

Sacramento Sierra Chapter



APPRAISAL NEWS

& Review

Sacramento Sierra Chapter
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May/June 2006

APPRAISAL SCOPE OF WORK RULE

2-HOUR WORKSHOP

Wednesday, 6/14, 2006

On **July 1, 2006**, arguably the most substantive change to the Uniform Standards of Professional Appraisal Practice (USPAP) in over 10 years becomes effective. The newly created Scope of Work Rule will be added, **eliminating the Departure Rule**, along with the terms “**Complete**” and “**Limited**” Appraisal. The new Scope of Work rule has broad-sweeping implications as to how lenders and appraisers develop and define the scope of assignments. Do you understand the new rules, and are you prepared to apply them?

Do NOT WAIT FOR REGULATORS TO EDUCATE YOU ON THE USPAP CHANGES. Instead, join local appraisers, other lenders, and the Sacramento Sierra Chapter of the Appraisal Institute for an efficient and comprehensive 2-hour lunch and workshop featuring panelist presentations and a Q& A session.

The speakers will be **Stephanie Coleman, MAI, SRA**, Director of Screening for the Appraisal Institute—one of the most knowledgeable and well-regarded experts in the country on the issue and panelists for the April 25 ABA/Appraisal Institute teleconference—and **Marshall C. Meager, MAI, Manager, Wachovia SBC**—one of the largest real estate lenders in the country.

Location: The Rusty Duck, 500 Bercut Drive, Sacramento, CA 95815

Time: Check-in at 11:30a, workshop from 12:00p to 2:00p

Price: \$45 Appraisal Institute members, \$55 non-members (includes lunch)

CE Credit: Workshop has been approved for 2 hours CE credit from the Appraisal Institute and OREA..

Register online at www.sac-ai.org or call 916-972-9700 for a faxed registration form.

Inside this issue:

Scope of Work Workshop	1
New Licensing Requirements	1
Chapter Educational Offerings	2
New Chapter Members	3
Appraisal Scope of Work: Burden or Blessing	4, 5
News From National	6
Other Education	7
Officers/Board Members	8
Positions Available	8

NEW LICENSING REQUIREMENTS EFFECTIVE JANUARY 1, 2008

Anyone wishing to test under current requirements must submit a complete application prior to **September 1, 2007**, in order to allow sufficient OREA processing time and examination scheduling prior to **December 31, 2007**. Any deficient component of an application not completed prior to December 31, 2007, will be required to meet the 2008 new requirements. This pertains primarily to the education and examination components.

Visit the OREA website www.orea.ca.gov for up-to-date information on the upcoming changes.

Sign-Up for Chapter Events Online at:
www.sac-ai.org

EVENTS & EDUCATIONAL OFFERINGS FOR 2006

Offered by the Sacramento Sierra Chapter of the Appraisal Institute

The current education schedule for 2006 follows. You are encouraged to check the Sacramento Sierra Chapter website frequently (www.sac-ai.org) to review the updated schedule throughout the year. The chapter educational offerings continue to be at or near full capacity – **so sign up early to ensure availability.** The fall portion of the 2006 education schedule has been finalized, with several new courses being added, as shown below:

***Prices are being modified to reflect on-line registration procedures.

Date	Course/Seminar	Instructor	Location	Cost***
June 14	Scope of Work Seminar	Stephanie Coleman, MAI, SRA Colman, MAI	Rusty Duck	\$45/\$55
June 16	1st Annual Sac. Sierra Chapter Golf Tournament & Dinner	FUN !!! FUN !!!	William Land Park Golf Course (\$15 dinner Only)	\$40
Aug. 24	Summer Conference	Various Instructors (see course descriptions below)	Dante Club Sacramento	TBA
Sept. 8	7-hour National USPAP Update Course	Stephanie Colman, MAI, SRA	Sacramento	TBA
Sept. 21/23 Sept. 28/30	Highest & Best Use & Market Analysis	Gary DeWeese, MAI	Sacramento	TBA
Sept. 22	Business Practices & Ethics Course	Stephanie Colman, MAI	Sacramento	TBA
Oct. 26 & 27	2-DAY TAHOE SEMINAR October 26: What Clients Would Like Their Appraisers to Know	Richard Borges, MAI Dean Zantow, SRA	Lake Tahoe	TBA
Nov. 30/Dec. 1	Uniform Standards for Federal Land Acquisitions	Brian Holly, MAI	Sacramento	TBA

The “**Summer Conference**” is a locally developed program that will include four instructors, and provide 7 hours of CE credits. You don’t want to miss this event, so mark your calendars for August 24th! The conference includes lunch, and we plan to invite vendors to show their products.

<u>Topic</u>	<u>Instructor</u>
OREA, Facts/Figures, Concerns & Problems	Greg Harding
Commercial Business Practices	Ann O’Rourke, MAI, SRA
Bonds	Jim Glickman, MAI
Confidentiality/Highest & Best Use Misconceptions	Stephanie Coleman, MAI, SRA

Highest and Best Use & Market Analysis was not scheduled for this year, however, due to numerous inquiries and strong interest shown by chapter members, we have added a Highest and Best Use & Market Analysis course to the schedule for September. The course will be provided over a two-week period from September 21 through 23, and September 28 through 30. We look forward to strong demand and if you plan to attend, early sign ups are welcomed.

For up-to-date information and online registration for all seminars and courses offered by the Chapter, go to: www.sac-ai.org or contact Elaine or Emily at the Chapter office at (916) 972-9700 if you have questions.

Education page 5

1ST ANNUAL GOLF TOURNAMENT!!!!

Friday, June 16, 2006

Chris Ferguson (sacferg@fergusonand.assoc.com) has lined-up a **Golf Tournament** for Chapter members and friends, for **June 16, 2006**. This "9-hole shot-gun" extravaganza event will commence at 1:30 pm at the **Land Park Country Club**, with a BBQ dinner to follow. Awards will be given for:

- Closest to the pin (Holes #1 and #3)
- Longest drive (Hole #8), and
- "Most pieces of flair".
- **Drinks provided through-out the course (adult and non-adult) and at the BBQ**
- **All American BBQ immediately following tournament**

Don't Golf????? Join us for Dinner!!!!

Put teams together in your office, call other of-fices to make your foursome, ask clients and friends to join you for an afternoon of golf and great com-pany.

Location: William Land Park Golf Course
1701 Sutterville Road
Sacramento, CA

Check In: 12:30 p.m.

T-time: 1:30 p.m.

Cost: Golf and Dinner:\$40/person
Dinner Only: \$15.00



Welcome new members

The Sacramento Sierra Chapter is pleased to in-troduce the following new Associate Members

March 12

Larry Stephen Martin
3421 Lakemist Circle
Stockton, CA 95219
Phone (209) 951-5207
Lsmartin1@comcast.net

May 7

Dan Enright
2501 Pepper Ln.
Shingle Springs, CA
95682
Phone (530) 672-9456
dan_enright@calpers.ca.gov

April 2

Javier Mendoza
540 Venice Blvd.
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Phone (530) 473-3710
j_mendoza@frontiernet.net

May 7

Richard Below
230 J Street. # 4
Davis, CA 95616
Phone (530) 758-1920
unimploid-stoodint@yahoo.com

April 2

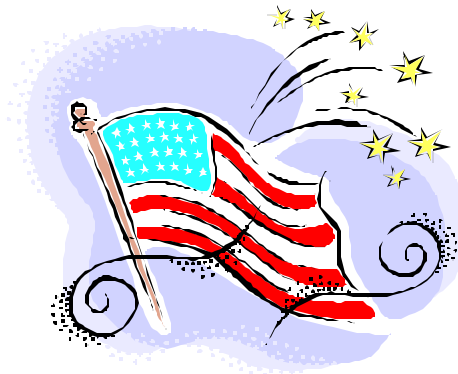
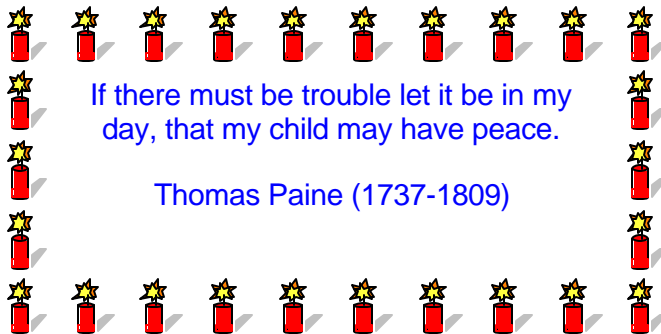
Donald Pierce
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Elk Grove, CA 95624
Phone (916) 685-8951
depierce46@yahoo.com

May 14

David Carciere
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Santa Rosa, CA 95404
Phone (707) 479-2199
david_carciere@gmail.com

April 16

Jeffery Hall
Po Box 103
Smartville, CA 95977
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reaprsr@aol.com



Appraisal Scope of Work: *Burden or Blessing?*

(Thanks go to Janet Holland, MAI, for preparing the following summary from the ABA/AI telephone conference held April 25, 2006)

Judging from the tone of the questions put forth from participants in the ABA/AI telephone conference on April 25, the answer to the "Burden or Blessing" question is still open for debate....

The chapter sponsored a teleconference hosted at Wachovia Small Business Capital in Roseville. The focus of the teleconference was the Scope of Work Rule and its impact. Speakers included Gregory Accetta, MAI, Chair of the Appraisal Standards Board; Stephanie Coleman, MAI, SRA, Director of Screening for the Appraisal Institute; Donald Damron MAI, CCIM, Chief Appraiser with Key Bank; with John Rasmus, Senior Federal Administrative Counsel of the American Bankers Association as moderator.

Mr. Accetta presented some of the key changes that will begin **July 1, 2006** and continue for 18 months. (Thereafter USPAP will have a two-year effective cycle.) The scope of work addresses the application and extent of development in an appraisal. The scope of work decision drives the full range of activities in the development process. An appropriate scope of work for a given assignment under the 2005 USPAP continues to be appropriate under the 2006 USPAP. (The changes do not permit a scope of work that was not appropriate under the 2005 USPAP.) *It seems that the main difference is that the burden for developing a scope of work that will produce a credible (worthy of belief) appraisal has significantly shifted to the appraiser.*

In 2005 the DEPARTURE RULE required client agreement that the performance of a limited appraisal service would be appropriate. The 2006 SCOPE OF WORK RULE recognizes clients' role in shaping the appraiser's scope of work decision, but the rule has removed the need for client approval.

The items removed for 2006 are the departure rule and terms associated with the departure including *complete appraisal and limited appraisal* as well as *binding requirement and specific requirement*. The rationale for the change was that in communicating assignment results the emphasis of the departure rule on the use of the associated labels - *complete appraisal and limited appraisal* are potentially misleading and may have been insufficient for intended users to make informed decisions. (Note that the terms complete appraisal and limited appraisal *may* still be used, but they will no longer be defined in USPAP. Appraisers and clients may see a range of specifically defined terminology meant to clarify

scope of work decisions such as complete, less than complete, condensed, concise, limited, etc.)

The appropriate scope for work continues to be based on what is required to produce credible assignment results. Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work. The appraiser can tailor scope of work to respond to clients needs. The appraiser is responsible for scope of work determination. The scope of work must include the research and analyses that are necessary to develop credible results. This may even be an ongoing process in assignment as the scope of work may shift during the assignment. Meaning that information or conditions discovered during the course of the assignment might cause the appraiser to reconsider the scope of work.

In the conference call Ms. Coleman emphasized the changes regarding the scope of work rule. Conceptually the three steps to the process of completing an assignment will be to:

- (1) identify the problem
- (2) identify the solution (scope of work); and
- (3) apply the solution.

To identify the problem review the *significant seven*:

- Clients
- intended users
- intended use
- type of value or objective of the assignment
- effective date
- property characteristics relevant to the assignment; and
- assignment conditions.

To identify the solution (to the scope of work) the appraiser must:

- know the client; and
- know what the requirements are

Ms. Coleman suggests that appraisers network with their peers to understand what most appraisers would do for a particular assignment. There will be basically two tests - What do clients expect? What do peers do? The goal is that users of appraisal services can expect to see more meaningful and useful appraisals as well as increased communication with the appraisers.

Mr. Damron presented some impacts from the banking side. He suggested that there might be comprehensive review of policy and procedures, as well as engagement documents at all banks. The new rule will impact bank-apraiser relations and communications. There will be a greater need for communication between the bank and the appraiser. Every client bank should know in advance how they would like to communicate what their respective needs and wants are in regard to the appraisal assignment.

Appraisal Scope, page 5

Appraisal Scope from page 4

Every appraiser may be required to educate the bank/client if the bank does not fully understand the scope of work needed for a particular assignment.

The scope will vary depending on the level of due diligence required. Each Bank must set their own standard of due diligence, which should be commensurate with the size and complexity of the real estate transaction in hand, as well as the relative risk for the institution ordering appraisal. Obviously the higher risk, the greater level of detail in the appraisal assignment should be requested. By fostering better communication between the appraiser and the intended user, the appraisal process should yield an appropriate amount of property and market information that will allow the institution to render an informed credit risk decision.

The 2006 USPAP Scope of Work brochure is available at www.appraisalfoundation.org. Also, the Appraisal Institute has recently released "Scope of

Work", by Stephanie Coleman, MAI, SRA. The new handbook offers guidance on how to apply the scope of work concept in practice, which is embodied in the 2006 Uniform Standards of Professional Appraisal Practice, and communicate it clearly in an appraisal report. Coleman's text explains how the proper application of the scope of work concept can enhance an appraiser's ability to provide meaningful services in an increasingly competitive environment. It also details how the importance of competence and adherence to high ethical standards are the hallmarks of the real estate appraisal profession. Scope of Work (Stock No. 0705M) is available to Appraisal Institute members for \$30; \$35 for nonmembers. Through July 31, 2006, Appraisal Institute members can take advantage of a special introductory price of \$24 for a single copy. To place an order by telephone, call 800-504-7440. To order online, visit www.appraisalinstitute.org/ecom/publications.

Education from page 3

Lake Tahoe seminars have been selected and will be interesting to general and residential appraisers. *What Clients Would Like Their Appraisers to Know* is a very popular seminar nationally, and *Condominiums, Co-ops, and PUDs* is a new seminar being premiered nationally during the 4th quarter of 2006. We are scheduled to be one of the first sites in the nation to offer this new course, and look forward to strong attendance. Considering that townhomes and condominiums seem to be the hottest products in the region, this seminar is timely and should be educational for all. **Mark your calendars for October 26 and 27, and enjoy Lake Tahoe.**

Uniform Standards for Federal Land Acquisitions, or commonly known as "the yellow book" seminar, will be given November 30 and December 1. The seminar is scheduled at only one other location nationally during 2006, so take the opportunity to attend this seminar while it is available locally. As of this writing, it appears that the instructor will be Brian Holly, MAI, Chief Appraiser, U.S. Department of Interior. Brian is also one of the authors of the "Yellow Book".

On behalf of the education committee, your support for the chapter educational events is appreciated, and we encourage you to provide comments and ideas to the committee so we can better serve the members of the Sacramento-Sierra chapter. The education committee will begin drafting the 2007 education schedule from May 18 to the first week of June, and if you have any suggestions please contact any member of the education committee. The education committee members are as follows.

Steve Harrington, MAI	(916) 448-3435
Janet Holland, MAI	916) 787-9196
Dave Wraa, MAI	(916) 978-4900
Doug Brennan, MAI	(530) 673-5167
Art Leck, MAI	(916) 554-6492
Kyle Bartholomew	(530) 750-1001

Steve Harrington, MAI, Education Chair

NEWS FROM NATIONAL

Valuation in the Government Sector Shared Interest Group (SIG) is now available for Appraisal Institute members to join at **no additional cost**. If you are a government-employed or contract appraiser or provide services relative to easements, rights of way, eminent domain, land acquisition and disposition, among others, this SIG will offer you opportunities to interact and discuss the various aspects and needs of government-related clients, including local, state and federal agencies. **SIG** opened for enrollment in early May, and already more than 200 members have enrolled and online discussions have begun. The shared interest group is geared toward members who have an interest in technology issues including AVMs, GIS, data standards, practice management tools, hardware, etc. All Appraisal Institute members may enroll free of charge. The SIG provides a forum for SIG members to discuss new developments and best practices as well as a central online location for resources related to technology.

Through networking, online forums and educational events, members of the SIG can share ideas and expand their knowledge in this area. To sign up for the Valuation in the Government Sector SIG, go to: <http://www.appraisalinstitute.org/membership/sigs.asp>. The Technology SIG is the second of three shared interest groups that are part of a pilot program being tested by the Appraisal Institute. The **Valuation in the Government Sector Shared Interest Group**, the first to be launched, is approaching enrollment of almost 500 members. Its kick-off event took place May 17 in Washington D.C. The third shared interest group, **Valuation and Litigation Services**, is also open for enrollment. Details of the Litigation SIG kick-off event will be forthcoming. Appraisers providing services to clients and lawyers for purposes of expert witness, litigation/litigation support, mediation, arbitration and dispute resolution may be particularly interested in this SIG.

The Technology SIG will hold a kick-off event on June 27, 2006, in Dallas. This half-day event (1:30 p.m. to 6 p.m.) will feature a three-hour presentation on AVMs by Mark R. Linné, MAI, and Stephanie Coleman, MAI, SRA. Members who attend the kick-off event also have the opportunity to attend this year's RealComm conference, also happening in Dallas June 25-27, at a special AI member rate. More information about the kick-off event and RealComm show is available at www.appraisalinstitute.org/membership/techevent.asp

Nominees Sought for Louise Lee & Y.T. Lum Award

The Appraisal Institute Education Trust is seeking nominees for the 2006 Louise Lee & Y.T. Lum Award. The award was established in 1963 and honors Y.T. Lum, a prominent member of the American Institute of Real Estate Appraisers, an internationally known speaker and authority on real estate, and his wife, Louise Lee. Is there an outstanding person in your region or chapter that you would like to nominate?

The purpose of the Lum Award is to recognize one or more worthy individuals who have made a distinguished contribution to the appraisal profession during the immediate preceding year. The award is given in recognition of the furtherance of the high ideals of the profession of real estate appraising and practices, mindful of the fact that this contribution was possible only through the zeal, uprightness, sacrifice, devotion, acumen and ability of the contributor.

A list of nominees along with bios and/or resumes of the nominee should be sent to Olivia Carreon. The deadline date for the receipt of nominees is no later than June 16, 2006. An honorarium (continued on page 9) of \$1,000 along with a plaque will be presented to the recipient at the Appraisal Institute Awards Ceremony in San Francisco in September. The Lum Award nominees and the final recipient remain confidential until the award is presented in San Francisco. For more information or to submit nominees for the Lum Award, contact Olivia Carreon, at ocarreon@appraisalinstitute.org or call 312-335-4148.

Appraisal Institute Issues 45-Day Notice

Among the proposed amendments to the Appraisal Institute Regulations, Code of Professional Ethics, and Standards of Professional Appraisal Practice are the college degree and experience requirements for MAI designation and the international valuation standards. The Appraisal Institute Board of Directors will consider those proposed amendments at its meeting on June 26-27, 2006, at the Embassy Suites Hotel Chicago-Downtown-Lakefront Chicago. A summary of the proposed amendments, as well as the full text of such amendments, is available in the "Members Only" section of the Appraisal Institute's web site at www.appraisalinstitute.org or upon request to the National Office. If you have any comments on the proposed changes, please contact your elected Directors and/or send your comments to 45daynotice@appraisalinstitute.org.

OTHER EDUCATIONAL OFFERINGS OF INTEREST

Upcoming Demo Report Writing Seminars

This one-day seminar is highly recommended for any associate member preparing to write a demonstration appraisal report and focuses on what it takes to research, prepare and write a demo report. The seminar is also required for any associate member who has never taken it and needs to revise and resubmit a report. Following are dates for the General Demo Seminar currently scheduled:

June 2, 2006 – Seattle, WA
June 14, 2006 - Lancaster, PA
June 21, 2006 - Burbank, CA
October 4, 2006 - Olney, MD

For information on the Demonstration Appraisal Report Requirements and Alternatives, please visit:

www.appraisalinstitute.org/membership/dem_report_resource.asp

Pan Pacific Congress and Chapter Leadership Program

The Appraisal Institute will host the international event September 16-19, 2006, at the Palace Hotel. The biennial Congress will bring together real estate valuation and consulting professionals from throughout the Pacific Rim. This marks the first time since 1986 that the Appraisal Institute will host the Congress. The opening reception for the 23rd Congress will be held in the Asian Art Museum, one of the largest museums in the Western world devoted exclusively to Asian art. The Congress will also offer technical tours, including earthquake-damaged homes in the area, Silicon

Valley, AT&T Baseball Park and the California wine country. The key focus of the Congress will be presentations by real estate professionals from across the Pacific Rim and the world on such topics as technology in real estate investment, appraisal and consulting, cooperation between real estate professionals and other professions and financial harmonization across borders. Registration for the Congress will be available online at www.appraisalinstitute.org/ppc by May 30.

The 2006 Chapter Leadership Program will take place in San Francisco at the Palace Hotel on September 15-16 in conjunction with national committee meetings and immediately prior to the Pan Pacific Congress. The purpose of the Leadership program is to inform and prepare incoming chapter officers for their upcoming year. Incoming 2007 chapter presidents and chapter executive staff are encouraged to attend the Chapter Leadership Program. Online registration is free for the Chapter Leadership Program; to register, go to www.appraisalinstitute.org/ppc.

IRWA 52nd Annual International Education Conference

Denver, Colorado: June 18 – 21, 2006 (Sunday thru Wednesday) For details and registration information visit:

www.irwaonline.org

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

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**Next Newsletter Deadline
June 30, 2006**

APPRAISAL POSITIONS AVAILABLE

Stover Harrington, Inc., a long established appraisal company in Sacramento, has openings for a mid-level appraiser on a fee split basis. Applicant should be self-motivated with strong writing and analytical skills. State license, MAI candidacy and non-residential appraisal experience preferred. Send cover letter with resume to: R. E. Stover, MAI Stover Harrington, Inc. 1721 Second Street, Suite 201 Sacramento CA 94814.

Entry Level Position... CB Richard Ellis has an opening for an entry-level commercial appraiser in the Sacramento office. The position provides an opportunity for a highly motivated self-starter to expand their appraisal techniques through a hands-on one-on-one learning environment. The position offers high income potential on a competitive fee split basis. The successful candidate will assist in the appraisal of high profile commercial assignments throughout the Northern California region, while working toward a senior-level appraiser position. This position requires a four-year college degree and candidate must work toward a California Appraisal Trainee License, have strong analytical and financial analysis skills, working knowledge of Microsoft Office software including Word and Excel, and have good writing skills. Contact Donna Whitaker by e-mail at : donna.Whitaker@cbre.com for further information.

**THE CHAPTER OFFICE HAS
MOVED**

from Suite #30 to Suite #1