat the Clock and Make More Money*) of which I wrote and taught at various Appraisal Institute chapters across the nation. The Seminars were focused on alternate valuation services other than the mortgage lender (***FNMA's warning was still echoing in my head***). I just did not want to see my colleagues or employees unprepared for when the demand for our services would wane due to the change of market forces.

#### 4. The impact of the financial crisis on my business and family

- Our children have been raised to understand that real estate is a good and solid investment. Both of our kids saved adequate money to buy their first homes in their early 20's when they each got married.
  - One of our children and spouse purchased a condominium in 2001, then upgraded to a 4 bedroom home with a pool and great lot for the 3 children to play a couple years later. Like most young couples they refinanced to take advantage of the lower rates and used an equity line during times of need and to make home improvements. By 2007, baby #4 was born, mom needed to be home with the baby, dad's hours/pay got decreased and the homes in their neighborhood began declining. When it was near the time to re-adjust their mortgage rate according to the terms of their loan, the property value was approximately the same as the loan amount. They began the arduous process to obtain a loan modification to find out the lender may not consider them as viable candidates (**they were never late on their mortgage**) and would let them know in 4 months if they qualify. Meanwhile they investigated selling the house via short sale. A buyer was willing to pay a reasonable "market" price and which exceeded the value developed by the lending institution. After 6 months of the lender stall or ignorance - the lender declined the permission for the short sale. After a serious medical complication, the family of six (6) moved in with my husband and I for 7 months until they could get back on their feet. The children were relocated to new schools, and the adults dealt with the pain and emotional suffering while they were trying to rebuild their lives. The uncertainty of their housing caused them (and us) great stress – but as a family we endured and they were able to rent a condo for the six of them.
    - The lender said it is to go to foreclosure...our kids would have tax obligations beyond their net worth, so they filed Bankruptcy, even though they had minimal debt in other areas.
    - 2 months after the Bankruptcy, the lender called them and asked if they wanted to do a loan remodification.
  - Obviously the banking system does not have a clue what is going on inter-company departments
    - I know of 3 transactions where the home was sold via short sale and was in the final days of escrow; only to have the house sold at a lower purchase price at the auction block than the short sale which was in the final stages of escrow (**not a fiscally sound decision for a banker**)
  - Not only does the banking system not have a clue but fiscally, their behavior needs to be re-examined because it is NOT sound lending practices nor sound business practices – consumer protection has been lost.

- Please consider other owner occupants who have lost their homes via foreclosure. You can multiply our family's experience by several million people (some 2.7 million families) in the United States who have gone through similar processes in the loss of their HOMES – not investment – but their “castle” is the place that is supposed to be safe and secure.
      - In the Sacramento area, a review of REO data suggests that approximately 75% of homes that have gone through the foreclosure process thus far have been owner occupied **(which is quite dismal when you consider the FAMILIES it has adversely affected)**.
- As I mentioned earlier, I have been a practicing appraiser since 1980 and have been either a co-owner of the owner of a firm since 1983 (27 years). I've had an office with 1 – 3 clerical help and 3 – 17 appraisers. As of 2004, I had 8 appraisers employed full time and 3 clerks. Once I realized the warning signs were in place for The Perfect Storm (**aka Banking Crisis**) I began warning my staff. Two appraisers paid attention and began learning commercial valuation, relocation valuation, and other areas where their services would be necessary in the future. The other 6 wanted to “*make hay while the sun was shining*” and did not expand their skill set.
  - On May 15<sup>th</sup> 2005 I went into my office and announced that based on the lack of a lackluster spring (appraisal orders had declined 30% to 40% during the prior three months). My gut told me the market has turned and that we need to take some drastic measures, to be prepared for a long and turbulent ride! I laid off the 3 clerks and 6 appraisers.
    - They looked at me like Noah's neighbors must have looked Him building that Ark.
    - The decision stuck and it was fiscally a good decision as the year did not improve.
  - I knew my lease would end by 2008 so I hoped we would be able to hang in there, however, the change of the residential business resulted in the need to move out of my beloved office in 2007 and sub-lease it.
    - My 3 remaining appraisers and I moved our offices to our homes, we set up an excellent system for intercompany communication and kept the business going strong.
    - The sub-lessee paid 50% of the 1 year of his term, then he skipped and my unit was not really leasable for the remainder of the term so I had that expense anyway.
      - We had a lease burning party in 2007!
  - It is now 2010 – it's been a VERY VERY challenging time to be in business
    - Nearly 30% of my colleagues have either retired, moved or found something else to do
    - The AMC business (thanks to HVCC) has eliminated the relationships I developed and nurtured for 25 years (what happened to free enterprise?)
      - Just because I spoke to my clients does not mean they pressured me for values or that I would even consider committing fraud for any of them

- Many of the banks I used to work with on the non-residential side are now out of business
- Commercial lending is at a stand still
- Thankfully we do a lot of estate and dissolution valuations.
- The erosion of the business has also resulted in us remaining appraisers competing to obtain business so the fees are 25% lower (so we are working more and making less)
- My firms “rainy day” fund has shrunk substantially in the effort just to downsize and keep the firm operational (as expenses do not decline do they?)
- What annoys me is that just like my kids did – I’ve done all the right things as a business owner – unfortunately the Banking Regulatory agencies and market forces just eliminated any visions of financial security for some time to come.

## 5. Other view and information regarding the impact of the financial crisis in the Sacramento Region

- According to the Sacramento Housing and Redevelopment Agency, in their April 11, 2008 “California Reinvestment Coalition” paper, the fiscal impact of the Mortgage Crisis will have the following effects;
  - Direct Effects
    - Borrowers
      - Costs: Homes, Equity, Credit rating declines, expenses, emotional impact, increased crime. Anticipated \$53,798,000
  - Indirect Effects
    - Municipalities
      - Costs: Administrative, legal, vacant & unsecured property costs, decreased tax revenue
      - Anticipated Cost: \$40,0345,000
    - Neighbors
      - Decline of property values, increased crime, eyesore of unmaintained or burglarized properties
    - Local businesses
      - Decline of sales and revenues, anticipated closures
    - Anticipated cost \$7,427,168,000
  - Social Cost of Foreclosures
    - Decreased Economic spending
    - Decreased job growth
    - Decreased housing development
      - Affecting ancillary construction or housing related businesses
    - Increased violent crime, blight and disease
- The long range effects of this Banking/Financial Crisis could have been avoided if the lending institutions had been more organized and developed a plan to work with their homeowners

- Perhaps they did not need to modify loans or have as an extensive foreclosure rate if the mortgage terms could have been extended to 40 years or if the adjustable rate would adjust to an affordable rate.
- The whole problem was exacerbated by the effects of the chaos in the banking industry from hiring the least qualified appraisers, depending on products less than a full valuation (for example Broker Opinions of Value – BPO’s, statistical appraisals, etc.) to determine Market Value, and finally the coordination of efforts to assist the public.
- The lending institutions should have done everything possible to protect their collateral by **keeping the homes occupied** and/or renegotiating the loan in some way – **BUT KEEP the homes occupied**. The presence of vacant homes leads even a good neighborhood to blight. Then property values “tumble” or plummet even more rapidly.
- As of this writing there are 2,400 homes in foreclosure in the City of Elk Grove (6% of the homes in town) and 561 homes in foreclosure in the City of West Sacramento (5% of the homes in town).
  - That also translates to 7,200 people in Elk Grove who were “unhomed” and 1,683 people in West Sacramento who now lack home ownership. When you put faces on these people, they could be your family and/or friends as well.

Thank you for allowing me to share with you my thoughts, opinions and analyses. It is with sincere optimism and hope that you can find one or more solutions to this crisis as a result of pinpointing the contributing factors.

Respectfully submitted,

A handwritten signature in blue ink that reads "Karen J. Mann". The signature is written in a cursive style and is placed on a light-colored rectangular background.

Karen J. Mann State Certified General Appraiser





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# **Mann & Associates – Appraisers & Consultants**

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*[www.mannappraisal.com](http://www.mannappraisal.com)*

**PROFESSIONAL ORGANIZATION MEMBERSHIPS & POSITIONS:**

Appraisal Institute, Senior Residential Appraiser (SRA) – 1987

2007 – Vice Chair – Leadership Development & Nominating Committee  
2005-2007 National – Leadership Development and Nominating Committee  
2005-2007 National Committee – Education Committee  
2003-2005 Chapter Services Chair, Region I  
2002 Northern California-Chapter President  
2001 Northern California - Chapter Vice President  
2000 Northern California - Chapter Treasurer  
1999 Northern California - Chapter Secretary  
2002-2005 National Committee-Education Publication  
2003-2005 National Committee – Chapter Services Committee  
1998-2004 National Committee - Residential Admissions Board  
1995-2001 National Committee - Communications Committee  
1995-2001 National Committee - Public Relations Committee  
1994-2003 Region I Representative  
1994 South Bay Chapter President  
1993 South Bay Chapter 1st Vice President  
1992 South Bay Chapter Secretary  
1990-96 South Bay Chapter Director  
1989-96 Chairman of Vendors Faire and Monterey Bay Appraisal Seminar

American Society of Appraisers, (Awarded 2 designations as follows)

**ASA -Urban / Commercial - 1996 ASA – Residential 1986**

1995-96 Chapter 42 (San Jose Chapter)- President  
1994-95 Chapter 42 (San Jose Chapter)- 1st Vice President  
Active Chapter member since 1986 – San Jose and San Francisco Chapters  
Real Property Committee member (2007-2011) for American Society of Appraisers

- Publications chair
- Website chair
- IT representative to National offices

Real Property Speaker – Hollywood National Meeting (8 hour seminar developed)

Royal Order of Chartered Surveyors, Awarded MRICS designation in 2009

Largest International Valuation and Related Studies organization

FEWA – Forensic Expert Witness Association, Member since 2008

NEBB Institute Member since 2006

Business Valuation and Machinery & Equipment

**PROFESSIONAL AWARDS AND OTHER ASSOCIATIONS**

- Employee Relocation Council member (ERC)
- Delegate to Romania to meet with appraisers from that country– Evangelical Free Church and American Society of Appraisers (1994)
- YMCA - Fremont & Newark-Board of Members (1985-1991) Hall of Partners (1991-93)
- Golden West F. C. U. - Board of Directors (1988-1990)
- LEADS Club - Leader of the Year (1990 & 1991)
- Chamber of Commerce -Fremont - Board of Directors (1997-2001)
- Chamber of Commerce –Discovery Bay – Board of Directors (2004-2006)
- Chamber of Commerce –Discovery Bay – General Member – 2006 - present
- United States Power Squadron – Secretary of Bridge (2004 – 2005)
- Graduate of Leadership 2000 Program - Fremont Chamber of Commerce (2000)
- Rotary Club Discovery Bay (2007) & former member of Fremont Sunrise (1990 – 1999)
- Discovery Bay Yacht Club – Rear Commodore (2008 – 2009) & Vice Commodore (2010)
- Member of Bay East MLS Association, Metro List MLS Association, Santa Clara MLS Association

**EXPERIENCE:**

1989-Present President/Chief Appraiser of Mann and Associates – Appraisers & Consultants

- A woman owned business – Incorporated in 1994
- Offices in Fremont, Discovery Bay, Brentwood and San Jose (2008)
- Managed and reviews appraisals of my employees (up to 17 appraisers); Continued education and developed business to flex with the economy. Currently we have 4 full time appraisers, three who have earned the Certified General license in California, one who has also earned the SRA designation
- Karen is the chief reviewer of each report performed by Mann & Associates
- Develop budgets and fiscal oversight, growth and goals

- Oversee and develop operations for staff (clerical and appraisal)
  - Provide motivation and education to staff and self
  - Developed database system and developed a Virtual Office model for appraisers
  - Developed and implemented "state of the art" technology prior to the mainstream use of such technology
  - Expanded and contracted the physical firm as the market dictated
  - Provide financial support for advanced education opportunities to staff on a mandated annual basis
  - Provide appraisal services to an array of clients including attorneys, banks, mortgage brokers and CPA's.
- May 1985-Sept. 1989    Independent Fee Appraiser/Partner of Lidster-Mann Assoc.
- Achieved Vice Presidency of the firm and shared all management responsibilities, with a special emphasis on review of appraisals, and the marketing of the firm's services.
- 1983-1985                    Independent Fee Appraiser of Lidster Assoc.
- Worked as a full time appraiser with emphasis on residential appraisals, with exposure and beginning training into the development of non-residential properties (ie land, churches, retail, industrial, ect).
- 1980-1982                    Apprentice/Trainee for Lidster Associates & Roessler Associates
- Worked as a full time appraiser, with emphasis on residential appraisals, but with exposure to commercial properties as well.
- **Expert Witness** in the following Courts
    - Alameda County Superior Court
    - Alameda County Tax Court
    - Santa Clara County Superior Court
    - Contra Costa County Superior Court
    - San Francisco Superior Court
  - The valuation of 850+ religious properties of various denominations and configuration
    - California, Nevada, Oregon & Washington
  - Quoted and interviewed by;
    - Wall Street Journal (2002) and Washington Post (2004 & 2007), San Jose Mercury News (2001), Hayward Daily Review Newspaper (1996 and 1998), Valuation Review (2008), San Francisco Chronicle (2008), LA Times (2008), Contra Costa Times (2007 & 2008); Appraisal Today (2006); VIP – Appraisal Institute (2007)

#### VALUATION EXPERIENCE:

*(Estate, Dissolution, Lending, Expert Witness for Court or Arbitration, and Partial Interest Valuations)*

- Multi-Family Residential (2-4 Units), Apartments (5 – 200 Units)
- Vacant Land
- Construction Loans
- Commercial properties
- Office Buildings, Retail Buildings, Medical Buildings or Condominiums
- Religious Properties; Church and/or School campus – Traditional configuration and non-traditional configuration with former uses including movie theaters, retail centers, industrial properties, schools, bowling alleys, and other unusual former configurations
- Industrial Properties,
- Agricultural Properties
- RV Parks,
- Hospitality
  - Hotels/Motels (up to 200 rooms)
  - Bed & Breakfast facilities
- Automotive related
  - Car Washes
  - Auto Repair
  - Gas stations.
- Appraisal Review Services
  - Residential
  - Non-Residential (ie commercial, industrial, land, etc)
- Single Family Residences
  - Custom Homes, Condominiums, PUD's,

## OTHER

- Was appointed onto the CEO search committee for Appraisal Institute (one of 7 members of the organization) – 2006/7
- Appeared in the Technology Today - Video (1995)
- Was appointed to the 717 Task Force for Education (2004) – Appraisal Institute
- Was appointed to the Center for Property Economics - Planning (2001) – Appraisal Institute
- Chair of the Summer Conference – Residential Seminars – Toronto (2004) – Appraisal Institute
- Published “Beat the Clock and Make More Money” Published in VIP magazine for the Appraisal Institute (Fall, 2004)
- Was the subject of the feature article by US Chamber of Commerce High Tech Office (1994)
- Served on the merger “task force” for Northern California, San Jose, Monterey, Fresno, and Central Valley Chapters – Appraisal Institute
- Leadership Development coordinator of 2008 Retreat – San Francisco Chapter of ASA
- Authored the following Seminars
  - Beat the Clock and Make More Money
  - Incredible Income Opportunities for Residential Appraisers
  - Profitable Appraising
  - Building New Skillsets for Appraisers
  - How to Measure Buildings and Calculate the Building Areas
  - How to operate Virtual Office and why
  - Valuation of Religious Properties – it takes more than a Prayer
  - Vexing Valuation Issues – How to work with an Appraiser

## PERSONAL

- Married to the same man since 1973
- Mother to 2; and grandmother to 6 children
- Hobbies include boating, fishing, camping, dancing

## OFFICE LOCATION & CONTACT INFORMATION:

- 14850 Highway 4 #A326, Discovery Bay, CA 94505
- 925-513-3231 OR 877-266-MANN
- Website: [www.mannappraisal.com](http://www.mannappraisal.com) Email: [karen@mannappraisal.com](mailto:karen@mannappraisal.com)