



# Appraisal News & Review

SACRAMENTO SIERRA CHAPTER



**Appraisal  
Institute®**

*Professionals Providing  
Real Estate Solutions*

**Volume 16, Issue 3  
September 2005**

Sacramento Sierra Chapter  
2701 Cottage Way, Suite 30  
Sacramento, CA 95825  
Bus. (916)972-9700

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## President's Message

### Appraisers Devastated by Katrina Need Our Help!!

Devastation is not how I ever imagined a Chapter message would start. Once again we are being called upon for help. Please, however you can, whatever you can spare, donate to the organization of your choice. As always it will be the thousands of individual Charities and millions of individuals who will restore the lives impacted, as it always has been in America. As my pastor asks me, I ask that your contribution match the tremendous level of need this catastrophe has created.

Appraisal Institute CEO John Ross has put out an urgent call for assistance from appraiser to appraiser and Chapter to Chapter. National is setting up a fund and network to directly assist members whose offices, homes, and lives have been devastated by the hurricane. Please check out the national web site for more information on how you can help. Such seemingly common items we take for granted as calculators and computers are being requested.

Back home and briefly, quietly but expediently, Northern California Chapter and our Chapter have worked together to change the boundaries of both Chapters. Both Del Norte and Humboldt Counties will soon be removed from Northern California's charge and incorporated into the Sacramento Sierra Chapter. This action has been a long term personal goal of mine and both Chapter Boards and Executives agreed it makes sense. In the future, as Upstate California continues to expand both inland and along the coast, there will become a need for a sub-chapter to properly serve members. Even today it is difficult to convince members and associates based on our northern tier counties to participate in Chapter events because of the time and distance to Sacramento. A sub chapter of the Sacramento Sierra Chapter geographically centered in Redding, California would allow greater participation from members and re-districting sets the stage for future chapter expansion providing greater opportunity for member benefits.

Sincerely  
Richard A. Murphy, MAI  
Chapter President

## HURRICANE KATRINA

The Chapter's Board of Directors will discuss ways that the Chapter may be able to assist Appraisal Institute members who have lost their homes and offices because of Hurricane Katrina. We do know that the Louisiana Chapter Office was flooded, but are uncertain as to the extent of the damage.

To assist members affected by Hurricane Katrina, the Appraisal Institute has set up a Web board where members can offer their guidance and share previous experiences they've had with natural disaster situations. They may also post offers of assistance including employment, temporary office space and office equipment. The Web board is accessible at <http://apphur.appraisalinstitute.org:8080/~apphur>. Users will have to either sign in as a guest or create a user name and password. The latter will allow members to talk with members directly or through chapters in the area and other intermediaries.

### California Eminent Domain Case Update September 22, 2005

**Four-hour seminar with CE Credit (plus a great lunch!) presented by our local Chapter in conjunction with representatives from the law firm of Best, Best and Kreiger. The seminar will include a discussion of recent eminent domain decisions which impact the acquisition and valuation of properties in eminent domain proceedings.**  
**(See inside for registration information)**

# Schedule of Classes

## Upcoming Educational Offerings (Offered by the Sacramento/Sierra Chapter)

DATE	EVENT	INSTRUCTOR	LOCATION	COST (see attached flyer)
9/22	<b>California Eminent Domain/ Case Update</b>	Jim Gilpin Best, Best & Krieger	Dante Club Sacramento	\$65/100
9/23	<b>Business Practice and Ethics</b>	Stephanie Coleman, MAI	UC Davis Extension Sacramento	\$175/195
10/20	<b>Subdivision Valuation: A Comprehensive Guide to Valuing Improved Subdivision</b>	Frank Harrison, MAI, SRA	Harrah's Lake Tahoe	\$170/195
10/21	<b>The Road Less Traveled</b>	Frank Harrison, MAI, SRA	Harrah's Lake Tahoe	\$170/195
11/19	<b>Installation and Chapter Dinner Meeting</b>	TBA	Del Paso Country Club	\$15 per person

- **September 22; Eminent Domain-California Law Update**, by Best, Best & Krieger will be held at the Dante Club from 9:00 AM to 1:00 PM. Lunch will follow the seminar. Get up to date information on California law and eminent domain cases. This seminar will benefit residential and commercial appraisers, even if you are not actively appraising for eminent domain cases. The seminar is approved for 4 hours of OREA credits. Don't miss this seminar!
- **September 23; Course 420 Business Practices and Ethics**, will be held at UC Davis Extension, Sacramento. The instructor is Stephanie Coleman, MAI. This course is mandatory every 5 years for members of the Appraisal Institute. (If you are unsure whether or not you need this class now, call Emily at the Chapter office and she'll check on it for you!)
- **Lake Tahoe Seminar on October 20; Subdivision Valuation: A Comprehensive Guide to Valuing Improved Subdivisions**, will be at Harrahs, and will be instructed by Frank Harrison, MAI, SRA. Early bird registration must be submitted by 9-12-05.
- **Lake Tahoe Seminar on October 21; The Road Less Traveled: Special Purpose Properties**, will be at Harrahs, and will be instructed by Frank Harrison, MAI, SRA. Early bird registration must be submitted by 9-12-05.
- In addition to the current scheduled classes, the education committee is also in the process of coordinating a seminar on Conservation Easements. As indicated by numerous reports coming out of the Appraisal Institute, as well as articles in the local and national newspapers, methodology of appraising conservation easements for donation purposes has become a hot topic with the IRS and congress. We look forward to arranging a class on this important topic soon. Check the chapter web site for the latest educational offerings.

## For up-to-date information and online registration for all seminars & courses:

CHECK OUT OUR WEBSITE: [www.sac-ai.org](http://www.sac-ai.org)

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

CALL: (916) 972-9700

FAX: (916) 972-9750

MAILING ADDRESS: 2701 Cottage Way, #30; Sacramento, CA 95825

## Online Registration Available at:

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

# Classes Offered by IRWA

## Local Seminar

### Course 401: The Appraisal of Partial Acquisitions

**Date: September 26-30, 2005**

**Location:** UC Davis Extension, Sutter Square Galleria, Sacramento, CA

This hands-on course introduces special problems about the evaluation of partial takings (fee and easement). The course covers the following topics: valuation of the larger parcel, two approaches to right of way valuation, techniques for valuation of the part taken, severance damages, special benefits and problems, and the appraiser as expert witness. The course will be taught by two excellent local instructors: independent appraiser and AI Associate Member Tim Landes, SR/WA and independent appraiser and former Caltrans Assistant Regional Right-of-Way Division Chief, Michael Lahodny, SR/WA.

*For further information, please contact Course Coordinator:*

**Michael Pattison, SR/WA**

Phone: (916) 714-3010

Fax: (916) 714-3065

Email: [mikepattison@mindspring.com](mailto:mikepattison@mindspring.com)

## Uniform Act Symposium Scheduled for November 7-9, 2005

**Date: November 7 –9, 2005**

**Location:** Hilton Hotel, Anaheim, CA.

A major revision of the regulations was released January 3, 2005, the first major revamping since it was issued in 1989. The symposium will expand on how the new regulations are impacting right of way related programs as well as provide a showcase for best practices within the industry. The symposium will focus on the revisions to regulations implementing the Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs. More than 18 Federal Agencies, including the Federal Highway Administration, United States Corps of Engineers, Federal Aviation Administration and others must adhere to the rules and regulations in working with state and local governmental entities as well as private consulting firms.

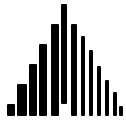
The Symposium includes **three full days of educational sessions** devoted to the United States Uniform Act as well as an opportunity to network with other right of way professionals involved in administering and implementing the Act. Registrants may choose from among 72 workshops presented during the three days. For additional information and registration contact: [www.irwaonline.org](http://www.irwaonline.org)

## WHERE'S CAROLE?

If you have tried to reach Carole McIntosh, SRA, recently and have only gotten her husband Pat on the phone instead, it's because she is out of town for a few weeks. She is spending most of September sailing from Tahiti to Hawaii on Orange Coast College's 65 foot **ALASKA EAGLE**. This is **not** a leisurely cruise between islands, the **Alaska Eagle** in a former life not only won the around the world Whitbread race, she set the record. The boat is basically the same configuration as when she was racing, and would be described as "Spartan" rather than "Spacious and Luxurious". The boat is now used by Orange Coast College for sail and navigation training. Carole is taking part in "leg 4" of this summer's 7 leg cruise around the Pacific. Leg 4 is the all women's leg. The three instructors are certified captains and renowned sailors in their own rights and there are nine students who each had to be screened and qualified to be included for the trip. The "students" do everything from hoist the sails, cook the meals, swab the decks and stand the watches, to repair whatever breaks. Next time you see Carole ask her how it is living out of a duffle bag for three weeks, (but maybe swim suits don't take up all that much space after all.) The routine is 3 hrs on and 6 off for just over 2,100 miles, and it's 'round the clock sailing unless they drop anchor at Fanning Island or some other exotic spot for an afternoon of diving or sight seeing. If you want to check her progress, click on Orange Coast College's web site ([www.occsailing.com](http://www.occsailing.com)) and then click (**ALASKA EAGLE**), then click on (**2005 e-mail updates**) and you can catch the periodic updates from the boat on the experience.

Carole is doing this in preparation for setting sail next fall on their own sailboat, ESPIRITU, for trips to Mexico and parts still unknown. Plans are to sail part of the year and be back here working for part (hurricane season) of the year, for the next several years.

**Did anyone else have an interesting summer? Share your stories with the rest of us!**



**Appraisal  
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Dante Club  
2530 Fair Oaks Blvd., Sacramento, CA

**September 22, 2005**

**Registration: 8:30 a.m.**

**Seminar: 9:00 a.m. to 1:00 p.m.**

**(Lunch following seminar)**

**Appraisal Institute, Sacramento Sierra Chapter**

In conjunction with **Best, Best and Krieger** presents:

**CALIFORNIA EMINENT DOMAIN CASE UPDATE**

The case update will include a discussion of recent eminent domain decisions, which impact the acquisition, and valuation of properties in eminent domain proceedings.

Topics to be discussed include

- The power to condemn
- Public necessity
- Fair market value
- Improvements to realty
- Jury misconduct
- Recovery of litigation expenses
- Public Use
- Date of value
- Comparable sales
- Loss of access
- Loss of goodwill

**EARLY REGISTRATION BEFORE 9/6/05:**

<b>Members:</b>	AI & IRWA: Seminar & Lunch	\$65 _____	<b>Nonmembers</b>	\$85 _____
	Seminar & Lunch w/out CE's	\$40 _____		\$50 _____
	Lunch only	\$20 _____		\$25 _____

**REGISTRATION AFTER 9/6/05:**

<b>Members:</b>	AI & IRWA: Seminar & Lunch	\$80 _____	<b>Nonmembers</b>	\$100 _____
	Seminar & Lunch w/out CE's	\$55 _____		\$ 65 _____
	Lunch only	\$35 _____		\$ 40 _____

Enclosed is my check payable to: **The Appraisal Institute** or charge my **VISA**  **MasterCard**   
**ONLINE REGISTRATION AVAILABLE AT [www.sac-ai.org](http://www.sac-ai.org)**

**Account No.** \_\_\_\_\_ **Expiration Date** \_\_\_\_ / \_\_\_\_

**Name on Card** \_\_\_\_\_ **Signature of Card Holder:** \_\_\_\_\_

**Name** \_\_\_\_\_ **Designation** \_\_\_\_\_

**Firm Name** \_\_\_\_\_ **Chapter Affiliation** \_\_\_\_\_

**Firm Address** \_\_\_\_\_

**City/State/Zip** \_\_\_\_\_

**Phone ( )** \_\_\_\_\_ **FAX ( )** \_\_\_\_\_ **Email Address** \_\_\_\_\_

**State License #(s)** \_\_\_\_\_ **State(s)** \_\_\_\_\_

**Appraisal Institute, Sacramento Sierra Chapter; 2701 Cottage Way, #30; Sacramento, CA 95825**  
**Phone: (916) 972-9700; Fax: (916) 972-9750**  
**E-mail: [emily@sac-ai.org](mailto:emily@sac-ai.org)**

# SITE TO DO BUSINESS

The 2-Hour introductory “Site To Do Business” seminar sponsored by our Chapter on August 25th was well attended. Site To Do Business allows appraisers to:

- *Access FEMA flood map information (type in the address)*
- *View aerial maps for almost any location in the US (recent photos & with good resolution)*
- *Obtain a wide range of data for any area you define so that you can compare market areas (based on median income levels, median home prices, etc.)*
- *Provide sophisticated exhibits for use in consulting and appraisal assignments (including maps, charts, graphs, etc).*
- *Show the locations of major employers in the region*
- *List retail centers within any neighborhood selected (you can compare this data to other neighborhoods, income levels, etc.)*

The rate for a one-year subscription to Site to Do Business is \$350. If you sign up now, a rate of \$200 will provide you with service through the end of this year. To sign up for the service simply call Todd Anderson at the Appraisal Institute at (312) 355-4154. Once you have your password you can access the service from any computer with internet access. AI will be offering an on-line, internet based course in October to demonstrate the various ways that appraisers can use the site. The Appraisal Institute website also includes an on-line “Forum” that includes answers to frequently asked questions as well as a Site-To-Do-Business tutorial that is accessed from the homepage of the AI website.

**Members already using this service – please share your experiences with SITE TO DO BUSINESS with other members of the Chapter (e-mail newsletter editor Vicki Briggs; [swvalue2@innercite.com](mailto:swvalue2@innercite.com))**

## Market Rates and Bond Yields

	July 2005	January 2005	July 2004	January 2004	July 2003	January 2003
Reserve Bank Discount Rate	4.25	3.25	2.25	2.00	2.00	1.25
Prime Rate (monthly average)	6.25	5.25	4.25	4.00	4.00	4.75
Federal Funds Rate	3.26	2.28	1.26	1.00	1.01	1.73
3-Month Treasury Bills	3.22	2.33	1.33	0.88	0.90	1.68
6-Month Treasury Bills	3.42	2.61	1.66	0.97	0.95	1.70
3-Month Certificates of Deposit	3.57	2.61	1.57	1.06	1.05	1.79
LIBOR 3-month rate	3.55	2.60	1.55	1.05	1.04	1.78
U.S. 5-Year Bond	3.98	3.71	3.69	3.12	2.87	3.81
U.S. 10-Year Bond	4.18	4.22	4.50	4.15	3.98	4.65
U.S. 20+ Year Bond	4.48	4.77	5.24	5.05	5.00	5.54
Municipal Tax Exempts (Aaa)	4.18	4.24	4.71	4.42	4.59	4.80
Municipal Tax Exempts (Aaa)	4.53	4.50	5.01	4.69	4.94	4.92
Corporate Bonds (Aaa)	5.06	5.36	5.82	5.54	5.49	6.53
Corporate Bonds (Aaa)	5.44	5.68	6.23	6.08	6.34	7.14
Corporate Bonds (Aaa)	5.95	6.02	6.62	6.44	6.62	7.90

**The following article was contributed by Appraisal Institute member Judson H. Cline. Thanks Judd, for taking time out of your busy schedule to attend these important meetings in Washington D.C. – and for preparing the following summary:**

Earlier this year I attended the Appraisal Institute's Leadership Development & Advisory Council (LDAC) meeting, in Washington D.C., as one of your Chapter representatives. LDAC brought together nearly 100 attendees from throughout the country, including John Nicolaou, Rich Paddock, and myself. Its goals included discussing issues related to the Appraisal Institute's future; establishing an Appraiser presence in D.C.; and lobbying members of Congress on matters important to the Appraisal Institute. Among the many events which occurred during the three days of LDAC, some of the more interesting concerned the planning efforts of the Appraisal Institute relative to your membership. LDAC included four primary discussion groups, which addressed the following issues pertaining to the Appraisal Institute's future:

**(1)** *AI 2020 focused on long-range planning – where the organization is headed. This broad-based discussion suggested goals for the Institute such as: increased activity at the College and University levels; assistance to members of smaller appraisal firms regarding business development and operations issues; and increased education of our membership regarding appraisal technology.*

**(2)** *Membership to the Max addressed whether the Appraisal Institute is offering its members the right services, and focused on how the organization might get its membership more involved. The recent decline and stabilization of our membership totals were examined, within both the designated and associate status categories.*

**(3)** *The Future of the SRA studied how to: make the SRA designation more relevant; provide greater service to this segment of our membership; and reverse the decline in SRA designations.*

**(4)** *Finally, Continuing Education pursued the topic of ensuring that the Institute is providing offerings that are relevant and demanded, including delivery of continuing education at newly-designed Regional Conferences; the introduction of continuing education with more of an emphasis on disciplines attractive to other organizations (e.g. law, accounting, taxation, and planning); and collaboration and crossover with groups such as those noted above for purposes of education planning, both within the Institute and the other organizations.*

More information regarding these and other suggestions is available on the LDAC section of the Appraisal Institute

website. If any are of particular appeal or offense to you, as members, I suggest that you express your opinions to your Chapter and National leadership.

As part of the LDAC program I also spent time on Capitol Hill lobbying our congressional leaders. Along with Rich Paddock and John Nicolau, I had the opportunity to meet with Rep. John T. Doolittle (R-CA, 4th). Mr. Doolittle represents all residents in the area from Placer County north to the Oregon border. During our meeting we shared our thoughts on H.R. 1295, the Responsible Lending Act (discussed in the last newsletter) introduced in March by a bipartisan committee lead by Reps. Bob Ney, R-OH and Paul Kanjorski, D-PA. With aggressive follow-up after the meeting, I subsequently received word that Rep. Doolittle agreed to co-sponsor the bill! This is a tremendous statement of support for the constituents that he represents here in Northern California, as well as the effect a couple appraisers can have on helping to take control of our future in our own little way!

In closing, I want to thank the Chapter for the opportunity to represent you at LDAC. If you would like to further discuss the events of the conference, please contact me directly: Judson Cline @ Cushman & Wakefield (916) 797-7317 (judson\_cline@cushwake.com).

**jokes:**

**Appraisal Terms:**

**Highest and Best Use** - *Whatever the person who is paying for the appraisal wants to do with the property.*

**Marginal Utility** - *Many appraisals.*

**Market Value** - *Formerly, one sentence which covered the bases pretty well. Now, a page of explanation, some of which appears to be contradictory and imprecise.*

**Purpose of the Appraisal** - *To make a living in the appraisal business.*

**The following article was written by appraisers at the local office of PGP Valuation. Thanks PGP for sharing your market expertise with other members of our Chapter!**

# Self-Storage Market Trends

*Self-storage facilities have experienced a trend of increasing demand and values over the last several years. The following paragraphs briefly review trends in capitalization rates, vacancy rates and performance of self-storage projects throughout California.*

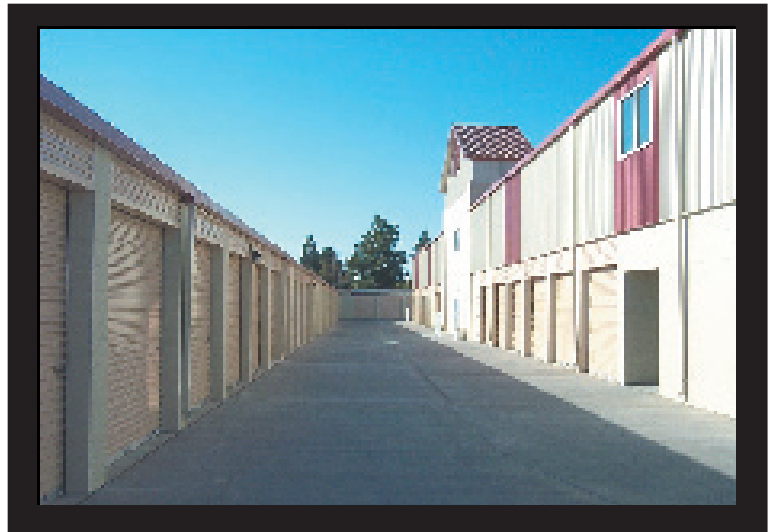
## Capitalization Rates

The primary factors influencing the overall capitalization rate are location (including identity/exposure), age, quality, condition, appeal, occupancy rate, rental rates (with respect to market levels), upside potential, and the perceived risk in the property. It should be noted that many facilities sell with lower occupancy levels, which has been perceived as upside potential in filling the units, causing downward pressure on capitalization rates. Also, many investors and operators have paid lower capitalization rates to increase market share, which may not be directly tied to real estate value.

Demand for self-storage facilities, coupled with historically low interest rates and other factors mentioned above has continued to fuel the downward trend in capitalization rates. According to sales listed by Marcus & Millichap, capitalization rates in California averaged 9.2% in 2001 and decreased to 8.4% in 2003. Based on available 2004 sales, capitalization rates in California typically ranged from 6.3% to 9.7%, with an average of 8.0%. Research in 2005 through July indicates a capitalization rate range from 6.0% to 7.3% with an average of 6.7%. Low interest rates have enticed numerous owners to refinance and encouraged new development in recent years. However, it is anticipated that the downward pressure on capitalization rates will stabilize as interest rates continue to rise.

## Vacancy Rates

Based on 50 market studies conducted over the prior year, vacancy rates throughout California generally range between 5% to 10%. Some saturated markets in metropolitan areas are experiencing 15% to 20% vacancy due to the number of new facilities that have entered the market in recent years. However, according to Marcus & Millichap, new development



is anticipated to decrease by 60% from the 2002 and 2003 levels of development. According to the California Department of Finance, population growth has averaged 1.5% since 1990 and a similar rate of growth is projected through 2010. As population growth continues throughout the state and as new development slows due to increasing interest rates, it is anticipated that vacancy rates will decrease over the next several years.

## Climate Controlled Units

Demand and construction of climate controlled units continues to grow in many markets across the state; especially inland areas where temperatures are much higher in summer months. Based on our research over the last 12 months, climate controlled units typically earn a premium of 5% to 15% per month. Based on conversations with owners, success with climate controlled units has been attributable to managers with strong marketing skills and facilities being located in areas with higher median income levels.

# NEWS FROM NATIONAL

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## California Legislature Tackles Eminent Domain

California legislators are considering two laws that relate to the taking of private property, in light of the U.S. Supreme Court's June ruling in *Kelo vs. New London*. That decision backed the authority of a municipality to evoke eminent domain to make way for a private redevelopment project.

One of the bills, Assembly Bill 590, was first proposed in February as a housing-discrimination measure but was radically amended in July to relate to eminent domain issues. The bill now provides that, while eminent domain may be exercised to acquire property only for a public use, "In the exercise of eminent domain, 'public use' does not include the taking or damaging of property for private use, including, but not limited to, the condemnation of non-blighted property for private business development."

The other bill, Senate Constitutional Amendment 15, would provide that private property "may be taken or damaged only for a stated public use." The measure would also require that the property be "owned and occupied by the condemnor, except as specified, and used only for the stated public use." If the property "ceases to be used for the stated public use, the former owner, or a beneficiary or an heir who has been designated for this purpose, would have the right to reacquire the property for its fair market value before the property may be otherwise sold or transferred," the legislation also states.

## MBA Report Projects Flattening House Prices and Increased Delinquency Rates

An August 23 Mortgage Bankers Association report on the housing market downplayed the risks of a "housing bubble" but projected a flattening of national housing prices and a possible increase in delinquency rates. The MBA report, *Housing and Mortgage Markets: An Analysis*, projects a return to more normal housing price appreciation patterns, rather than a sudden decline. The report also acknowledged that recent benign trends in delinquencies could change as interest rates rise and rapid equity gains subside.

"House price growth will slow," said Doug Duncan, MBA's chief economist. "There will be a flattening in the decline of delinquencies, and possibly some slight upturn in delinquencies, and this will have a modest slowing effect on the U.S. economy."

Duncan said MBA expected housing price increases to back off their current double-digit annual gains to about a 4 percent hike next year. That compares with a 30-year trend reflecting 6 percent annual increases nationally, according to the MBA report.

The analysis detailed several potential factors that it said could increase risk in the housing market. Among them are a high and sustained increase in prices, reduced employment, a high level of speculation, an increasing share of condominium sales relative to single family sales, increasing use of loans such as interest-only mortgages that expose borrowers to "payment shocks," and increases in riskier underwriting practices. The report can be viewed at [www.mortgagebankers.org/news/2005/MBA\\_Monograph\\_No1.pdf](http://www.mortgagebankers.org/news/2005/MBA_Monograph_No1.pdf).

## Appraisal Institute Online Education Programs Just Approved in California

The Appraisal Institute recently received California's go-ahead to offer the following online courses:

### Program / Hours

*15 Hour National USPAP Online Equivalent Course, 15*  
*7 Hour National USPAP Online Equivalent Course, 7*  
*Analyzing Distressed Real Estate, 4*  
*Analyzing Operating Expenses, 7*  
*Apartment Appraisal Concepts and Applications, 15*  
*Appraisal of Nursing Facilities, 7*  
*Appraising from Blueprints and Specifications, 7*  
*Appraising Manufactured Housing, 7*  
*Business Practices and Ethics, 8*  
*Eminent Domain and Condemnation, 7*  
*Feasibility, Market Value, Investment Timing: Option Value, 7*  
*Internet Search Strategies for Real Estate Appraisers, 7*  
*Introduction to GIS Applications for Real Estate Appraisal, 7*  
*Overview of Real Estate Appraisal Principles, 7*  
*Residential Demonstration Appraisal Report Writing, 15*  
*Residential Design and Functional Utility, 7*  
*Residential Property Construction and Inspection, 7*  
*Scope of Work: Expanding Your Range of Services, 7*  
*Small Hotel/Motel Valuation: Limited-Service Lodging, 7*  
*The Cost Approach to Commercial Appraising, 7*  
*The FHA and the Appraisal Process, 7*  
*Using Your HP12C Financial Calculator, 7*  
*Valuation of Detrimental Conditions in Real Estate, 7*

**More Information and Registration:**  
<http://onlined.appraisalinstitute.org>  
**Questions: T 312-335-4207**

## AI to Release AI Reports™ Residential Summary Appraisal Report Form

Following the release of the revised Fannie Mae 1004 form, the Appraisal Institute is preparing to introduce AI Reports™ Residential Summary Appraisal Report form. Intended to

# NEWS FROM NATIONAL CON'T

fill a need beyond mortgage lending clients, AI Reports™ Residential Summary Appraisal Report form is designed for use in a wide variety of appraisal assignments, including insurance purposes, probate, litigation, and valuation for estate and financial planning.

The AI Reports™ Residential Summary Report form will be turned over to all major appraisal software companies to be scheduled for programming and is projected to be made available concurrent to the fall 2005 implementation date of the revised 1004 form.

“When Fannie Mae released the draft versions of their proposed 1004 forms, it was immediately apparent that non-lending uses could no longer be accommodated within that format” explains Leland Trice, SRA, chair of the AI Reports™ project team. “We felt the Appraisal Institute was well-suited to produce new residential appraisal report formats to fill this void.”

The project team began working on AI Reports™ Residential Summary Appraisal Report in late 2004. Composed of Appraisal Institute members holding the SRA designation, as well as associate members, the project team was charged with developing an appraisal report form that would be consumer-centric, appraiser-friendly and USPAP compliant. After an exposure draft of the proposed form was sent to the Appraisal Institute’s full membership in June, the project team was able to analyze feedback and incorporate changes in the form where appropriate.

Features of the AI Reports™ Residential Summary Appraisal Report form include:

- *Letter-size format – professional vs. legal look*
- *Focus on additional data fields relevant to the assignment*
- *Additional comparative data regarding neighborhood and improvements*
- *Single page sales comparison analysis, cost analysis and income analysis*
- *Refined limiting conditions*
- *Clear identification of the appraisal company in addition to specific appraiser(s)*
- *E-mail and Web addresses of the appraiser and the appraisal company*

“Appraisers and their clients will equally benefit from the AI Reports™ Residential Summary Appraisal Report,” Trice comments. “The client will receive a report that is appropriate for the intended use and clearly defines the scope of work. And similarly, the appraiser is not forced to use a report that is not ideally suited for an assignment.”

For more information, contact Ed Duszak at [aireports@appraisalinstitute.org](mailto:aireports@appraisalinstitute.org).

## Appraisal Institute Releases Book on Using New URAR Forms; Member Discount

In response to the new Fannie Mae residential appraising forms, the Appraisal Institute has released a new text, *Using Residential Appraisal Report Forms*. The book, by Mark Rattermann, MAI, SRA, addresses the reasons for the changes to the forms and their ramifications and provides up-to-date, relevant instruction on completing both the Uniform Residential Appraisal Report (Form 1004) and Exterior-Only Inspection Residential Appraisal Report (Form 2055).

Designed for individual or classroom use, this new guide to the single-unit residential appraisal report forms can be used as a reference by experienced appraisers and as a training manual for novices. The book follows the layout of the forms with line-by-line instructions for completion and includes dozens of real-world examples that provide context for the instructions. The examples focus on strategies for achieving best practice and overcoming common mistakes made in the field, providing practitioners with the tools they need to perform every residential appraisal assignment with confidence and competence.

Appraisal Institute members can take advantage of a special introductory member price for a single copy through October 31, 2005: \$24. Afterward, the book will be \$30 for members. The non-member price is \$35. To order, call 800-504-7440 or visit [www.appraisalinstitute.org/publications/downloads/puborder.pdf](http://www.appraisalinstitute.org/publications/downloads/puborder.pdf) Reference stock number 0701M.



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## CHAPTER OFFICE

### LOCATION

**Sacramento Sierra Chapter**  
2701 Cottage Way, Suite 30  
Sacramento, CA 95825

Phone.....916 972-9700

Fax.....916 972-9750

E-mail.....emily@sac-ai.org

Web Page.....www.sac-ai.org

### EXECUTIVE DIRECTOR

Emily J. Bernardis

### ADMINISTRATIVE ASSISTANT

Elaine M. Masi

## NEWSLETTER NOTES

### NEWSLETTER EDITOR

Vicki C. Briggs, MAI

Phone.....530 888-9802

E-mail.....swvalue@innercite.com

**Articles may be submitted to the  
Chapter office via fax or e-mail.**

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