



Purposes of NAPMW

- To promote and foster educational opportunities
- To maintain the high standards of the mortgage profession
- To benefit it's members for the exchange of experiences, ideas and interests in all phases of mortgage banking

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September 9, 2014

- Call to Order—
- Introductions, Wants/Needs, Pitch your Niche!

-Treasurers Report—Courtney Gunn
-NAPMW Minute—Crissy White
-Membership Minute—Nicole Shea
Events/Committees
-Trap Shoot—Matt Burchill, CW, CC,

Rob Rowley, Attorney and Counselor at Law

Home Buying Horror Stories, Double Dipping, Gangsta' Pad and more!

50/50 Drawing

Upcoming Events:

September 10th, Mt. West Bank Charity Golf Tournament
September 10th, Inland Professional Title Open House
September 16th, Spokane County Title Open House
October 16th, Stewart Title Open House
October 23rd, WCR Wellness Celebration



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**DOUBLE-DIPPING, LOST IN LIMBO, MESSY HOME BUSINESS,
THE GANGSTA PAD, CAT URINE WON'T GO AWAY
AND HOA HORROR STORIES**

September 9, 2014

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BIOGRAPHICAL INFORMATION
ROBERT R. ROWLEY

Robert R. Rowley graduated with honors in 1987 from the University of South Dakota. Robert is a United States Army veteran having served as a Regular Army officer with the 11th Blackhorse Cavalry Regiment in Germany as a border officer and was honorably discharged as a Captain in 1994.

He subsequently graduated with honors from the Gonzaga University Law School in 1994. With over twenty years of experience, Robert's law practice consists primarily of business, real estate matters and corporate transactions. He has represented clients in a variety of legal matters including residential and commercial transactions, due diligence, acquisitions, marketing analysis, leasing proposals, landlord tenant, debtor-creditor (foreclosures, evictions, loan modifications), contract drafting and pre-litigation disputes, business formation, planning, partnership dissolutions and negotiation. He has litigated numerous matters on behalf of Fortune 500 and small local companies both in Washington and Idaho state courts, federal district and bankruptcy court.

Robert also has considerable personal experience setting-up and operating small businesses as an entrepreneur and investor in the real estate industry.

Robert has been recognized by his peers with multiple Attorney of the Year awards for his commitment to provide volunteer legal services for the disadvantaged and poor in his local community. His commitment to the community also involves his work as a volunteer for his sons' Boy Scout Troop, his church, the Union Gospel Mission and as a past director of the local crisis pregnancy center.

He is the proud husband of Shannon and father of their three teenagers. Robert and his family are active in their church serving in various servant-leader capacities. Robert enjoys spending time with his family and is especially fond of ultra-light backpacking, canoeing and winter camping.

HOA HORROR STORIES

Ka-ching: Special assessment of \$7,500 three days after closing escrow

Did you hear the one about the couple who didn't read the condominium board meeting minutes and notes about the \$850,000 construction defect issue that needed to be repaired and would cost each unit about \$7,500 in special assessments? Yup, it was noted extensively for months before this couple purchased, but they didn't read the stack of documents related to their purchase that came from escrow. So they didn't know about the assessment until the first board meeting — three days after they closed.

Tip: Read the board of directors meeting minutes to help uncover potential assessments or other issues.

Surprise! Buying a rental property that you cannot rent

Many communities are limited to the number of rental units that can be in the property. Once that threshold is crossed, no other owners can rent out their units until other units convert back to personal residences. In this example, a woman put down \$20,000 cash on a condo but didn't read the CC&Rs. She closed escrow on a \$100,000 unit that she planned to lease out. Unfortunately, the board blocked her from doing this because of the rules in the CC&Rs. Unfortunately for her, she lost the unit to foreclosure about 12 months later.

Tip: Read CC&Rs to understand restrictions such as this one. A simple request to the board or management company would have uncovered the problem, and this woman could have terminated her purchase contract and saved \$20,000!

Limited parking space: Compact cars only!

This horror story deals with a man who bought a high-rise unit in an older building. His designated parking space was next to the laundry room door. Due to the proximity to the door, his unit's parking space was restricted, and he was not allowed to have a car wider than 6 feet. Luckily, he drove a smaller car, so it wasn't an issue. But if he had an Excursion, it would have been a major problem.

Tip: Read your HOA documents thoroughly. Walk around and observe everything about the property you are buying.

Speechless: HOA fees greater than mortgage payment

This story involves a buyer whose HOA fees began to exceed his mortgage payment. He lived in a restricted-income unit, so the price was low and affordable. But, a couple of years in, the older building had capital items that needed to be replaced, such as a roof and elevator. HOA fees skyrocketed, and as a result, his fees went above his mortgage payment.

Tip: Read and understand the Reserve Study, which could have tipped him off to upcoming repairs and replacements.

Pool, clubhouse, common facilities foreclosed upon

Lastly, this story is about an HOA where the developer built the residential units on one lot and the clubhouse, pool and common areas on another lot. The pool/clubhouse lot had a separate loan that went into default, and an investor group bought that lot/pool/clubhouse at foreclosure. As a result, they started selling pool memberships to community members in the adjacent neighborhoods.

Tip: Read the community governing documents, which would've revealed the recorded map, plat, or plan for the community.

Yes, HOAs can be a huge benefit to real estate ownership, but they are complicated animals. You must understand the risks of common interest development ownership, and most important, mitigate those risks by reading and analyzing all the documents before you close escrow!

LOST IN LIMBO

What was supposed to be a straightforward move from Seattle to Spokane proved to be a horrendous experience for one family. With everything they own already en route to their new home, the last thing they needed was a phone call from their agent bearing bad news. The people buying their old house were having problems with their mortgage company and would not be able to close the next day as previously agreed.

Subsequently, the family was unable to move into their new home because that sale was contingent on the sale of their Seattle home. The only option was to store their belongings in Spokane, board their two cats and dog at a kennel and live in a motel until the matter was resolved. This took a full month and a pile of cash — not to mention a Christmas spent in a motel room with all the kids' gifts in storage.

THE GANGSTA PAD

One couple were about to move in to their supposed dream home when they were saved by their future neighbor's son. The home had previously been foreclosed by the bank. The neighbor's son told them that the home had been inhabited by "wannabee gangbangers" — ones who had some enemies about to be released from jail. If the couple moved in, they may find themselves victim to drive-by shootings and more.

After having the story confirmed by the neighbors, they composed a scathing letter to the bank accusing it of withholding life-threatening information. The real estate deal died.

In many states, purchasing a property from a bank is quite different from doing so from a private individual. One important difference is that banks generally are often not required to provide disclosure forms. Bank representatives are not legally expected to be aware of problems such as crimes committed onsite or bat infestations, and therefore, are not required to inform buyers.

When purchasing your next home, ensure that you have all the facts, trustworthy professionals working with your best interests in mind, and be prepared for a bumpy ride. If things go smoothly, it will be a pleasant surprise — but if they don't, you'll be ready.

1 3.2 Plaintiff purchased the Property on behalf of his daughter, plaintiff
2 (herein). Plaintiff provided the money to to purchase the Property
3 for her.

4 3.3 Defendant (herein " ") was the listing broker for
5 defendants and Defendant was an employee of the
6 listing firm, defendant

7 3.4 At or prior to the time of the closing of the sale to plaintiff pursuant to
8 RCW 64.06.020, defendants completed and provided to plaintiff a Real Property
9 Transfer Disclosure Statement (herein the "Disclosure Statement") attached hereto as Exhibit
10 "A".

11 3.5

12 3.6

13
14
15 3.7 On the Disclosure Statement defendants stated the following about the
16 Property:

17 ...that there had not been any conversions, additions or
18 remodeling; that the Property had no wood destroying organisms
19 or pest infestations during their ownership; that there were no
20 substances, materials or products in or on the Property that may be
21 environmental concerns; and that there were no other existing
22 material defects affecting the Property.

23 3.8 Plaintiffs visited the Property two times before closing – on or about
24 and Plaintiff picked up the keys to the Property from defendant at
25 the Property around late Each of these three times, the interior of the Property

1 had multiple air fresheners in place. Defendant placed these air fresheners in the home in
2 order to mask odors in the home. Plaintiffs and never smelled any animal urine or
3 feces during those three visits to the Property.

4 3.9 Plaintiff began working on the outside and inside of the Property around
5 early During her work, would get an occasional whiff of an animal urine
6 smell.

7
8 3.10 Plaintiffs believed the smell to be coming from underneath the Property in the
9 crawl space because they saw that cats had been using the crawl space as a litter box.

10 3.11 Plaintiff cleaned out the crawl space in order to remove the smell. After
11 cleaning out the crawl space, the smell still lingered.

12 3.12 On further investigation, Plaintiff pulled up the carpeting in the home,
13 discovering that the new carpeting had been placed on top of urine and feces throughout the
14 interior of the home. The defendants had camouflaged the animal excrement to conceal the
15 filthy conditions that rendered the home uninhabitable for plaintiff

16
17 3.13 Defendant knew and failed to inform plaintiffs of the condition of the
18 Property and was present in the Property prior to the concealment efforts by

19 3.14 Plaintiffs had no knowledge of the animal urine and feces concealed underneath
20 the carpeting and other areas by defendants

1 3.15 Plaintiff has not been able to move into the home due to the animal urine
2 and feces contamination rendering the Property uninhabitable causing the plaintiffs damages to
3 be proven at trial.

4 **IV. FIRST CAUSE OF ACTION – BREACH OF CONTRACT**

5 4.1 Plaintiffs reallege each and every preceding paragraph as if fully set forth herein.

6 4.2 Plaintiff entered into a REPSA for the Property with defendants :

7 4.3 The REPSA was supported by adequate consideration.

8 4.4 Plaintiff performed his duty under the REPSA.

9 4.5 Plaintiff is not in material breach of the REPSA.

10 4.6 Defendants breached their duty under the REPSA.

11 4.7 Plaintiff sustained damages as a result of defendants breach of
12 the REPSA.

13
14 **V. SECOND CAUSE OF ACTION – NEGLIGENT MISREPRESENTATION**

15 5.1 Plaintiffs reallege each and every preceding paragraph as if fully set forth herein.

16 5.2 Defendants concealed facts related to the Property by covering up
17 animal urine and feces throughout the home with new carpeting so that the plaintiffs would not
18 discover the damage.

19 5.3 Defendants and : knew of the unsanitary conditions prior
20 to the concealment and failed to advise the plaintiffs.

21 5.4 Defendants prevented the plaintiffs from discovering facts related to the
22 Property.

1 6.2 Defendants concealed facts related to the Property by covering up
2 animal urine and feces throughout the home with new carpeting so that the plaintiffs would not
3 discover the damage.

4 6.3 Defendants had knowledge of this defect and failed to advise
5 plaintiff.

6 6.4 The animal urine and feces were dangerous to the Property, health and life of
7 Plaintiff.

8 6.5 Plaintiffs had no knowledge of the animal urine and feces concealed underneath
9 the carpeting by the defendants

10 6.6 Plaintiff hired a professional inspector who was unable to discover the
11 concealed danger.

12 6.7 The animal urine and feces concealed underneath the carpeting could not have
13 been discovered even after a careful, reasonable inspection by the plaintiffs. Plaintiffs have been
14 damaged in an amount to be proven at trial which includes emotional distress.

15
16 **VII. FOURTH CAUSE OF ACTION – VIOLATION OF THE CONSUMER**
17 **PROTECTION ACT – DEFENDANTS**

18 7.1 Plaintiffs reallege each and every preceding paragraph as if fully set forth herein.

19 7.2 The parties were engaged in a consumer transaction.

20 7.3 Defendants committed an unfair or deceptive act or practice in the
21 conduct of trade or commerce when they concealed the animal urine and feces damage and
22 condition.

July 29, 2014

HUFF
POST HOME

INFOGRAPHIC: Common Myths About the Home Buying Process

Posted: 03/12/2014 6:02 pm

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In today's increasingly competitive real estate market, understanding the appraisal process cannot be overstated. Appraisals are required for all real estate transactions with loans involving \$250,000 or more from federally-insured financial institutions, which impacts millions of Americans. Although appraisals are one of the most important parts of the home buying process, they are often one of the most misunderstood.

Contrary to some beliefs, appraisers neither set the value of a home nor confirm a home's sale price. Their role is to produce a credible opinion of value based on thorough and unbiased research and analyses that reflect the market value of a property, which is not always the sale price. In many cases, an appraisal may help prevent a buyer from overpaying for a home. That's why it's so important to understand how an appraisal works and what they're intended to do.

We at The Appraisal Foundation hear a lot of myths about the appraisal process – from people who are new to the home-buying process and from those who work in real estate professionally – but the most common myths out there relate to the way appraisals are ordered, the role appraisers play in the home-buying process, and the ways in which properties are analyzed and reviewed.

For most people, purchasing a home is the most important financial decision they will ever make. Having a firm grasp of the process is critical to remaining informed and making sound financial decisions.

Video Powered by Bank of America:

COMMON MYTHS ABOUT THE HOME BUYING PROCESS



BORROWERS

MYTH AN APPRAISER IS HIRED BY THE BORROWER.

FACT Even though the borrower may be responsible for the cost of an appraisal, appraisers are hired by lenders. Appraisers provide an analysis of the collateral so that lenders understand the value of a property when making the loan decision.

MYTH THE MONEY PUT INTO A HOME TRANSLATES DOLLAR-FOR-DOLLAR INTO A HIGHER APPRAISAL.

FACT The cost put into a home improvement project may very well add value to a home; however, the value of any improvements are based on what the market is willing to pay for them, and may not necessarily correlate to the cost. Not all renovations positively impact property values.

MYTH APPRAISERS SET THE VALUE OF A HOME.

FACT Appraisers don't set the value of a home, nor do they confirm a home's sale price. Their role is to produce a credible opinion of value which reflects the current market.

MYTH APPRAISERS AND HOME INSPECTORS PERFORM THE SAME FUNCTION.

FACT Though both provide crucial information, their roles are very different. An appraiser provides an objective, unbiased analysis so the lender can better understand the value of a property. An inspector is typically hired by the borrower and performs an objective visual examination of the physical structure and systems of a house to ensure the structural integrity of the property.

MYTH THE MOST IMPORTANT FACTOR OF AN APPRAISAL IS THE SQUARE FOOTAGE OF A HOME.

FACT An appraisal is based on a number of considerations, including a house's size, location, condition, age, quality, and more. Such characteristics are analyzed in relation to recent sales of comparable properties.



THE APPRAISAL FOUNDATION

Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

www.appraisalfoundation.org