

# Sacramento Sierra Chapter



**Appraisal  
Institute™**

*Professionals Providing  
Real Estate Solutions*

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## APPRAISAL NEWS & Review

April 2008

### PRESIDENT'S MESSAGE by Stephen Harrington, MAI



As predicted during the Installation Dinner last November, 2008 started off with significant challenges. The new appraisal licensing/certification requirements that we announced throughout 2006 and 2007 are effective as of January 1, 2008. The new requirements, combined with a slow real estate market, negatively affected our chapter operations early in the year. The 2008 chapter budget planning began last fall with the finance and education committees working together on a budget that would meet the difficult challenges we face during slow market periods. The Board of Directors approved a balanced budget that is 30% less than

the budget in 2007. Although we cut the budget by approximately \$77,700, our plans for the year include providing the same high quality service and busy education and chapter programs schedule that our members have become accustomed to.

Our education schedule is planned for approximately 14 courses/seminars, and numerous program events throughout the year. Although significantly reduced, our budget still provides support for sending three of our members to the Appraisal Institute's Leadership Development Advisory Council (LDAC) in the spring, and for our Chapter leaders to attend regional and national meetings. Most importantly, the budget provides significant educational and networking

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### 2008 USPAP

**Don't Forget!** Appraisal Institute members are entitled to receive one free printed copy of the current edition of Standards of Professional Appraisal Practice (USPAP). The 2008 Edition is now available. Members can call (312) 335-4469 or email to [uspap@appraisalinstitute.org](mailto:uspap@appraisalinstitute.org) to request your free copy of the Standards of Professional Appraisal Practice.

*(President's Message)**(Continued from page 1)*

opportunities to our members. A brief summary of some of the events follows.

The Basic Procedures class that was scheduled to begin January 24<sup>th</sup> was cancelled due to insufficient registration. Although we were disappointed in the cancellation, it was anticipated that we would have a challenging year in providing education to our members, and the chapter leadership responded in a positive manner that resulted in no other cancellations to date. Although attendance is down from previous years, we have been successful in providing five courses / seminars during the first 10 weeks of the year. Our second offering of USPAP is scheduled for March 31, which will bring the total to six courses/seminars offered during the first quarter of 2007. Although the education schedule remains flexible, we have eight additional education offerings planned for the remainder of the year. In addition to our local offerings, our chapter also coordinates the education for the Reno Tahoe Carson City chapter in Nevada, and USPAP is currently scheduled at Reno in May. For more information on educational offerings, see the chapter website.

In addition to Appraisal Institute courses and seminars, the education committee has developed local seminars and work shops that are interesting, informative, and relevant to our current market conditions. **An Economic Update was held at the Double Tree Hotel on March 7**, featuring five expert panelists that spoke on the national, regional, statewide, and most importantly, Sacramento Metropolitan Area economics, housing, and commercial markets. It was a fast paced morning that was well attended by appraisers and other real estate professionals, and we received positive feedback from those in attendance. Our appreciation is given to the panelists; Dr. Christopher Thornberg of Beacon Economics; Andrew LePage of Data Quick; John Frisch of Cornish & Carey; Kathryn Boyce of Hanley Wood; and John Dangberg, Assistant City Manager of the City of Sacramento. Special appreciation is also given to all of the hard work put into the coordination of the event by the education committee and our chapter staff.

**Mark your calendars for April 29<sup>th</sup>**, and register for our 2 hour workshop and chapter meeting. This promises to be a very special event with guests to include Jim Amorin,

MAI, SRA; Anthony Majewski, and Stephanie Coleman, MAI, SRA. Jim is the Appraisal Institute President Elect, and will be the president in 2009. If you want to hear the straight scoop about the Appraisal Institute, Jim is the person you want to hear it from. Tony Majewski has been the Director of OREA for a number of years, and although he recently retired from that position, continues to serve as Acting Director until the position is filled. As the Director of Screening for the Appraisal Institute, Stephanie is always informative. The event is reasonably priced and includes 2 hours of education, followed by a dinner. We look forward to a large attendance by our membership.

**Another program that the education committee has coordinated to be held on May 8, is a seminar titled "Avoid Trouble Appraising in a Weak Economy"**. Panelists include Appraisal Institute instructors and an OREA representative. This will be another very informative seminar that is timely considering our market conditions.

**Other Committee Accomplishments and Needs...**

I am pleased to announce that we have increased our overall

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*(President's Message)*  
*(Continued from page 2)*

committee membership in the education and programs committees – but are still in need of more volunteers to serve on various committees. **Key areas where we need help include public relations and technology.** If you or someone you know are interested in these areas, please call me or Emily at the chapter office. Technology requires someone who is up to date on the internet, computers, etc., and I know there are a lot of young appraisers that have the skills needed to assist us in this area. Don't be bashful, step up and volunteer your expertise!

The **Strategic Plan Committee** met several times last fall and in early January, including a full day meeting with staff members from the national headquarters of the Appraisal Institute. Committee members included **Chuck LaFlamme, MAI as the Chairman; Bill Deutsch, MAI as Co-Chair; and members as follows: John Ashworth, SRA; Frank Molinari, SRA; Brent Christensen; Lee Bartholomew; Sean Lim; Robert Steed, and Will Council.** In attendance was also **Emily Bernardis (Executive Direc-**

**tor), Marshall Meager, MAI (Past President)** and myself. Many hours of discussion were involved in the plan, to include coordination with other committee chairs. The chapter's Strategic Plan for 2008-2009-2010 was completed and approved in January. Considering that the Strategic Plan is our guiding policy for what we plan to accomplish over the next three years; it is an important accomplishment. The final document summarizes the hard work in



three brief pages. The plan includes four major goals for the chapter: 1) Increase Chapter membership, 2) Provide effective communication, 3) Be the preferred education provider for the Region, and 4) Be the center / coordinator of legislative activity for Appraisal Institute chapters in the state. A copy of the Strategic Plan will be made available to the members in an upcoming letter that will address the Plan and other Appraisal Institute topics.

**Kudos...**  
 Congratulations go out to **Judd Cline** for being selected to serve on the Appraisal Insti-

tute's national committee for Diversity. As many of you know, Judd also serves on our chapter Board of Directors and is also the Associate Member Guidance committee chairman.

**Robin Weck, MAI,** serves on the chapter Board of Directors and is also the Membership Admissions Development and Retention Committee chairman, and will represent our chapter at Sacramento State University on April 16<sup>th</sup>. The Urban Land Institute will be offering a round table event titled "Careers in Real Estate", and Robin will be a speaker at the event. We look forward to the potential of new membership from Sac State students that will come from Robb's representation.

**Dave Wraa, MAI, Art Leck, MAI, and Brent Christensen** were the "point men" that coordinated the recent Economic Update. A lot of work went into that program. Additionally, I would like to thank all of the members of the Education Committee for their hard work and interesting educational programs.

**Robert Steed, PGP Valuation Inc.,** was recently appointed to the chapter's Board of Directors for 2008, and also

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***A Message from our National President:  
SIGNIFICANT CHANGES TO THE APPRAISAL PROCESS PROPOSED  
Your input is needed...***

On March 3, 2008, the Attorney General of New York, Andrew Cuomo, announced an agreement with Fannie Mae, Freddie Mac and the Office of Federal Housing Enterprise Oversight to establish the "Home Valuation Protection Program" to take effect January 1, 2009. The agreement puts in place several *significant, and perhaps monumental*, changes to the real estate appraisal process for residential mortgage transactions, including the establishment of the following:



**R. Wayne Pugh, MAI**

- A Code of Conduct for lenders, lender agents, appraisal management companies, and others regarding appraisal selection, solicitation, compensation, conflicts of interest and corporate independence.
- New rules for lenders relative to appraisal independence, including prohibitions against appraiser coercion and intimidation.
- A clearinghouse and hotline for the receipt of complaints from appraisers and consumers pertaining to appraisal independence issues.

The agreement also prohibits mortgage broker-ordered appraisals and reduces the use of ap-

praisals prepared in-house or through captive appraisal management companies in underwriting mortgages, among other things. We encourage you to read the [Fannie Mae](#) and [Freddie Mac](#) agreements and the new [Home Valuation Code of Conduct](#), so that you can provide us with your thoughts on these documents during the upcoming review-and-comment period.

The Appraisal Institute strongly supports the efforts of Attorney General Cuomo to work with Fannie Mae and Freddie Mac to reinforce the independence of real estate appraisers and the integrity of appraisals. Further, we welcome the opportunity to provide input to Fannie Mae, Freddie Mac, the Attorney General, and OFHEO on the development and completion of the plan.

We recognize that many members have concerns about aspects of this agreement, as does the

***“First, we have established an e-mail account for you to submit comments and concerns – [appraisalcomments@appraisalinstitute.org](mailto:appraisalcomments@appraisalinstitute.org).”***

Appraisal Institute. We also understand that jobs are on the line here, as parts of this agreement may have unintended consequences. Therefore, please

be assured that while the Appraisal Institute already has conveyed some of its concerns to Attorney General Cuomo, we intend to use the upcoming review-and-comment period to further scrutinize the agreements, listen to our members and affect changes that will benefit the real estate appraisal profession.

To that end, the Appraisal Institute will seek feedback from its members to help inform the Attorney General, Fannie Mae, Freddie Mac, and OFHEO of issues and concerns arising from the agreement. As the leaders of the appraisal profession, you can – and should – play a critical role in identifying problems and defining potential solutions to improve the agreement. To accomplish this, we intend to reach out to members in a variety of formats.

First, we have established an e-mail account for you to submit comments and concerns – [appraisalcomments@appraisalinstitute.org](mailto:appraisalcomments@appraisalinstitute.org). Second, we will request that this issue be placed on the agendas of upcoming regional and chapter meetings to solicit input directly from members. Third, our Research Department will conduct a member survey(s) on key points of concern and interest such as the impact the agreement will have on business operations

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*(President's Message)**(Continued from page 3)*

volunteered as the Program Committee chair. Bob has been active in planning upcoming events for the chapter and building his committee. We thank Bob for stepping up to the plate and volunteering his time and professionalism.

**Chuck LaFlamme, MAI** deserves special kudos. Chuck has been the Government Relations Chair, the Strategic Planning Committee Chair, and is now the Secretary-Treasurer. He has been very busy from October to the present with preparing the budget, Strategic Plan, and keeping us informed of the latest government actions that affect the appraisal industry. Thank you Chuck for all of your hard work and dedication to the chapter!

All committee persons are thanked for their dedication and volunteer work for the

*In Closing...*

chapter and the Appraisal Institute as a whole. Special thanks are always appropriate to our chapter staff. Without **Emily and Elaine** doing all of the daily coordination and “heavy lifting”, it would be difficult to provide excellent service to the membership. We have a chapter staff that is truly dedicated to the chapter and the Appraisal Institute.

**In Closing....**

As many of you are aware, there have been some recent discussions among the national leadership of the Appraisal Institute, chapter and regional leaders, and past national leaders. I am not going to address the issues at this time. However, I will prepare a letter that will go out to the members in April to address the issues being discussed, and will provide my opinion of the topics based on what I have been informed. Hopefully, my letter, along with attachments from national headquarters will clarify some of the topics that are being discussed by members.

I began this message with the statement that the chapter leadership is committed to providing high quality service to the members of this chapter. Although occasionally there are distractions that consume a considerable amount of valuable time from our chapter

needs, I assure you that the leadership will continue to focus on what is in the best interest of our membership. As indicated by our Strategic Plan, we have four simple goals to focus on. Simple as goals – but challenging to accomplish. In order to ease the burden on the committee members, we need more volunteers – and we welcome your participation. Contact me at (916) 448-3435 Ext 3032, or Emily at the chapter office to volunteer. The more involvement we have by chapter members, the better the service to the overall membership. In closing, I remind all of our members that the various educational program events are only successful if they are well attended! Your participation is necessary to maintain the high quality programs we plan to provide. I look forward to seeing many of you at the April 29<sup>th</sup> chapter meeting and dinner at the Double Tree Hotel. - **Steve**

**National President's Message***(Continued from page 4)*

of fee appraisers and institutional appraisal departments. The Appraisal Institute believes the agreement provides significant opportunity for residential real estate appraisers. Therefore, we hope that you will join us in taking advantage of this historic opportunity to shape the future of the appraisal profession. **R. Wayne Pugh, MAI 2008 President**

**OUR GOVERNMENT RELATIONS EFFORTS***By Carole Laval, SRA, Committee Chair*

I have had the honor and privilege of serving as the chair of our state-wide Government Relations Subcommittee for the past three years. Our committee is unique in that it is comprised of members from all of the California chapters. I believe it is the only state-wide committee of the Appraisal Institute in California. The committee keeps an eye on legislative and regulatory activity in California for our members (in fact, all California appraisers benefit from our oversight). We monitor what's going on in other states and regularly communicate with national and other professional appraisal organizations.

Regarding our relationship with other professional appraisal organizations, we believe it critical to keep our lines of communication open so that we understand the similarities and differences between our organizations. We hope that this understanding will help us work together in the future when joint efforts between our professional groups will benefit all appraisers in California, as was the case in SB-223, the Appraisal Institute sponsored bill in 2007.

The composition of our committee changes little from year to year, but this year we said good-bye to **Bruce Willmette, MAI**. Bruce has been a member of this committee (I think) since it was formed. I understand his retiring from the committee, but we will miss him greatly. The committee has spring and fall meetings in Sacramento, at which time we are usually able to meet with the Acting Director of the Office of Real Estate Appraisers, **Anthony Majewski**. We regularly communicate with one another by telephone and e-mail as things happen or members bring questions or problems to our attention. We've also held

conference call meetings and we intend to hold more of these in 2008.

The 2008 chair of our committee is **Richard Murphy, MAI** (Sacramento-Sierra chapter), and Vice Chair is **Kurt Reitman, MAI** (Northern California chapter). **Jon Cox** (Southern California chapter) continues to be our Treasurer and I will serve as our 2008 Secretary (Northern California chapter). The legislative and regulatory environment is always changing and it is important that we continue to have a presence! If you have questions about laws or regulatory matters, please contact the Government Relations representative for your chapter. Finally, if you are interested in legislative matters, we welcome new members. *Carole Laval, SRA*

**DO YOU HAVE QUESTIONS ON PENDING LEGISLATION?****Mike Belote**

A small portion of our annual membership dues are directed to our legislative committee, with Michael Belote of California Advocates, Inc. serving as our legislative representative here in California. Mike has effectively served our interests for many years regarding legislative and regulatory issues that impact appraisers. One of the benefits of AI membership is our ability to access pending bills impacting the appraisal industry on the California Advocates website: [www.caladvocates.com](http://www.caladvocates.com). Once on the website, go to: *Client Only Services* then select: *California State Government Relations Subcommittee of the AI*. Input User Name: ai (lower case). Password: 208. Mike is also available by phone to answer member questions regarding proposed legislation.

**Sacramento Sierra Chapter of the Appraisal Institute**  
**2008 Schedule of Events**  
**Courses, Seminars, Programs**  
 As of March 3, 2008

*Dates, locations, prices and instructors are subject to change. Interested attendees are encouraged to register early as we reserve the right to cancel any program due to low enrollment. ASA and ASFMRA members are eligible for the Appraisal Institute membership tuition fees.*

April 29	<b>2 Hr Workshop, Chapter Meeting and Dinner</b> <b>Workshop: State of the Profession</b> Speakers: Jim Amarin, MAI, Vice President of the Appraisal Institute, Stephanie Coleman, MAI, SRA, Tony Majewski, OREA Applications for 2-hours of OREA, Appraisal Institute and SBE CEC will be submitted	Doubletree Hotel Sacramento
May 8	<b>Seminar: Avoid Trouble Appraising in a Weak Economy</b> Panelist: Sara Schwarzentraub, SRA; Dawn Molitor, SRA; Greg Harding, OREA Applications for 7-hours of Appraisal Institute, OREA, and SBE CEC has been submitted	University of Phoenix Rancho Cordova
May 15	<b>Course: National USPAP - 7 Hour</b> Instructor(s): Stephanie Coleman, MAI, SRA \$155 Appraisal Institute Members / \$175 Non-members Approved for CEC in all States	El Dorado Hotel Reno, NV
May 20	<b>Wine Tasting</b>	<b>PGP Valuation</b> <b>Roseville</b>
May 27, 28, 29, 30	<b>Course: General Appraiser Sales Comparison Approach</b> Instructor(s): Harry Holzhauser, MAI, SRA  \$575 Appraisal Institute Members / \$675 Non-members	University of Phoenix Rancho Cordova
June 4, 5, 6 and June 9, 10, 11	<b>Course: Advanced Income Capitalization</b> Instructor(s): Ted Whitmer, MAI  \$625 Appraisal Institute Members / \$725 Non-members	University of Phoenix Rancho Cordova

*(Schedule Continued on Next Page)*

## 2008 Schedule of Events

(Continued from previous page)

August 21	<b>Summer Conference</b>	TBA
September	<b>3rd Annual Chapter Barbeque</b>	Sacramento Metropolitan Area
October 9	<b>Chapter Developed Seminar</b>	Harrah's Lake Tahoe
October 10	<b>Chapter Developed Seminar</b>	Harrah's Lake Tahoe
November	<b>Income Approach Part 1</b>	Sacramento Metropolitan Area
December	<b>Installation Dinner</b>	Sacramento Metropolitan Area

### ONLINE REGISTRATION AVAILABLE AT:

<http://www.sac-ai.org/event.html>

**Appraisal Institute, Sacramento Sierra Chapter**

**2701 Cottage Way, #1; Sacramento, CA 95825**

**Phone: (916) 972-9700; Fax: (916) 972-9750**

E-mail: [emily@sac-ai.org](mailto:emily@sac-ai.org)

Chapter Website: [www.sac-ai.org](http://www.sac-ai.org)

**A NOTE FROM EDUCATION CHAIR – DAVID WRAA** – ment to providing quality education by everyone on the education committee.

We are off to another good start thanks to continued support of our education by the chapter. The education committee has been working very hard to organize chapter developed seminars. The 2008 Economic Update was a great success thanks to all the hard work by **Art Leck**, **Brent Christerson**, and of course **Emily Bernardis**. **Kyle Bartholomew** has organized an upcoming seminar that will address appraisal issues in a declining market presented by **Sara Schwarzentraub**, related USPAP issues presented by **Dawn Molitor-Gennrich**, and fraud issues presented by **Greg Harding** with OREA. We are still planning for additional educational offerings later in the year. Thanks to all the hard work and commitment to providing quality education by everyone on the education committee.

**On-line education trend posing problems?** I would also like to express my concern for the current trend of on-line education. Several courses are now available on-line, including USPAP (both 15-hour and 7-hour), Basic Procedures, and Principles with a growing list of courses to be offered in the future. National has promoted on-line education with enrollment very successful, which speaks well to their strong marketing and the quality of our course materials. On-line education is much more cost effective and flexible with our busy schedules. I understand the motivation for saving money in light of the economy, but my concern is that entry-level appraisers should be

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## INCURABLE DETERIORATION (I.E., Editor's Musings)

**Did you know that the State Board of Equalization once established assessed values for all properties in California?** However, in the



*Pio Pico, one of  
the most famous  
Californios*

1840s, the **Californios** (old line land owners whose families had owned estates in southern California prior to the Americans subsuming California into the US) were very unhappy with what they thought were unfair assessments – that taxes on their ranches were paying for all the infrastructure and social needs of much more developed northern California.

So, at the Monterey Constitutional Convention of 1849, they proposed dividing California into two separate states (many attempts at dividing the state were to follow later, but this was the first), with a dividing line more or less at a latitude running through San Luis Obispo. The Californios were outvoted on this, but in order to keep them from bolting the convention, the delegates threw them a bone, agreeing that henceforth control of property tax rates would be given to county assessors and boards of supervisors.

We are sure you thought that a “moo” was the sound a cow makes. Well, a “**mou**” is also a Chinese unit of area measurement. Historically, the size of a mou has varied depending on location within China, but now is commonly equated to an area equal to 806.65 square yards (0.165 acre, or 666.5 square meters). The unit of length used to establish area is the “**chi**,” which is approximately 14.1 inches...



*GM Building*

**Need a high comp?** The GM building, located at 767 Fifth Avenue in Manhattan, is for sale, with the owner courting three offers that are north of \$3 billion, or about \$1,500 per square foot. The short list of prospective purchasers are all deep-pockets investors....

Your guest editor this issue is **Stephen A. Rosenthal, MAI**. Should you have any complaints, you are welcome to be the guest

editor for the next issue.

## *Dave Wraa on Education...*

*(Continued from page 8)*

in the classroom meeting their peers and learning from quality instructors. The Appraisal Institute is diligent in training and approving the best instructors in the industry. Recent feedback for a 7-hour USPAP course offered by our chapter was very positive. Participants stated benefit from the instructor's vast experience with the Appraisal Institute and the Appraisal Foundation. The benefit from well respected instructors and the interaction with other practicing appraisers is crucial in maintaining the Appraisal Institute as the premier education provider. We hope to continue providing in-classroom education with your support.

The foregoing discussion is only my opinion, and I encourage your thoughts on this matter. Please send an e-mail to [d.wraa@benderrosenthal.com](mailto:d.wraa@benderrosenthal.com) with your opinion of on-line education and the impact on the Appraisal Institute, the local chapters, new and upcoming appraisers, and the appraisal industry overall.

**OTHER EDUCATIONAL OFFERINGS OF INTEREST**

**Sponsored by Lorman Education Services**

(Details & Registration @ [www.lorman.com](http://www.lorman.com))

**Site Evaluation and Cost-Effective Design in California 04.30.08 Sacramento, CA**

An innovative one-day seminar is designed to help professionals get “up to speed” on site evaluation and understand the intricacies of financial feasibility. Get a handle on complicated physical issues surrounding site selection. Avoid problems down the road by protecting yourself and your company – find out exactly what the critical issues are and how to best handle them. **Chapter Member Ron Garland, MAI, SRA, will be one of the instructors!**

**Sponsored by the International Right of Way Association (IRWA)**

(Details & Registration @ [www.irwaonline.org](http://www.irwaonline.org).)

**207 Practical Negotiations for US Funded Land Acquisition 04.17.08 Reno, NV** A review of the FHWA requirements that apply to negotiators, analyze those requirements in the context of individual personal negotiating style and provide practical approaches and tips to improve settlement rates for right of way acquisition.

**902 Property Descriptions 05.06.08 Sacramento, CA** Property Descriptions intends to provide students with a working knowledge of plotting and interpreting property descriptions. This course covers the following topics: requirements of a valid description, use of the rectangular grid system, when and how to use the point and centerline method, sources of uncertainties, subdivision descriptions, and metes and bounds descriptions.

**Sponsored by the American Society of Farm Managers & Rural Appraisers (ASFMRA)**

(Details & Registration @ [www.asfmra.org](http://www.asfmra.org).)

**A-250E Eminent Domain Appraising: 5.5.08—5.7.08, Sacramento.** Demonstrates techniques used in preparing value estimates on properties subject to acquisition under eminent domain law.

**2008 Spring Ag Outlook Conference: Thursday, April 10, 2008; Holiday Inn Select – Bakersfield. Water Flows—Food Grows: Sustainable Agriculture for the Future** An excellent program is in store for attendees to the 2008 Spring Ag Outlook Conference. Hear the latest on nuts, grapes, tree fruit and vegetables...plus, presentations on water, rangeland, solar energy and conservation easements. See the presentation of the 2008 Agricultural Stewardship and Distinguished Agriculturalist Awards and get your of industry experts has been secured to provide you with all of this and more...in one single day.

**Additional Offerings:**

Water Infrastructure Seminar & Tour / Tuesday & Wednesday, April 8th & 9th  
California Classic Barbecue & Scholarship Auction / Wednesday, April 9th

**NEWS FROM NATIONAL**

**Board Proposes Action on Trainee Membership Change.**



In a recent 45-Day Notice, the Appraisal Institute Board of Directors announced a proposal to move members who are licensed appraiser trainees from affiliate membership to associate membership. In addition —aspiring appraisers would also be able to apply for associate membership.

The Board will meet March 26 to amend the Bylaws accordingly with the goal of implementing the change in the first quarter of 2008. The move comes as part of an aggressive membership recruitment program being initiated this year in which the Appraisal Institute aims to add 5,100 new members.

According to the proposal, dues for trainees and aspiring appraisers would be \$95 for 2008. Aspiring appraisers are described as individuals seeking a trainee license or equivalent from their state but who have not completed the education required for such license. Such individuals may qualify for this status for a maximum of two years.

Licensed appraiser trainees are those appraisers who hold a trainee or equivalent license. In November 2007 the Board adopted changes to the Bylaws allowing trainees to become affiliate members; however, because the Affiliate category is designed for members who do not perform USPAP-related work, it is more appropriate to have trainees positioned under the Associate category, according to the proposal's rationale.

**Housing Meltdown:**



Federal Deposit Insurance Corporation Chairman Sheila Bair said "weaknesses and holes in our bank regulatory structure lie at the heart of our current housing predicament" and that "the home mortgage market needs strong rules." The comments came at a February 22 address to the Joint Venture Silicon Valley Network State of the Valley Conference in San Jose, Calif.

Much of the U.S. mortgage meltdown developed outside the regulated banking sector by "lightly regulated" mortgage finance companies, Bair said. As these non-bank lenders increased their market share through aggressive use of easy credit, some of the larger banks and thrifts also began easing credit standards, "which widened the mess we are now in."

***...dues for trainees and aspiring appraisers would be \$95 for 2008...***

Bair called for rules that "restore common sense and basic notions of fair play ... rules that apply across the board so they protect all homeowners, regardless of who their lender is, or what state they live in." First and foremost, she said, there must be an enforceable standard requiring lenders to determine if a borrower has the ability to repay. Lenders should qualify applicants for adjustable-rate mortgages to ensure they can repay the loan at the higher rate when the loan readjusts, as well as at the lower introductory rate.

It is also time, she said, "to end compensation schemes that give mortgage brokers every incentive to steer borrowers into the highest-rate

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**News from National...***(Continued from page 11)*

product possible" as well as limiting or eliminating prepayment penalties, because they "are inherently anticompetitive and, in some cases, abusive."

**Commercial Real Estate Unease Continues: Expected Rents Lower.**

Fallout from the residential sub-prime mortgage market will continue to strongly affect the commercial real estate market according to 96 percent of institutional respondents to Real Estate Research Corporation's independent investment survey. Several respondents noted slower lending and higher capitalization rates for commercial properties, as lending standards tightened. RERC's winter 2008 issue of the *RERC Real Estate Report* was released in mid-February.



RERC President and CEO **Kenneth P. Riggs, Jr., MAI**, noted that although commercial real estate has not been hit with the same one-two punch that the residential market has received, he indicated that they "have

been watching for some time how the global credit crisis has been affecting the debt markets, and have recognized that some of the financial arrangements – CDOs and other debt structures – are particularly at risk. Although privately held commercial real estate has not seen nearly the same degree of risk, there is a sense of unease (even among those associated with the equity side of this asset class) about what there is yet to learn if we dig a little deeper."

This view seems to be borne out by the investment conditions ratings given by RERC survey respondents. Cash was rated higher than commercial real estate, stocks, or bonds as an investment alternative during fourth quarter 2007. In addition, almost all property sectors covered in the report received lower investment conditions ratings than in the previous quarter. The apartment sector is the only property type that received a higher rating than the previous quarter.

In addition, institutional survey respondents are anticipating lower rental growth with generally higher expense growth among most property types. Office rents are expected to decline 30 to 40 basis points, while expense growth is expected to increase 10 basis points. Industrial rents are expected to remain flat or to decline up to 20 basis points, although expense growth is expected to vary according to sub-sector from 10 basis points higher to 20 basis points lower. Retail rents are expected to be 10 to 30 basis points lower and expense growth 10 basis points higher. Survey respondents expect apartment rental growth to be 30 basis points lower, while expense growth for this sector is expected to remain flat. Hotels appear to be most affected overall – rental growth is predicted to decline 70 basis points and expense growth increase 20 basis points.

As average prices start to decline, required going-in and terminal capitalization rates are expected to increase 10 to 20 basis points for most institutional-level office, industrial, apartment and hotel properties, while rates are mixed for the retail sub-sectors.

"As 2008 gets under way, we can expect capitalization rates to continue to increase. We

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**News from National...**

(Continued from page 12)

may see capitalization rates increase more quickly on a regional level, as they seem to be doing in the Midwest and East regions, although the West and South regions are seeing a little less movement,” Riggs continued. For more information about RERC or the *RERC Real Estate Report*, contact Barb Bush at 319-352-1500 or [bbush@rerc.com](mailto:bbush@rerc.com).

**2008 Comprehensive Exam Schedule and Registration Update.**

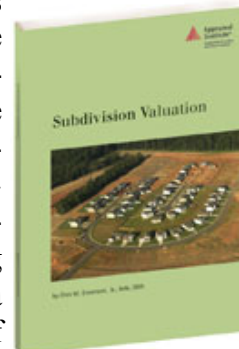


The Appraisal Institute is now accepting applications for the two remaining 2008 offerings of the General Comprehensive Exam, which will be held on **July 21–22** (application must be received by headquarters on or before May 21) and **September 15–16** (application must be received by headquarters on or before July 15). The General Comprehensive Exam is now offered at the Pearson VUE Testing Centers, which offer over 200 locations across the country. Although the testing centers offer more exam locations for associate members to choose from, be advised that space is limited. Associate members are encouraged to apply

for the exam as soon as they become eligible for the offering they are interesting in taking. If you have questions about the General Comprehensive Exam or other designation requirements, e-mail the [Associate Member Service Center](#) or call 312-335-4111.

**Just Released: Subdivision Valuation.**

Because subdivision analysis involves complex timeline concepts and value estimates, it can be one of the most difficult areas of commercial appraisal. *Subdivision Valuation* aims a spotlight on this challenging area of practice. Offering a comprehensive overview of single-unit residential subdivision valuation methodology, and focusing on common areas of weakness in subdivision appraisal reports, the text will help appraisers avoid the pitfalls sometimes associated with subdivision analysis. Case studies presented throughout the text illustrate the methodology and provide practical examples of subdivision valuation. An essential text for commercial appraisers, lenders, investors, and developers! Copies are available for purchase now.



**OREA ONLINE LICENSE RENEWAL**

Online License Renewal is currently available to those who require only the 7-hour National USPAP Update course. The existing license must be current and in good standing. Renewal may not occur more than six months prior to the existing license expiration date. (You will need to have available the course number and date of completion for the 7-hour National USPAP Update course.) To check your eligibility for online renewal, see the OREA website.

	<i>Trainee License</i>	<i>Residential License</i>	<i>Certified Residential &amp; General Licenses</i>
Renewal Application	\$150	\$150	\$150
Renewal Issuance	\$150	\$225	\$275
Child Support Review	\$10	\$10	\$10
<b>Total Renewal Fee</b>	<b>\$310</b>	<b>\$385</b>	<b>\$435</b>

## Welcome New Members

The Sacramento Sierra Chapter of the Appraisal Institute is pleased to introduce the following new Associate and Affiliate Members:

**Jeremy L. Fife**

Craig Owyang Real Estate  
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Phone 916 429-8615  
[Jeremy.fife@gmail.com](mailto:Jeremy.fife@gmail.com)

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**Michel J. Richard**

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**Affiliate Members:****Katherine A. Gaskins**

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**Anney Wamsat**

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**CONGRATULATIONS MICHELLE AND JEFF!**



**Michelle Van de Pol, MAI, and husband Jeff** announce the recent arrival of their own appraiser affiliate, **Lucas Ward Van de Pol.**

While it may be a little while before he can hold the other end of the tape, the rumor is

that they soon will be trying to teach him phrases like, “Always hire an MAI.”

All members of the Van de Pol family are doing well, and adjusting to the new arrival .

**2007 CHAPTER OFFICERS & DIRECTORS**

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**VICE PRESIDENT**

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**NEWSLETTER NOTES**

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

Statements of fact and opinion are made on the responsibility of the authors alone and do not imply an opinion on the part of the Officers, Directors, or Committee Chairs of the Sacramento Sierra Chapter of the Appraisal Institute.

The appearance of advertising for services or products is intended for the private use of Sacramento Sierra Chapter members and does not imply nor intend sponsorship or endorsement. Acceptance of advertising is subject to availability of space.

**Next Newsletter Deadline  
June 15**

**APPRAISAL POSITIONS AVAILABLE**

**Real Estate Appraiser/Risk Management Officer – 20+ hours/week**

Location: The Dalles, Oregon, or Vancouver, Washington. Functions to assist the Credit Department in risk management and valuation issues associated with the bank's real estate portfolio. Reports to the Real Estate Risk Management Dept. Manager. Prepares evaluations and assists in training of loan officers and credit support staff in preparing evaluations. Prepares appraisals on any class of real estate as needed. Reviews appraisals and evaluations for accuracy, completeness, and conformity to banking and USPAP guidelines. Orders appraisal services for the bank. Assist in maintenance of approved appraisers, contractors, and other trades as needed. Assists Credit department staff in any manner necessary with regard to real estate risk and valuation issues. Prepares and presents training and market information for bank employees and clients as needed. Assist in the management and disposition of OREO properties. Other duties as assigned. General Certified license in the state or Oregon or Washington required. **Columbia River Bank** is an equal opportunity employer. Please see our website for more information: <http://www.columbiariverbank.com/CRBJobPosting2.cfm?reqnum=11082.6.4090>

**Real Estate Risk Management Assistant – 40 hours/week**

Location: The Dalles, Oregon. Maintain approved appraiser and environmental consultants lists and update information on department website as needed. Assist loan officers in gathering market data for in-house evaluations; Compile quarterly Market Conditions Report. Process appraisal requests by loan officers, input data into project pipeline, prepare files and gather necessary documentation. Communicate with appraisers and loan officers during the appraisal process; Call appraisers to get bids; Make sure the appraiser has the necessary documentation to complete the assignment. Track monthly progress and assignments in the pipeline. Work with Real Estate Risk Management Officer and Credit Administration as needed. Prepare invoices and G/L certifications as needed. Prepare documentation such as appraisal engagement letters, appraisal reviews, and appropriate department forms. Other duties as assigned. Must complete USPAP, Appraisal Practices, and Appraisal Procedures courses within 12 months of beginning position. Real estate experience helpful but not required. **Columbia River Bank** is an equal opportunity employer. Please see our website for more information: <http://www.columbiariverbank.com/CRBJobPosting2.cfm?reqnum=1108.6.4095>