

# Sacramento Sierra Chapter



## APPRAISAL NEWS

## & Review

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### President's Report

#### Letter from the new President

Greetings:

It is amazing how rapidly time passes in this industry. It seems as though we were relaxing and watching bowl games on television only yesterday, yet the first month of the year has already gone by. I trust that you are finding it every bit as challenging as I, to successfully juggle the responsibilities and obligations to our clients, family, friends and ourselves.

2003 has started off very well for the Sacramento Sierra Chapter of the Appraisal Institute. It was a pleasure to spend a few hours with many of our friends and family at this year's installation dinner. For those of you who had other obligations, the installation committee (**Al and Midge Dutra, Cydney Bender, and Emily Bernardis**) put on a very nice event at Sierra View Country Club in Roseville. More than sixty people attended and witnessed **Bruce Jolicoeur, MAI**, the outgoing Chairperson of Region 1, install the 2003 officers and board of directors for your chapter. The food and wine were great, not to mention the dancing. It is safe to say that a good time was had and we missed those of you who could not attend.

I for one am looking forward to 2003 with great opti-

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#### 2003 Educational Offerings Update

By Charles W. LaFlamme,  
MAI  
Education Chair

The first educational offerings for 2003 got off to a rocky start. We had scheduled Case Studies in Limited Partnerships & Common Tenancy Valuation for January 23 and 24, a Thursday and Friday offering. In late December we were informed that the Forecast 2003 was scheduled for that same Thursday. Given the conflict we had a lighter than hoped for turnout to the class. I looked at the roster and we did get the type of turnout that we planned for,

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most attendees were journeyman MAIs. The 23 that attended were treated to a very good class. The course instructor was **Dennis Webb**. Dennis is a MAI in the Los Angeles area who was the developer of the course and an appraiser with vast experience in this specialized field of appraisal work. Dennis reported that the class went well. Those who did not attend, as in my case, missed a rare opportunity to actually learn some usable skills from a seminar format. The committee apologizes to the membership for the scheduling conflict.


Our next offering for the year is Course 310, Basic Income Capitalization. This is the second in a series of core classes that the Chapter has recently offered. See the schedule on this page. As of my last contact with Emily we have 28 signups. That is slightly above the number of students what we had hoped to attract.

A popular instructor, **Harry Holzhauer, MAI**, formally out of SoCal Chapter and now out of Seattle, is teaching the course. This is the first time our Chapter has offered a class over two consecutive weeks (Thursday, Friday & Saturday) rather than a straight weeklong offering. We wanted to make it convenient for our own member's employees, give them time to

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# EDUCATION / MEETINGS 2003

## FEBRUARY

20 <sup>th</sup>	Chapter Lunch Meeting: (following Board Meeting) Time/Location: 12:00 - 1:30 PM / Rusty Duck 500 Bercut Drive, Sacramento Cost: \$15.00 Register online at <a href="http://www.sacramentosierra.org">www.sacramentosierra.org</a>	
20 <sup>th</sup> -22 <sup>th</sup> 27 <sup>th</sup> -March 1	Course 310 Basic Income Capitalization Time/Location: 8:15 am to 5:00 pm daily Governors Inn	

## APRIL

18 <sup>th</sup>	Spring Seminar: Topics: USAP: Past Present and Future The Standard of Care Information Exchange in Litigation Eminent Domain Trends Courtroom and Jury Management Inverse Condemnation Appraiser as an Expert Witness Time: All day 7:30 am registration Location: To be announced Speakers: Ted Whitmer, MAI; Carl Shultz, MAI; Mike Mason, MAI; Fran Mason, MAI; Mike Burger, Esquire; Susan Crobett, MAI; Steven Belzer, Esquire
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***(Further details will be posted on the chapter web site)***

## OCTOBER

10 <sup>th</sup>	Fall Seminar: Effective Appraisal Writing Time/Location: TBA
TBA	Course 400 to be offered in 2003 once the new format incorporating the new OREA 7 hour requirement is completed.

## Comments of Departing President Zengel

I was honored to be your Chapter President for 2002. The direction of the Chapter and its fiscal prowess were a continuum from 2001. Your officers and board of directors worked very hard to stay the line and continued to espouse the Strategic Plan guidelines and present the membership with responsible administration, interesting and different meeting programs, strong educational course and seminar direction, continuing educational opportunities, and emphasis on professionalism in the appraisal industry.

Our Chapter fathered more new MAI's in one year than ever before. Your education committee sponsored one of the most profitable yet "lean and mean" schedules of the last several years and brought the Chapter \$25,000 to the bottom line after all other Chapter activities and events.

This past year also promoted email newsletters, website modernization/updates, Chapter representation at national and regional meetings and participation in local Sacra-



mento business awards programs and economic forecasts.

Of course, all of the above could not be accomplished without your officers and board members motivation, efforts, and desire for the Chapter good. Special recognition to **Art Leck, MAI**, and **Colin Conner** for their early year jump start with great program speakers and topics. Additional kudos go to board members **Scott Beebe, MAI**; **Richard A. Murphy, MAI**; **Alan Dutra, MAI, SRA**; **Janet Holland, MAI**; **Richard Van Steenkiste MAI**; and special thanks to **Vicki Briggs, MAI** who took over membership retention and development and did a yeoman's job with great enthusiasm.

The year finished with a great party installation put on by **Al Dutra, MAI**, and his committee who did an outstanding job attended by over 75 people. Special thanks to **Bruce Jolicoeur, MAI**, past regional chairman of the Appraisal Institute and installing officer, for his words of appraisal industry update, wisdom, and professionalism. Special recognition this year was given via several President's Award certificates. **Charles LaFlamme, MAI** was given this award for his outstanding leadership and direction of the Chapter's educational programs throughout the year. This man gave an unbelievable amount of his time in promoting excellence in Chapter education. **Palmer, Groth, Pietka and Timothy**

**Wright, MAI**, managing principal of the firm, received special recognition for corporate and personal sponsorship and promotion of appraisal education and industry professionalism. A special thanks to **Emily Bernardis**, the chapter executive director, for another good year!

The die has been cast-the Chapter continues to move forward-the new year brings a strong leadership team under **Richard A. Ribacchi, MAI**. Volunteer your time! Be helpful to the Chapter!

I end the year as I started. Proud to be an appraiser! Proud to be a member of the Sacramento-Sierra Chapter of the Appraisal Institute!

**A. George Zengel, MAI, SRA**  
President 2002  
Sacramento-Sierra Chapter of the Appraisal Institute



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let the concepts sink in and in fact the majority of the sign-ups are from local chapter firms, so the Committee is very pleased.

The next offering for the year is the Spring Seminar on April 18 so mark your calendars. The brochure and sign-up sheets will be out soon. This is another Chapter developed seminar and we can thank **Cydney Bender** and her sub-committee for putting it together.

The seminar is entitled AP-  
PRAISAL, LITIGATION  
PRACTICE, and COURT-  
ROOM MANAGEMENT. This is going to be a dynamite seminar. The topics include: USPAP, Past, Present and Future USPAP and the Standard of Care (in the courtroom) Information Exchange in Litigation Eminent Domain Trends Courtroom and Jury Management Inverse Condemnation Appraiser as an Expert Witness

Ted Whitmer, MAI out of Texas is going to moderate the seminar. Speakers include **Carl Schultz, MAI** (Past National President, AIREA) out of Atlanta, **Mike Mason, MAI** (Los Angeles), **Fran Mason, MAI** (Los Angeles), **Mike Berger, Esquire** (Berger & Norton), **Susan Corbett, MAI** (Tucson) and **Steve Belzer, Esquire**.

As listed above this seminar

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mism. Not only is the real estate appraisal business environment looking strong, but also there are many positive trends coming forth from the AI National and your local chapter. For those of you who haven't already done so, I encourage you to visit the Sac-Sierra website ([www.sacramentosierra.org](http://www.sacramentosierra.org)) and the AI website ([www.appraisalinstitute.org](http://www.appraisalinstitute.org)) you will be proud of the level of professionalism and technical sophistication that these sites have to offer. Take advantage of these resources, as there is always valuable information to be had.

In addition to the web sites, Sac Sierra is blessed to have some very fine people that are volunteering their time for our members. Kudos needs to be put forth to all of the committee chairs and members who work in the background to put on our education offerings and programs. I know that this year we will have a good slate of education courses, seminars, meetings and social events. So, I hope that you all can find a little time to sample some of the fruits of these labors.

Remember that the Appraisal Institute and the Sacramento Sierra Chapter are your organizations. They are here to help serve your needs and to provide a support/networking environment for all of us. This function only works when you participate, and you can only get out of the organization that which you are willing to put in. So, as the New Year flies by, take an occasional moment to connect with the chapter and some of your old friends and acquaintances. Check out the web sites and browse through the newsletter. Take a class or seminar and please try to attend a social event or two. And lastly, try not to be strangers to the organization.

In closing, on behalf of the Chapter Staff, the Officers, Directors and Committee Members, I want to say we are looking forward to the challenges of 2003 and appreciate the opportunity to be of service to you. Have a rewarding, productive and healthy year, and remember, don't be a stranger.

Best Regards,  
**Richard A. Ribacchi, MAI**  
2003 President  
Sacramento Sierra Chapter of the Appraisal Institute

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will involve USPAP and its interpretation, Standards compliance particularly as it relates to the courtroom, future changes to USPAP, the topic of Standard of Care for the courtroom, recent law changes, and recent trends in eminent domain law, inverse condemnation and property rights issues. Other topics are the use of an appraiser as an expert witness and the attorney/appraiser relationship.

Location will be held at the Sacramento Convention Center on Friday, April 18.

The next seminar offerings this year will be in the fall. Two new USPAP/Ethics courses will be offered and then Effective Appraisal Writing. More information will be forthcoming.

Alan Dutra, MAI, SRA speaking



at the installation dinner pictured below.



## In Memoriam

**J**ames W. Duncan, MAI, a long-time active member of the Sacramento-Sierra Chapter, died at his home in Woodbridge near Stockton on January 27 after a lengthy illness. He was 70.

Jim Duncan began his career as a real estate appraiser with Cal-Trans in 1957 after graduating from the College of the Pacific in 1954 and serving in the U.S. Army. He transferred from Cal-Trans to the Department of General Services in 1963 and became a broker with California Property Enterprises in 1978. In 1981, he founded Duncan, Duncan and Associates in Woodbridge and was CEO of this real estate and appraisal company until his death.

He was a member of the Appraisal Institute and its predecessor the American Institute of Real Estate Appraisers, as well as the Sacramento Chapter of the International Right-of-Way Association, of which he was a past president.

Mr. Duncan is survived by his wife, Christine Duncan of Woodbridge; sons, Gary, Kevin and Daryl Duncan of Lodi; daughter

Diana Duncan of Santa Monica; a sister, brother and two grandchildren. The Sacramento Sierra Chapter extends condolences to Jim Duncan's family, friends and colleagues.

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I served as a member of the Board for four years, including a term as chair of Region X. And, I served as chair of the Audit Committee. Two lessons that linger: more voices, and more eyes, enrich the discussion and the quality of the outcome; and, even ten regions have struggled to be supportive and representative of a geographically diverse membership. Please, act to oppose the recommendation that we reduce the number of regions to five.

Thomas A. Dorsey, MAI, SRA  
January 22, 2003



October 2002 audience photograph at the Yellow Book Seminar in Lake Tahoe.

Answer: Stephen Rosenthal, Robert Shaw, James Fleming, Richard Seavers, Charles Ryan, James Hardey, George Zengel, Richard Ribacchi, Charles Bucarta

## IN SUPPORT OF TEN REGIONS

The Appraisal Institute is both international and next-door. Our strength is our professionalism, grown in our local chapters and in our regions. These are critical components of a grassroots approach to membership support, communications, and service delivery. We are not merely another club or organization. We are an association of professionals who claim to be “the acknowledged worldwide leader in residential and commercial real estate appraisal education, research, publishing and professional membership designation programs.” And, while we cannot survive without central services and leadership, we must not lose sight of the fact that the Appraisal Institute is more member-driven than staff-driven.

We describe ourselves as “network of highly qualified professionals.” Reducing the number of regions by half would lessen and weaken the effectiveness of that network. It is the regional and chapter structure that fosters membership involvement, develops leaders, and keeps us in touch with our membership. Relationships with our communities and with the states benefit from the focus and attention that ten regions can provide. A move to five regions would dilute the voices of our members, and it would add more political jurisdictions and members per regional chair. Service to our members and to our public would suffer.

When the Appraisal Institute was formed, the initial plan of unification contemplated a Board of 71 members, including 11 members of the Executive Committee and 60 elected representatives from the regions. Our rationale was as follows:

“This election method assures a grassroots participation in the governance of the Appraisal Institute. The body will be a workable size (71 voting members) with approximately one-third of the regional representatives elected each year, while the two-thirds with carryover terms will ensure continuity.”

In subsequent years, the Board acted to reduce the size of the governing body to today’s level of 9 members of the Executive Committee and 30 elected representatives from the regions. But, the geopolitical design has remained unchanged, e.g., ten membership regions, with a headquarters office in Chicago, Illinois. Our predecessors recognized the value of local representation, as have we. The Appraisal Institute today has approximately 99 chapters and 10 regions, serving 18,000 members. Ten regions are appropriate for a dynamic and vibrant association of professionals; five is not an appropriate number.

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taken Course 430 during their current cycles have satisfied the CE requirement and will not have to take the two courses until their next cycle.



### Case Studies in Limited Partnership and Common Tenancy Partnership Seminar Summary

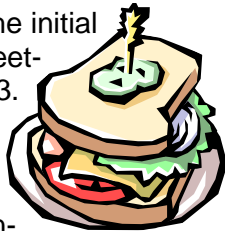
Dennis Webb, MAI, ASA, lectures a group of 23 real estate and business appraisers January 23 at a two-day course on Case Studies in Limited Partnership and Common Tenancy Valuation sponsored by the Sacramento-Sierra Chapter. The course attracted students from Washington, Nevada, Arizona and Georgia, as well as from throughout California.



## FEBRUARY 20 CHAPTER LUNCH MEETING & WORKSHOP (12-1:30 PM)

Please mark your calendar and join your colleagues for the initial Chapter meeting of 2003.

The luncheon will feature Joan Medeiros, in-house counsel and Deputy Executive Director for the Sacramento Area Council of Governments SACOG's. SACOG is the six-county Sacramento regional transportation planning agency that oversees the delivery of nearly \$2 billion in transportation projects.



Ms. Medeiros will provide an overview of SACOG's "Blueprint 2050", and discuss planning and transportation issues that our region will face over the next 50 years. Additional topics of discussion will include the impacts of the current state budget crisis on transportation projects.

The lunch meeting will be held from 12-1:30 p.m. at The Rusty Duck, 500 Bercut Drive, in Sacramento. The luncheon price is \$15. Registration will start at 11:30 a.m. and lunch will begin promptly at noon. Reservations should be made by February 15 through the Chapter office (916/972-9700). Seating will be limited, so early arrangements are strongly recommended.

## Changes in SPP Course Requirements

The Appraisal Foundation has developed a new seven-hour course covering recent changes in USPAP. Known as the National USPAP Update Course, this newly developed program will become the Appraisal Institute's new Course 400, replacing Course 430, SPP Part C. As of January 1, 2003, Course 430 is no longer offered. As with the old Part C, the new Course 400 is for members who have previously taken SPP, Part A (Course 410) and Part B (Course 420). Course 400 includes a mandatory one-hour exam.

**All state licensed or certified real property appraisers must take the new Course 400 (or its equivalent) and pass the course examination at least once every two years.** This is a new national requirement for state licensing and applies to **all** state licensed or certified appraisers everywhere in the country, not just members of the Institute. The changes in Institute courses are being made to comply with this new federal regulation for state licensing and certification.

Whereas the old 15-hour Course 430, SPP Part C, covered changes in USPAP requirements and changes to and review of the Institute's Code of Professional Ethics, the new Course 400 is con-

cerned only with changes in and review of USPAP. Therefore, the Institute is in the process of updating Course 420, SPP Part B, to focus heavily on the newly revised Code of Ethics, as well as to cover best business practices and how they relate to the Institute's standards and ethics requirements. Course 420 will still be a seven-hour course with a one-hour exam. The updated version of the course will be ready for distribution around April 1.

Whereas the five-year continuing education cycle for designated members previously required members to take Course 430 (or re-take Courses 410 and 420) once during each cycle to update their knowledge of standards and ethics, the new continuing education requirements are more extensive, since Code of Ethics review and update is not part of the new Course 400. Therefore, members will have to take **both** the new Course 400 and the updated Course 420 (and pass the corresponding examinations) to fulfill continuing education requirements. Note that the required number of hours of CE credit for SPP has not really changed. The old Course 430 was 15 hours with a one-hour exam. The two new courses are each seven hours, each with a one-hour exam, so the total number of hours is the same.

Members who have already

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## Changes in USPAP for 2003

The Appraisal Standards Board (ASB) approved several significant changes in USPAP for 2003.

**Standards Rule 1-5 (SR 1-5)** has previously required a real property appraiser to examine a subject property's sales history for a minimum of one year for one- to four-family residences and for three years prior to the date of appraisal for all other properties. Now a three-year history is required for all property types. The ASB believes this change will help promote a higher level of public trust in appraisals of one- to four-family residences; however, the ASB recognizes that such information is not readily available in some parts of the country or for some property types, so the qualifying phrase "...if such information is available in the normal course of business" has been added.

Revision of **Advisory Opinion 3 (AO-3)** seeks to clarify and simplify one of the most common requests for appraisal services: "updating" an appraisal that was previously done on a particular property. The revised AO-3 removes the conditions for "updates" of prior appraisal reports relied on by a client for a prior business decision and tries to make clear that "updates" are merely new

appraisal, appraisal review, or appraisal consulting assignments that may involve a different scope of work than the original assignment. The opinion discusses how an appraisal or analysis of a property that happens to have been the subject of a prior assignment can be accomplished by attachment of, and in certain cases, reference to, a prior report.

This revision encourages a trend the ASB wants to see extended toward having much more clearly defined statements of the scope of work in appraisal reports. The ASB does not want appraisers to use a generic scope of work statement that can be applied to almost any and every appraisal report but rather have appraisers clearly outline what was done and how it was done to appraise the specific property that is the subject of a given appraisal.

This should correlate with quite specific statements about the intended use of the report, stating specifically and limiting who is to use the report and how it is to be used. Generalized statements such as, "This appraisal is intended to assist in financing the subject property" are discouraged in favor of more specific statements such as, "This appraisal is intended for the exclusive use of officers of XYZ Bank for potential construction loan financing of the subject property. The ap-

praiser is not responsible for any other use or for any use by any other person or entity."

This kind of specificity makes clear the intended use of the appraisal so that if a few months later another client asks the appraiser to appraise the property for a different intended use, the appraiser is clear to take the assignment because the scope of the work involved for the intended use is different, making it a new and different appraisal assignment. It also protects the appraiser because he or she is not responsible for the report to anyone other than the named client, and even then only for the specific use stated.

**Advisory Opinion 9 (AO-9)** has been revised and expanded to provide guidance to appraisers who undertake appraisal assignments of real property that may be impacted by environmental contamination. Market transactions and mortgage loans involving contaminated properties are becoming more common, and the revised AO-9 is intended to provide expanded guidance to appraisers and a better understanding of USPAP's application to such assignments.

**Standard Three** (review assignments) has been expanded to apply to reviews of all types of appraisals. Previously, Standard Three applied only to reviews of real property and personal prop-

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erty appraisals. It now applies to reviews of all appraisal activities: real property, personal property, mass appraisals and business valuation.

Also, an appraisal review that includes the reviewer's own opinion of value must be reported in at least a Summary Appraisal Report format. The effective date of the reviewer's opinion of value may be the same as or different from the effective date of the appraisal under review. A third change in Standard Three modifies the language that required that the scope of work in the review must match the scope of work in the original appraisal. This requirement was removed and replaced with a sentence that allows the reviewer to determine the appropriate scope of work.

Finally, members are reminded that their appraisals must conform to the USPAP in effect as of the date of valuation and that most lenders require you to have a current copy of USPAP in your office. Copies of the 2003 USPAP combined with the Institute's additional standards and the Institute's recently revised Code of Professional Ethics are available (free, one copy per member) from the Institute in Chicago. Simply call to request one.

## More Installation Dinner Photographs



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**Articles may be submitted to the Chapter office via FAX or E-Mail**

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**Next Newsletter Deadline  
March 31, 2003**

**BACK PAGE: 2003 Installation Photos**



Past & present Sacramento Sierra Chapter Presidents in attendance at the 2003 Installation Dinner. Can you name them all? Look for the answer in this newsletter.



**George Zengel's** last official act as 2002 President was memorable; introducing **Peter F. Brennan, MAI** who proudly presented the MAI certificate to his son **Douglas R. Brennan, MAI.**

