

# Sacramento Sierra Chapter



## APPRAISAL NEWS

# & Review

Sacramento Sierra Chapter  
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### President's Report

As I sit at my desk organizing my thoughts, I can't help but notice that summer is upon us and how pleasant our short spring was once it finally arrived following our extended winter weather. The change in seasons also reminds me of how busy we all are and how fast time flies by.

The Spring Regional meetings were held recently in Seattle, Washington, and your chapter was well represented at the meeting, as were the other chapters from Region One. The meetings were unusually informative this year, and it is encouraging to know that the Sacramento Sierra, Reno Tahoe and Northern California chapters have planned an extensive slate of offerings for those of us needing continuing education and/or formal appraisal classes next year.

In addition to the chapter-sponsored offerings, National is about to test market a program designed to provide continuing education offerings in regions and areas that are not currently being serviced by the local chapters. This program is designed to

ment the chapter offerings and capture some of the business that is currently being lost to education providers such as McKis-seck, Lorman and others. The preliminary discussions imply that this may be a very profitable venture for the Appraisal Institute, and if it pans out, may go a long way towards shoring up the finances for our organization.

Also of interest to residential appraisers is the congressional testimony that Allen Safer, MAI, gave opposing the pending legislation allowing the bundling of services associated with the VA funding process. In a nutshell, there is legislation pending to allow the bundling of services for VA loans, (including the appraisal) by one master service provider. On the surface this concept seems to allow a streamlining of the loan process, but it allows the service provider the opportunity to gain undue leverage over the appraiser with no safeguards to prevent kickbacks, etc. If this topic is of interest to you, a draft letter has been posted on the chapter web page for your use to voice your opposition to your representative in Washington. You can also obtain more information by visiting the Governmental Affairs section of the National web page.

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### Contemporary Issues Related to Corridor Valuation and Recent Eminent Domain Case Law

By Charles P. Bucaria, Sr., MAI  
and  
Forrest Vickery, ASA, Sanli Pastore & Hill, Inc.

On September 18, 2003, the Sacramento Chapter of the International Right of Way Association and the Sacramento Sierra Chapter of the Appraisal Institute will host a seminar discussion of two timely and critical topics: "New Concepts in Utility Corridor Valuation and Right-of-Way Case Law" and the 2002 Court of Appeals decision in *Emeryville Redevelopment Agency vs. Harcros Pigments, Inc., et al*, a case which has implications for both real estate appraisers and goodwill appraisers.

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**Sign-Up for Chapter Events  
Online [www.  
sacramentosierra.org](http://www.sacramentosierra.org)**

## AVM Face-Off

As part of its 2003 Residential Summit Meeting, the Appraisal Institute is focusing on "A Hard Look at the Future of Residential Appraisal."

The featured session is an Face-Off on the question: **Are AVMs the Appraiser's Best Friend or Worst Enemy?** The debate, between John Ross, executive vice president of the Appraisal Institute, and Mark P. Sennott, executive vice president of FNIS, will take place Friday, July 25, from 10:15 to noon at the Palace Hotel in San Francisco.

The debate is part of the Institute's three-day Real Estate Connect program July 23 through 25. John Ross has been the executive vice president of the Institute since November 1997. He is an advocate for appraisers and specializes in evaluation economic trends as they apply to commercial real estate. Mr. Ross speaks nationally on real estate valuation issues, and has been an instructor in qualitative analysis at Michigan State University, where he did graduate work in economics and managed an econometric forecasting model.

Mark P. Sennott of FNIS has been an industry leader in appraisal alternatives for the past 10 years. He is the inventor of the patent-pending Collateral Valuation Insurance (CVI), FNIS' new product to replace the appraisal of first mortgages. Mr. Sennott was also founder and former CEO of Market Intelligence, the largest property valuation firm in the country.

Cost of the Appraisal Summit only is \$99. Registration for the full three-day conference is \$395 for Institute members. Full information and on-line registration is available at [www.inman.com/ai](http://www.inman.com/ai) or by phoning 800-775-4662, x122.



## Education/Meetings 2003

Register Online @ [sacramentosierra.org](http://sacramentosierra.org)

### September

- 5<sup>th</sup> Course 400 - National USPAP 7 Hour Update**  
 Instructor: Anthony "Tony" Wren, MAI, SRA  
 Time/Location: 8 a.m — 5 p.m. UC Davis Extension Center  
 Sacramento, CA
- 5<sup>th</sup> Course 420 - Business Practices & Ethics**  
 Instructor: Stephanie Coleman, MAI, SRA  
 Time/Location: 8 a.m — 5 p.m. UC Davis Extension Center  
 Sacramento, CA
- 10<sup>th</sup> Board Meeting**  
 Time/Location: 12:00— 1:30 p.m.  
 Rusty Duck
- 18<sup>th</sup> Joint Appraisal Institute and IRWA Seminar and Luncheon**  
**Seminar: Contemporary Issues Related to Corridor**  
**Valuation and Goodwill Valuation (4 hours)**  
 Time/Location: 8 a.m. - 1:30 / (See article on page 1)

### October

- 23<sup>th</sup> Land Valuation Adjustments Procedures**  
 Instructor: James Boykin, MAI, SRA  
 Time/Location: Harrah's, Lake Tahoe, All Day
- 24<sup>th</sup> Land Valuation Assignments**  
 Instructor: James Boykin, MAI, SRA  
 Time/Location: Harrah's, Lake Tahoe, All Day
- 24<sup>th</sup> Region 1 President's Dinner Meeting**  
 Harrah's, Lake Tahoe
- 25<sup>th</sup> Region 1 Meeting**  
 Harrah's, Lake Tahoe

### November

- 21 st Installation Dinner, Del Paso Country Club**

## 2004

### January

- 16 th Effective Appraisal Writing**  
 Instructor: Alan Blankenship, PhD  
 Time/Location: TBA
- 28 th Forecast 2004**  
 Time/Location: TBA

### February

- 2 - 7 th Course 510; Advanced Income Capitalization**  
 Instructor: Harry Holzhauer, MAI  
 Time/Location: TBA

# Education Offerings Update

By **Charles W. LaFlamme,**  
**MAI**  
Education Chair

It has been a quiet few months since our last offering. The Spring Seminar turned out to be a very informative event for those who attended. Participants learned much from the panel of experts about preparation for court proceedings and expert testimony.

Our next offerings will be two courses in September. They both deal with appraisal standards and ethics. They will be taught on two consecutive Fridays, September 5 and September 12. The first class will be Course 400; this is the new USPAP course that was written by the Appraisal Foundation. This course will be required for every appraiser in the State in every two-year cycle. This is a one-day course that focuses on recent changes in USPAP. In 2003 it is a seven-hour course with no exam. In 2004, a one-hour exam will be added.

If you are confused about all of the Standards and Ethics courses, go to National's website and click on the frequently asked questions (FAQ) section. There are about three pages of questions and answers that should help explain things. This class is designed for licensed and certified members. The instructor will be Anthony J. (Tony) Wren, MAI, SRA, out of Reno. The course will be taught at the Sutter Square

Galleria in Midtown Sacramento.

The second class will be Course 420. This is what used to be Part B, and it is a requirement for candidates. It involves the Institute's Code of Professional Ethics. Candidates please note that Course 410 (old Part A) is a prerequisite.

The course is for eight hours and will be taught by Stephanie Coleman, MAI, SRA, and will also be held at the Sutter Square Galleria.

October brings our Fall Seminar, which will consist of two consecutive, one-day seminars. The first seminar is entitled **Land Valuation Adjustment Procedures** and the second is **Land Valuation Assignments**. Both seminars are seven hours in duration (14 hours total). They will be offered on October 23 and 24 (Thursday and Friday). James (Jack) Boykin, MAI, will be the instructor. Jack is retired college professor who has been involved in the appraisal profession for decades. He is very well respected in the profession, and it will be a pleasure having him with us.

We are offering an early-bird registration discount on these two offerings. The seminar will be down to \$150 per day (\$300 total) if the registration is in by September 12<sup>th</sup>. Don't miss this one, should be an excellent offering. I have been told that Jack is a very good instructor, and that the seminar contents are great.

That will be the last education offering for the year. In January 16, 2004 we will offer **Effective Appraisal Writing**, Alan Blankinship, PhD. will be out to teach this one. The tentative date is 16 January 2004.

We are going to offer Courses 110, 120 and 410 in the spring. These are the courses that are necessary to obtain a trainee I-cense. More information will be forthcoming in the next newsletter.

Enjoy the summer, savor the opportunity of taking Course 400 USPAP in September, and see you in Lake Tahoe in October.

## Congratulations

Bill Deutsch, MAI  
and  
Steve Harrington, MAI

**T**he Sacramento Sierra Chapter of the Appraisal Institute is pleased to notify the membership that Bill Deutsch and Steve Harrington, MAI have earned their designations. Bill was officially recognized at the Chapter Meeting in February and Steve was awarded his certificate at the May Chapter Meeting.

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Lastly, we had a good attendance for the Wine Tasting and Appetizers social held at the Dante Club, May 15<sup>th</sup>. This was our last event of the winter/spring and was the kick-off to our summer months when we look forward to vacations with our families and other the many other summer activities that come our way.

Our first meeting after the summer break is the Board of Directors meeting scheduled for Wednesday, September 10<sup>th</sup> at noon, at the Rusty Duck. The next general membership meeting will be a joint meeting of our chapter and the Sacramento Chapter of the IRWA. This will be a combination education/luncheon offering to be held on September 18<sup>th</sup>. Hope to see many of you there, and have a great summer.

Best Regards,  
**Richard A. Ribacchi, MAI**  
 2003 President  
 Sacramento Sierra Chapter

### Welcome New Members

Frank R. Molinari, SRA  
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The Molinari's transferred from Miami, Florida. Welcome to the Sacramento Sierra Chapter.

## Corridor Valuation

Albert N. Allen, MAI, SRW/A, president of the International Right of Way Association; Ronald W. Beals, assistant chief counsel, California Department of Transportation; and Charles P. Bucaria, Sr., MAI, a past president of the Sacramento Sierra Chapter of the Appraisal Institute, will discuss their differing viewpoints of recent developments in utility corridor legal and valuation concepts. Discussion will center on the following topics:

1. Trends in telecommunications utility corridor right of way value since the telecom market crash.
2. Differing utility corridor markets, different jurisdictions or client requirements, different appraisal rules and different values.
3. Measuring property owner loss vs. condemnor gain in utility corridor valuation.
4. Public right-of-way: What the cases say about whether utilities should pay for their use.
5. Limitations on the rights of power companies to sell their telecommunications easement rights for commercial telecom purposes.
6. Broadband service over power lines. What is happening with the Federal Communications Commission on this important right-of-way issue?

Why should you be interested in this short seminar? Because utility corridor valuation issues aren't dead, they've just been hiding.

Fierce battles are taking place between corporate goliaths and governmental entities. Corporate giants are trading multi-million dollar punches at the federal regulatory agency level. In the courts, state and local governments are saying to telecom companies, "You must pay for rights to use public roads for installation of telecommunications facilities." "No, not I," say the companies.

All of these battles may affect how we value rights in land under certain circumstances, and if we represent a property owner or land holding agency, will certainly affect how we manage it to maximize landowner values. Whether you are associated with a utility company, land owning firm or governmental agency, or if you consult for such groups, these short presentations will expose you to the latest information concerning these vital utility corridor issues.

## Goodwill Valuation

Forrest Vickery, ASA, with Sanli Pastore & Hill, Inc., goodwill-loss appraiser; Thomas Douvan, an attorney with McDonough Holland & Allen; and Gale Connor, an attorney with Law, Berg & Parker, will discuss the background of the case of *Emeryville Redevelopment Agency vs. Harcross Pigments, Inc., et al.* and the recent Court of Appeals decision. Since Mr. Douvan's firm represents the redevelopment agency and Mr. Connor's firm represents the property and business owner, they will discuss their differing viewpoints of the case, the original court decision, and the decision of the Court of Appeals. The presentation will include discussion of the following:

- 1) Background of the redevelopment project and the business relocated;
- 2) Goodwill loss valuation issues in eminent domain cases;
- 3) Determination of entitlement to goodwill loss – is it decided by the court or the jury?

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4) Whether a property owner may seek compensation for loss of goodwill when the owner's commercial use of the property is inconsistent with the property's highest and best use.

5) The admissibility of evidence regarding agency development plans for the site and agency purchases of neighboring properties.

6) Property contamination issues.

7) Whether an appraiser can "appraise a comparable", and if not, to what extent may an appraiser make adjustments to a comparable transaction used to value the subject property.

The results in this case are important for appraisers and governmental agencies alike. The rulings emphasize that the evidentiary rules applicable to condemnation proceedings will be enforced in determining compensation awards. For appraisers, this means that you must be aware of what evidence will be admissible as part of your valuation analysis. For governmental agencies, you must ensure that your appraiser is aware of recent case law and evidence issues to ensure that the work product you receive will be admissible in court.

**Save the Date! Mark your calendar now to register and attend September 18th's Appraisal Institute / IR/WA seminar, "New Concepts In Utility Corridor Valuation and Recent Eminent Domain Case Law."**

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## Appraisal Summit Scheduled for September 29-30 in DC

The Appraisal Institute will host an Appraisal Summit in Washington, D.C., which will bring together real estate appraisers and policy makers to discuss important public policy matters impacting the real estate industry. Themed *Knowledge Is Power: A New Era of Appraisal Policy in the United States*, the Summit will take place September 29-30 at the Washington Court Hotel on Capitol Hill.

Various commercial and residential plenary and breakout sessions are planned. A sampling of sessions being offered include:

- Beyond the GAO Report – Appraisal Licensing Reform
- Valuation Services for International Investment and Economic Development
- HUD Real Estate Settlement Procedures Reform
- Financial Institutions Regulators Panel
- Fannie Mae and Freddie Mac Appraisal Policies
- Commercial Appraisals in the Secondary Market
- HUD Single and Multifamily Appraisal Programs
- International Appraisal and Accounting Standards
- Small Business Administration Reauthorization

The Summit will offer opportunities for attendees to meet congressional representatives and federal and state regulators, and take part in debates on topics ranging from the effectiveness of the appraisal licensing system to the fate of RESPA. Representatives from the Securities and Exchange Commission, Internal Revenue Service, Department of Interior, Small Business Administration, Department of Housing and Urban Development, Veterans Administration and others will be on hand to elaborate on their latest appraisal and valuation policies.

"The Appraisal Institute is sponsoring this Summit to highlight the fact that appraisers bring an important and unique perspective to policy and issues that impact the real estate industry and affect economic development," said Appraisal Institute President Alan E. Hummel, SRA. "We believe the Appraisal Summit will help increase the dialogue between the appraisal community and policy makers."

The Appraisal Summit is open to all members interested in attending. To register online, go to [www.appraisalinstitute.org/govtaffairs/summit.asp](http://www.appraisalinstitute.org/govtaffairs/summit.asp). To make hotel reservations, please contact the Washington Court (525 New Jersey Avenue) at 800-321-3010. Please be sure to ask for the discounted Appraisal Institute rate (\$199 plus tax/per night). For additional information, contact Bill Garber, Director of Government Affairs, at 202-298-5586 or [bgarber@appraisalinstitute.org](mailto:bgarber@appraisalinstitute.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  
August 16, 2003**

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