

Sacramento Sierra Chapter



APPRAISAL NEWS

& Review

Sacramento Sierra Chapter
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President's Report

Greetings to all!

Here we are, fall 2003 and at the risk of sounding like a broken record, let me state that the year has virtually flown by.

October 9th witnessed the final Board of Directors meeting of 2003. It was well attended by the Board Members and Officers resulting in a productive meeting. It is a pleasure to inform you that the Chapters finances improved this year, as revenues surpassed the budget by a significant amount. Charles LaFlamme and the members of the Education Committee who worked so hard to stage an exceptional slate of offerings share credit for this. Equal credit goes to all of you who attended the classes, seminars and programs that our Chapter offered, for without your patronage none of the success would be possible.

I would like to take this opportunity to thank all of the Committee Chairs and the Committee Members as well as the Board of Directors who worked behind the scenes to make our Chapter a success. The donation of time is often required at the absolute worst moment for these individuals and the efforts expended

are often overlooked by the membership, but without these volunteers, our Chapter could not function. So let me say, many thanks to you all.

In addition to the volunteers, a special note of thanks is extended to Emily Bernardis, our Executive Secretary and her assistant Elaine. Emily provides an invaluable service to all of us. Her knowledge of the procedures required to conform to the requirements set forth by National is invaluable, and her efforts to produce the programs and educational events are incredible. Thanks for all of the hard work and dedication Emily and Elaine.

As the summer ended, it was time for our Fall Event in Lake Tahoe. This year, the Getaway to Lake Tahoe, October 23 and 24, featured the twin seminars on Land Valuation Adjustment Procedures and Land Valuation Assignments. The seminars were sold out and attendees had a great time at beautiful Tahoe in addition to earning continuing education credits. Appraisers attended from all over the United States, including the East Coast and Hawaii. Those who have never attended one of our Tahoe events should make plans to do so next year.

Inside this issue:

President's Report	1
Contemporary Issues Seminar	1
AVM Face Off	2
Education Offerings Update	3
Welcome New Members	4
Appraisal Summit, Washington D.C.	5

Finally, I would like to invite you all to the installation dinner that is to be held Friday, November 21, 2003 at the Del Paso Country Club from 6:30 to 9:30 p.m. Cydney Bender, MAI, will be installed as our new President, and we will honor outgoing officers and Board Members while welcoming Cydney and the incoming officers for 2004.

In closing, I want to tell you that it has been an honor to represent you, the members of the Sacramento Sierra Chapter of the Appraisal Institute over the past years as a Board Member, an officer and as your President. I wish all the best and God's blessings as you pursue your goals and aspirations over the coming years.

Richard A. Ribacchi, MAI

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

News Update from the California State Government Relations Subcommittee

The California State Government Relations Subcommittee of the Appraisal Institute (CSGRS) met November 8, 2003, with California Office of Real Estate Appraisers, Acting-Director Tony Majewski, and Mike Belote of California Advocates, Inc., our legislative representative. This was a frank and open discussion, the likes of which we have not experienced in the past.

Importantly, the financial well-being of OREA was discussed. Director Majewski indicated that the current number of appraisal licensees California stands at 13,738. Of this population, 3,845 are currently trainees.

OREA is now experiencing good financial health as a result of the increased number of licensees, a reduction in the number of employees, and a move to smaller quarters.

In addition to processing license applications and renewals, OREA receives approximately 10 complaints against appraisers each week. The majority of the complaints received (approximately 90%) involve residential appraisals. About 50% of these complaints result in further investigation. Appraisals involving lenders and "Flips" appear to head the list of complaints.

A number of issues were presented at this bi-annual meeting and we identified the following action items for 2004 which involve the OREA, CSGRS and the Appraisal Institute membership:

- Implement a clear, concise, and fair procedure for "Inactive licensees" so they may have the opportunity to reinstate their licenses
- Obtain approval for "Distance Education," on-line or correspondence courses that meet AQB requirements

- Allow OREA continuing education credit for license renewals only for the two-day USPAP course if the exam not taken (14 hours CE credit without the exam)
- Recommended: Online license renewals as well as an OREA audit of appraisal courses which have been approved for course providers. Due to some course deficiencies, it is further recommended that the OREA initiate oversight procedures to determine if CE courses and/or instruction are compliant. The purpose is to insure that students obtain competent and "approved" education as well as raising the standard for appraisal education curriculum.
- Limit the number of times a licensee may sit for the state licensing exam in a year. Currently, there is no provision as to how many times an applicant can "re-take" the exam.

On the renewal front, be advised that the high volume of new license applications and renewals means slower processing times. OREA sends out renewal packages as early as six months prior to license expiration. Please be sure to submit your license renewal application well in advance of your renewal date to avoid delays. It is recommended that a submission for renewal be made 90-days prior to license expiration.

Over the past year, it was reported that OREA might merge with the Department of Corporations (DOC). This was primarily a budget-driven issue. At the present time, there is no merger of the OREA with any other State regulatory office being considered.

Recently Adopted Bills which may impact Appraisers include the following:

AB 17: This bill involves contractors who receive more than \$100,000 annually from State contracts. With the passage of this bill contractors may

not discriminate in employment benefits to domestic partners.

AB 68: Effective July 1, 2004, any operator of a commercial website that collects personal information about a customer must post a privacy policy on that website and also must comply with the privacy policy posted.

SB 796: This bill allows a "private right of action" for individuals on any labor code violation, even if either State or Federal government does not make a finding which results in a fine. This means that employers must treat employees fairly, per the labor code, or they can be subject to civil actions brought by employees, despite the State's opinions on code violations.

Government Representation Example: Early this year one of the Appraisal Institute's chapters encountered difficulty gaining retro-active approval of a AI 410 offering. This Standards course had routinely been approved by OREA in the past. In this particular situation, a communications lapse occurred at the National and State levels where the approval process is conducted. Through swift and coordinated response by Region Seven's Chapter administrators, CSGRS, and intervention by our lobbyist, course credit was approved thus saving all of the chapters from having to re-offer the course or refund course fees.

While each of the courses and seminars offered by the AI actually set the standard for appraisal industry education, OREA's untimely delay caught many off-guard. But, the efforts of many resulted in newer and better communications at the State level. Turning this issue around saved time as well as thousands of education dollars for our chapters. As usual, we expect things to go smoothly with AI educational offerings but an occasional bump in the resolving this important matter.

(Continued on page 3)

Education Offerings Update

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

Well summer is finally over, the almonds are in, rice and walnuts have been harvested and the land is ready for a rest. How is your practice? A busy summer and fall was on tap for most appraisers in our area, but many took the time to take a short rest at Lake Tahoe for our fall seminar.

Actually, we ended summer with two offerings the first was Course 400 in early September and then Course 420 (Part B). We sold out for both offerings and because of the demand for Course 400 (the new USPAP required course) we have decided to offer it again on Friday December 5. The course will be held at the Red Lion Inn. The cost is \$150 for the one-day event and the instructor again will be Tony Wren. I attended the class in September and Tony had a very good presentation; the class was almost painless.

Our fall seminar at Lake Tahoe was pm October 23 and 24 at Harrah's Lake Tahoe. The seminars consisted of two consecutive, one-day seminars. The first seminar was **Land Valuation Adjustment Procedures** and the second was **Land Valuation Assignments**. James (Jack) Boykin, MAI was the instructor. Jack is a recently retired college professor (University of Virginia) who has been involved in the appraisal profession for decades. He is very well respected in the appraisal profession and it was a pleasure having him with us. The seminars were sold out at 125 attendees each day.

2004 will be a busy educational year. We start the year in January

with **Effective Appraisal Writing**. Alan Blankenship, PhD. will teach this course. Alan is not an appraiser, rather a college professor. He has been involved with appraisers and the Institute, however, for probably 15 years, teaching appraisers how to write effectively to communicate their reports. Everyone I have talked to who has taken a course from Alan has said that he is a very good instructor, the course was very good and that they have learned a lot. Need to get the verbosity out of your reports? Need to understand the difference between a business report and a demonstration report? Sign up for the class. It is only one day and will be on January 16.

We are going to offer Course 110, 120, and 410 in the spring. Craig Owyang, MAI, will teach Course 110, Arlen Mills, MAI, will teach Course 120 and Sara Schwarzenraub, SRA, will teach Course 410. Most of you probably know Craig and Arlen, as they have been associated with the Norcal Chapter. Sara, however, comes to us from the San Diego area. She has been very active on a national level and has very good reviews for her teaching assignments. All courses will be taught at the Red Lion Inn.

Course 110 will be taught on two consecutive Thursdays, Fridays and Saturdays beginning on February 26. Course 120 will also be taught on two consecutive Thursdays, Fridays and Saturdays beginning April 15, and Course 410 will be taught on May 14th and 15th. These are the courses that are necessary to obtain a trainee license so if you have trainees in your office get them on track with these offerings. We may or may not offer them again in 2005.

(Continued on page 4)

IN MEMORIAM

Carol Joy Altair-Klinger

Carol Altair, SRA, a long-time member of the Sacramento-Sierra Chapter and wife of member Aaron Klinger, SRA, died in early October after a lengthy illness. In addition to Aaron, she is survived by her mother, Joy M. Burris of Placerville, a sister and brother and a number of nieces and nephews. Carol was an enthusiastic adventurer who loved to travel and visited over 26 countries on five continents. She sailed the Aegean Sea on archeological projects with Earthwatch, rode elephants in Thailand and horses in Ireland, and studied toque macaques in Sri Lanka. Her love of animals was an important part of her life, particularly horses and cats, and she was an avid naturalist. She spent time training her horses and was a volunteer annually for the Tevis Cup

(Continued Government Relations from page 4)

road sometimes needs special attention. For the minimal government relations fee we pay, we continue to receive excellent representation from Mike Belote and California Advocates, Inc. We are particularly grateful for his assistance in resolving this important matter.

Government Representation Costs: After budget review, it was determined that only a slight increase in costs for the CSGRS would occur in the upcoming year. For 2004, \$13.75 of your annual dues, or about \$1.15 per member, per month will go to our Government Relations Subcommittee. Most of this cost is legislative oversight....a small price indeed for the extraordinary service provided by our legislative representative, Mike Belote and his firm, California Advocates, Inc.

If you have any questions or comments, please feel free contact me. David Yerke, MAI, SGA Chairman, California State Government Relations Subcommittee. Djyinc @adelphia.net.

Or your Chapter Representative: Steve Wardwell, wardwellappraiser@earthlink.net

(Continued from page 1)

For those members with more senior appraisers or for candidates, we are offering Course 510, Advanced Income Capitalization. It will be held during the week of February 2nd through the 7th. The course will be at the Red Lion and will be team-taught by Harry Holzhauser, MAI, and Craig Owyang, MAI. Harry is from Seattle and taught Course 310 this past year. He consistently gets very high instructor ratings.

On March 26 we will offer Course 400 again. Since it is required every two years now for license renewal, it will likely become one of our mainstay offerings. This time Sara Schwarzentraub, SRA, will present it.

Our spring seminar has just been put together. It will consist of a one-day offering that will be available as two four-hour offerings. The seminars were written and will be taught by Ted Whitmer. More on that in the next newsletter.

Course 450 which is to be the replacement class for Course 430 (Part C) was supposed to be ready for 2004. From what we are hearing from national at this time is that the course will not be ready. More on what will be necessary to get certified in the next newsletter.

(Continued from In Memoriam page 3)

100-mile endurance ride, in which she hoped to compete one day.

Her driving passion, according to her family, was writing. She was a member of the El Dorado Writers Guild, a member of the WinWin writers group, a contributing writer for the Sierra Wildlife Rescue Newsletter, and had many travel articles and photos published. Carol won a "Persie" writing award at the 2003 WinWin competition for her short story "The Water Spirit."

Memorial donations may be made in Carol's name to the Sierra Wildlife Rescue in Placerville, the USSF Pancreatic Cancer Research Fund in San Francisco or the local Cancer Society, or to the SPCA.

Experience Review Review

by Vicki Briggs, MAI

There are two levels of Experience Review for Associate Members pursuing either the SRA or the MAI designation.

1st Level of Review: For both designations, the first level of review is strictly to benefit the appraiser in terms of providing counseling, suggestions and guidance that will help improve future work. The appraisals selected will be reviewed at the local Chapter level. As the procedure stands today, the record of hours worked must be submitted, but *the actual review is optional*. There is no "pass/fail" at this first level of review.

For the SRA designation the first level of review is referred to as an "Advisory" review and requires the Associate to submit 2,000 hours of experience completed over at least a two-year period. The appraiser will be asked to select and submit 10 appraisals: five appraisals chosen by the appraiser and five by the reviewer

For the MAI designation the first level of review is referred to as a "mentoring" review and requires the Associate to submit 3,000 hours of experience completed over at least a two-year period. The Associate will be asked to select and submit just two appraisal reports for review. These two reports will be the only two reports reviewed at the 1st level of experience review.

2nd (final) Level of Review: The work submitted at the second level must be your most recent work. *A review is mandatory at this level.* This review is performed at the national (as opposed to local) level by a trained Screener, with assistance from the local chapter, if required. The Screener will interview the Associate Member by telephone. If the Screener determines that the work, or a portion of the work, submitted by the Associate does not meet standards, it can be rejected by the Screener. For this reason it is highly recommended that Associates go through the first level of review in advance of the final review.

For the SRA designation, the second level of review requires 2,000 hours of residential appraisal experience. The application period must cover at least an 18-month period (performed after the initial list of work). A total of 10 reports will be reviewed at this second level. The Associate member selects five reports and the Screener selects five reports.

For the MAI designation, the second level of review requires 3,000 hours of appraisal or qualified appraisal related work. A total of five reports will be reviewed at this second level. The Associate Member selects two reports and the Screener selects three.

Additional information on the Experience Review process and Experience Review forms are available on the Associate Members Resource Page in the Appraisal Institute's website, which is: www.appraisalinstitute.org. There are separate forms for the first and second levels of review. You must submit the appropriate form for the two levels of review.

If you have questions on the type of work that will be given credit or on any other aspect of the **Experience Review** process, contact Marilyn Moore at (312) 335-4173 or Harriet Kudlacik at (312) 335-4157 at the Chicago office. I have found them both to be extremely knowledgeable - and prompt at returning calls!

Questions pertaining to the **Demonstration Report** should be directed to Nancy Morales at (312) 335-4177.

The Comprehensive Exam is a two-day, four-module test. The exam can be taken before the Demo is completed, but you must have completed your college degree and all required course work first. The Comprehensive Exam is given twice a year - usually on the last Monday and Tuesday of February and August. Questions regarding the **Comprehensive Exam** or **designation requirements** in general should be directed to Carrie Vann at (312) 335-4189.

Appraisal Institute MAI Designation and SRA Designation Requirements As of June 2003

	<u>MAI Designation</u>	<u>SRA Designation</u>
	Associate membership is required to pursue the MAI Designation. For complete information on requirements, refer to Regulation No. 1 and the MAI Procedure Manual .	Associate membership is required to pursue the SRA designation. For complete information on requirements, refer to Regulation No. 2 and the SRA Procedure Manual .
Standards of Professional Practice (SPP)	Must attend and pass Course/Exam 410, <i>Standards of Professional Appraisal Practice [USPAP], Part A</i> , and Course/Exam 420, <i>Standards of Professional Appraisal Practice, Part B</i> , <u>within the first year of Associate Membership</u> and the <u>Appraisal Institute's SPP every five (5) years thereafter</u> . For details regarding equivalencies to Course/Exam 410, or information on eligibility for Course/Exam 430, <i>Standards of Professional Appraisal Practice, Part C</i> , please refer to Regulation No. 1 (MAI) or Regulation No. 2 (SRA).	
Required Courses/ Exams	<p>Level I Courses/Exams are waived by meeting AQB criteria/state general certification or the equivalent.</p> <ul style="list-style-type: none"> • Exam 110, <i>Appraisal Principles</i> • Exam 120, <i>Appraisal Procedures</i> • Exam 310, <i>Basic Income Capitalization</i> • Exam 320, <i>General Applications</i> <p>Credit must be received for the following Level II courses/examinations:</p> <ul style="list-style-type: none"> • Exam 510, <i>Advanced Income Capitalization</i> • Exam 520, <i>Highest & Best Use and Market Analysis</i> • Exam 530, <i>Advanced Sales Comparison and Cost Approaches</i> • Course/Exam 540, <i>Report Writing and Valuation Analysis</i> • Exam 550, <i>Advanced Applications</i> <p>(Note: The associate member must attend Courses 410, 420, & 540. All other examinations may be challenged.)</p>	<p>Level I Courses/Exams are waived by meeting AQB criteria/state residential certification or the equivalent.</p> <ul style="list-style-type: none"> • Exam 110, <i>Appraisal Principles</i> • Exam 120, <i>Appraisal Procedures</i> • Exam 210, <i>Residential Case Study</i> <p>Credit must be received for the following Level II courses/examinations:</p> <ul style="list-style-type: none"> • Course/Exam 500, <i>Advanced Residential Form and Narrative Report Writing</i> OR Course/Exam 540, <i>Report Writing and Valuation Analysis</i> • <i>The associate member must attend a Business Ethics course approved by the Appraisal Institute effective 1/1/2002. Those who were admitted before 1/1/2002 but do not meet the SRA designation by 12/31/04 must also attend a Business Ethics course.</i>
College Degree Requirement	At least a four-year college degree from an accredited college or university (documented by providing an official transcript sent directly from the college to the Membership Services Department).	At least a four-year college degree from an accredited college or university (documented by providing an official transcript sent directly from the college to the Membership Services Department) OR you must complete an acceptable college degree alternative. Please contact the Membership Services Department for a list of acceptable college degree alternatives.
Demo Report	Must receive credit for a demonstration appraisal report on an income producing property or receive credit for the research paper or three-appraisal report alternative.	Must receive credit for a narrative or structured format demonstration appraisal report on a one-to-four-family property or receive credit for the modular demonstration of knowledge requirement.
Comprehensive Exam	Must pass the Appraisal Institute's General Comprehensive Examination.	Not applicable
Appraisal Experience	Initial list of work: The associate member must submit a list of work after performing appraisal work or providing practical solutions to real property economics problems for 3,000 hours over at least two years. Mentoring Review of this work by your local chapter. Must receive credit for 3,000 hours of Specialized Experience performed after the initial list of work.	Initial list of work: The associate member must submit a list of appraisal work after completing 2,500 hours over at least two years. Mentoring Review of this work may be requested. Must receive credit for 2,000 hours of Residential Appraisal Experience performed after the initial list of work.

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**Next Newsletter Deadline
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Sacramento Sierra Chapter
of the
Appraisal Institute

Wishes you the best
this Holiday Season

and
A successful and prosperous
2004



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