



## President's Message

by Allen Safer, MAI  
Seattle Chapter President

Just as it has long been the custom for a President to give a January State of the Union Address, I thought I would devote this message to briefly addressing the State of the Chapter. I've identified some indicators to establish where the Chapter currently stands. These are: (1) Chapter Financial Trends, (2) Membership Count, (3) Capture Rate, and (3) Chapter Participation Rate.

**Financial Trends.** It is my pleasure to report that the Chapter had a very good finish to what many feared was going to be a very tough year. Through a combination of cutting discretionary expenses and several very successful educational offerings in the last quarter of 2006, our actual cash deficit came in at about \$35,000.

Why am I pleased with a \$35,000 deficit? Because at mid-year 2006, our Finance Committee projected a YE loss of about \$65,000 based on disappointing results of our educational offerings (YTD) and lagging dues collection. The chapter has been absorbing between \$15,000 to \$20,000 in annual losses since 1998, funded out of excess reserves accumulated from windfall education profits from the early 1990s (due to the pre-licensing education required with the advent of state licensing). Our financial reserves were projected to drop below \$100,000 vs. our minimum reserves threshold of \$120,000. Needless to say, the Chapter no longer has any excess reserves.

Based on these trends, the Chapter Board approved the first dues increase since 2001 to put us back on a fiscally responsible path, together with a mandate to raise revenue by increasing membership and diversifying our education and sponsorship revenues.

In 2007, our chapter will be offering 17 seminars totaling 150 CE hours, and 6 courses totaling 175 clock hours which will satisfy both state licensing and AI designation requirements. Our education committee is hard at work creating new home grown seminars, some of which we plan to offer up and down the I-5 corridor to satisfy outlying demand for quality CE.

Finally, we will be rolling out our first Seattle Fall Conference on November 2, 2007, modeled after the Northern California Fall Conference that has been an institution in the Bay Area for over 50 years. Chaired by Scott Biethan, MAI, the Seattle Fall Conference Committee has lined-up two keynote speakers: John W. Mitchell, Chief Economist for US Bancorp and Gene Duvernoy, President of the Cascade Agenda (an off-shoot of the Cascade Land Conservancy), which promotes market-based approaches to preservation of recreation and habitat lands ([www.cascadeagenda.com](http://www.cascadeagenda.com)). We anticipate this will be a major branding event, and potentially will become a new source of funding to supplement our dues and education revenues. This event creates tremendous new opportunities for Chapter members to participate in the planning and implementation of a high profile event. If you are interested in being part of this event, please email your interest to the Chapter office.

**Membership Count.** Our membership count continued to grow in 2006, principally due to the addition of the South Sound Branch Chapter. As we begin 2007 we have 463 members comprised of 120 MAIs, 42 SRAs, 16 MAI/SRAs (dual designations), 2 SRA/SRPAs, 6 SRPAs, 159 General Associates, 86 Residential Associates, and 32 Affiliates.

In addition to the South Sound Branch Chapter, there is now a North Sound Branch Chapter which will be having an inaugural meeting on January 18th at the Skagit Hotel/Casino.

I see tremendous opportunity to increase our membership through the Branch Chapters, which should promote a very real sense of community that comes from attending meetings and educational offerings close to home.

Our goal for 2007 is growth of our membership to about 510 members, with the long range goal of growing the combined membership to 600 by the end of 2009.

**Capture Rate.** Currently, the Seattle Chapter membership represents about 23% of all licensed appraisers in the zip codes defining our Chapter market area. This figure exceeds the national average of 20%, but our goal should be a 30% capture rate. To realize that goal, we have to develop the marketing materials that clearly lays

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**Submission date for February Newsreal:** Friday, January 12, 2006

## Upcoming Courses

### Trainee Education Series

To register as a trainee, you will need Basic Appraisal Principles, Basic Appraisal Procedures, and Standards of Professional Practice totaling 75 hours.

#### Sign up now!

Date	Course
1/23-26/07	Appraisal Principles (30 Hrs)
2/27-3/2/07	Appraisal Procedures (30 Hrs)
3/22-23/07	Standards of Professional Practice (15 Hrs)

### North Sound Branch Chapter Meeting & Fraud Seminar

The North Sound Branch Chapter will have their first meeting on January 18, 2007 at The Skagit Hotel & Casino. This meeting will be preceded by a 3-hour Mortgage/Appraisal Fraud Seminar presented by Richard Hagar, SRA. This seminar has been approved for 3-hours of CE for appraisers and 3 clock-hours for real estate agents and brokers. Please see page 4 of this Newsreal and upcoming email announcements for more details!

**To register** or to find out more about other courses being offered, go online to [www.ai-seattle.org](http://www.ai-seattle.org). For more information, please contact: Jessica Larson at (206) 622-8425 or by email: [aisea@qwest.net](mailto:aisea@qwest.net)

## Chapter Calendar

DATE	EVENT	LOCATION/TIME	CE HOURS
1/9	Finance Committee Mtg	9:30AM, teleconference	
1/17	Board Meeting *	3:00 PM, Broadmoor Golf Club 2340 Broadmoor Dr. E, Seattle	
1/17	Associate Member Guidance Seminar	2:30-5:30PM, Broadmoor Golf Club 2340 Broadmoor Dr. E, Seattle	3 hr AI CE only
1/17	Chapter Dinner Meeting	6:00PM Social, 6:30PM Dinner Broadmoor Golf Club, Seattle	
1/19	Newsreal Deadline		
1/23-26	Basic Appraisal Principles	Hawthorne Suites 6329 S 212th St, Kent	40 hr QE
2/21	Chapter Lunch Meeting & Seminar	TBD	2 hr CE (pending)

\* All Chapter members are welcome to attend Board Meetings. Call the Chapter office for directions.

### For More Information

For more information on the Seattle Chapter of the Appraisal Institute's upcoming events, contact (206) 622-8425, or via email at [aisea@qwest.net](mailto:aisea@qwest.net). Information can also be located at the Seattle Chapter website at [www.ai-seattle.org](http://www.ai-seattle.org).

# January Dinner & Associate Seminar

PRESENTED BY THE SEATTLE CHAPTER OF THE APPRAISAL INSTITUTE

**Date:** Wednesday, January 17, 2007

**Location:** **Broadmoor Golf Club**  
2340 Broadmoor Drive East  
Seattle, Washington 98112  
*Please see other side for directions.*  
Please note: Cell phones and denim are not allowed in the Broadmoor Golf Club.

**Schedule:**

2:30 - 5:30 PM	Associate Member Guidance Seminar
5:30 - 6:15 PM	Dinner Meeting Registration
5:30 - 6:30 PM	Chapter Social/2006 Member Roster Photos
6:30 - 8:30 PM	Chapter Dinner Meeting

### The Associate Member Guidance Seminar

This three-hour seminar helps guide associates through the designation process. It combines brief presentations from Appraisal Institute designated members on each area of the designation process. Key topics include Comprehensive Exam, Demonstration Report, and Experience Review.

**Speakers:** Comprehensive Exam presented by Claudia Carleton, MAI - San Jose, CA  
Demonstration Report presented by Peter Finnerty, MAI - Newport Beach, CA  
Experience Review presented by Janice Young, MAI, SRA - Portland, OR

### Designation Certificate Presentation

Alan Pope, SRA, will present the distinguished SRA Designation Certificate to Diane Hayes, who was awarded her SRA Designation in December.

### Roster Photos

There will be a photographer present to take 2007 Member Roster Photos! Look sharp and have your photo in a publication that is distributed at expos, and sent to attorneys and real estate professionals.

### Selection of Two Members for the 2007 Nominating Committee

**Featuring:** **Washington State & AQB Requirement Changes**

### Ralph Birkedahl, Real Estate Appraiser Program Manager, Washington State DOL

Mr. Birkedahl joined the Real Estate Appraiser Division in April, 1996. His background includes management in the U. S. Army, and expertise in operations and intelligence.

## January 17, 2007 Seattle Chapter Dinner Meeting & Associate Seminar

**Please complete the following form and return with your check to:** Seattle Chapter of the Appraisal Institute, c/o HomeStreet Bank, 8050 15th Avenue NW, Seattle, WA 98117. Phone: (206) 622-8425, Fax: (206) 623-4474, Email: aisea@qwest.net.

Name \_\_\_\_\_  
 MAI    SRA    SRPA    Associate    Affiliate

Firm \_\_\_\_\_

Address \_\_\_\_\_

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

Phone \_\_\_\_\_

Email \_\_\_\_\_

### Fees

- \$15 Seminar Fee
- No Cost Dinner Prepaid Seattle Chapter Members  
Substitutes for prepaid members, please provide member name: \_\_\_\_\_
- \$40 Dinner Appraisal Institute Member Rate
- \$50 Dinner Non-Member Rate
- \$195 Prepaid Meals 2007 (King County Residents)
- \$140 Prepaid Meals 2007 (non King County Resident)

### Menu Options

- Center Cut Sirloin
- Salmon

Seattle27

## 2007 INSTALLATION OF OFFICERS MEETING



Carol Peisley, SRA receives a plaque from incoming president Allen Safer, MAI.



Welcome new officers for 2007!



Members enjoying the wonderful food.

## PRESIDENT'S MESSAGE CONTINUED...

out all of the benefits of membership, both tangible and intangible. We hope to have these materials ready in the next few months, and we will be looking to enlist your active support in marketing our memberships.

**Participation Rate.** The last metric is the rate of participation in Chapter affairs by our members. Currently, about 13% of our members are active participants, defined as attending a meeting, volunteering for committees, or attending a Chapter education offering. If we can increase our participation rate to 25% over the next three years, I firmly believe the Chapter will be on a sound and sustainable path.

Best Regards,

Allen N. Safer, MAI  
Seattle Chapter President

## FIRST FUNCTION FOR THE NORTH SOUND BRANCH CHAPTER

The inaugural function for the new Appraisal Institute North Sound Branch Chapter of the Seattle Chapter is January 18, at The Skagit Hotel/Casino at Bow Hill just off I-5 north of Burlington! Everyone's invited.

The January 18th event will begin with a three hour CE seminar at 9am on Mortgage/Appraisal Fraud, presented by Richard Hagar, SRA. Advance registration is necessary, since room space is limited. A buffet lunch will follow, hopefully with a speaker about the new mortgage broker/loan originator licensing law. A branch chapter organization meeting will conclude official business for our first function.

Watch for the official event announcement and registration info coming from the Seattle Chapter.

This first NSBC function will enable all appraisers to attend at 'AI member' rates as an introductory special. For the full day, it's only \$90! If you just take the class, \$65. Or for the lunch/business meeting, \$25. The Fraud CE class will also be open to real estate agents and, potentially, local mortgage providers if space allows, so if you want to attend, notify the Seattle Chapter office ASAP by registering online at [www.ai-seattle.org](http://www.ai-seattle.org).

The North Sound Branch Chapter is designed to serve appraisers living/working in the geographic area from Arlington, Stanwood, Coupeville – north to the Canadian Border, although anyone can attend our functions. We encourage all licensed and trainee appraisers to participate in all events, including live CE classes. Appraisal Institute membership benefits will be discussed at these events for those who are not current designated or associate members.

## 2006 CHAPTER LEADERSHIP PROGRAM

2007 Seattle Chapter President, Allen Safer, MAI, with 2007 Appraisal Institute President, Terry Dunkin, MAI, SRA, at the 2006 Chapter Leadership Program in San Francisco, California.



## THE TRUTH ABOUT PROFESSIONAL DESIGNATIONS

By Michael B. Lamb, MAI, SRA  
Chair 2007-Member Admissions, Development and Retention Committee

The designation doesn't make the appraiser: The appraiser makes the designation.

The old cliché, the clothes make the man, is true only for a very brief instant, or while the suit is on a dummy, or in a photograph, because as soon as the image is animated, whoever is wearing the clothes, names, or expensive tailoring will hide or disguise the person under the clothes.

Designations are important, vitally important to our industry. To the people who retain us, to the bankers and lenders who rely on our professional ability, and to the attorneys and courts who listen to us as experts. Additionally, they prove a great deal both to the outside world and to the individual, because they represent the culmination of a great deal of study, hard work, and discipline. But acquiring the letters behind one's name, earning the professional designations, is just the first step. As any very candid M.D., or D.D.S., or J.D. will tell you, once he or she has the coveted little initials after their names, that is

when they really begin to prepare, to study and learn. Doctors, dentists, lawyers, all professional people, really only begin to practice their professional AFTER they have been designated.

In the real estate profession a lot of us were interns for a number of years, working as appraisers, and working toward our designations, and harboring the hope that on the day we were designated we would be given enlightened intelligence, that the designation would be the key to solve all of our problems.

What a shock: We finally received that coveted group of letters, and an impressive document to frame and hang on our office wall, but the fact of the matter was we were just exactly the same person we had been twenty minutes earlier. We still knew as little, or as much, we were still filled with the same hopes and fears, but there was one essential difference: We had the knowledge, ability, and stamina to complete a very rigorous course of study and had been so recognized by our professional peers and associates.

Having earned a professional appraisal designation seems to make a person stand a little taller, look a bit sharper, and act more decisively. A professional designation doesn't grant immunity to mistakes, or make the average appraiser into a genius, but it seems to make the person more aware of his responsibilities, to make him want to do a better, more thorough job.

In the last twenty-five years, we have gone from slide rules and mechanical typewriters to word processors and computers, and the speed at which the appraisal profession is changing is simply awesome. If the appraiser doesn't keep up with the changes, the advances, he will surely be left behind.

A designation as a professional appraiser is a hallmark that the individual has dedicated a great deal of time, energy, effort and study to improving his ability to serve the public and I sincerely believe that the designation will become more important in the future. With the increasing speed of communications and all the other technological advancements, appraisers must devote more and more time each just to stay abreast of these changes. And the criteria of ability will trend more and more to be a professionally designated appraiser, because he or she will be involved in mandatory education recertification programs.

A professional real estate designation tells the world that you care enough to be the very best!

## ROSTER PHOTOS

The Chapter Board is making an all-out effort to get photos for 100% of the listings in the 2007 Roster. To make this happen there will be a photographer at the January Chapter meeting. If you can't make it for that, consider having a photographer come to your office. This option will be at your expense, but then you'll have photos to use on your company's web site, promotional materials, etc. in addition to the Chapter Roster. If you would like an onsite visit by a photographer, contact the Chapter office for rates and scheduling. If you have a photo to submit, please send it to us at [aisea@qwest.net](mailto:aisea@qwest.net), or by mail (please make a note if you would like it returned to you) to 6351 Seaview Avenue NW, Seattle, WA 98133.

# Chapter News

## Region I 2007 Designation Track Education

We hope this list will help our Associates find the courses they need to obtain their designations! This is a partial list of the Region I courses based on the proximity to Seattle. Please contact the Chapter Office at [aisea@qwest.net](mailto:aisea@qwest.net) if you would like the complete list.

Course	Start Date	End Date	Chapter	MAI	SRA*	Current SRA
Basic Appraisal Principles	1/23/2007	1/23/2007	Seattle	x	x	x
Basic Appraisal Principles	6/5/2007	6/8/2007	Greater OR	x	x	x
Basic Appraisal Principles	9/11/2007	9/14/2007	Inland NW	x	x	x
Basic Appraisal Procedures	2/27/2007	2/27/2007	Seattle	x	x	x
Basic Appraisal Procedures	6/13/2007	6/16/2007	Greater OR	x	x	x
Basic Appraisal Procedures	10/16/2007	10/19/2007	Inland NW	x	x	x
15 Hr. USPAP	3/22/2007	3/23/2007	Seattle	x	x	x
15 Hr. USPAP	6/11/2007	6/12/2007	Greater OR	x	x	x
15 Hr. USPAP	11/14/2007	11/15/2007	Inland NW	x	x	x
Business Practices and Ethics	4/27/2007	4/27/2007	Seattle	x	x	x
Business Practices and Ethics	6/8/2007	6/8/2007	Seattle	x	x	x
Business Practices and Ethics	11/16/2007	11/16/2007	Inland NW	x	x	x
Res. Mkt. Analysis and H&BU	4/5/2007	4/6/2007	Seattle		x	x
Res. Mkt. Analysis and H&BU	8/13/2007	8/14/2007	NorCal		x	x
Basic Income Capitalization	3/12/2007	3/17/2007	Seattle	x		
General Applications	4/12/2007	4/18/2007	Seattle	x	x	
Advanced Income Capitalization	2/9/2007	2/15/2007	NorCal	x		
Advanced Income Capitalization	5/7/2007	5/12/2007	Seattle	x		
Adv. Sales Comparison and Cost Approach	1/8/2007	1/13/2007	SacSierra	x		
Adv. Sales Comparison and Cost Approach	2/TBA/07	2/TBA/07	NorCal	x		
Report Writing and Valuation Analysis	5/17/2007	5/23/2007	Inland NW	x	x	
Advanced Applications	7/30/2007	8/4/2007	NorCal	x		
Residential Site Valuation and Cost Approach	4/23/2007	4/24/2007	NorCal		x	x
Residential Site Valuation and Cost Approach	11/30/2007	12/1/2007	Greater OR		x	x
Residential Sales Comparison and Income Approaches	5/7/2007	5/10/2007	NorCal		x	x
Residential Sales Comparison and Income Approaches	12/3/2007	12/6/2007	Greater OR		x	x
Residential Report Writing & Case Studies	5/21/2007	5/22/2007	SacSierra			x
Residential Report Writing & Case Studies	6/4/2007	6/5/2007	NorCal			x
Adv. Res. Applications & Case Studies, Pt. I	1/31/2007	2/1/2007	NorCal			x
Adv. Res. Applications & Case Studies, Pt. I	3/28/2007	3/29/2007	Greater OR			x
Adv. Res. Applications & Case Studies, Pt. I	7/11/2007	7/12/2007	NorCal			x
Advanced Residential Report Writing, Pt. II	3/30/2007	4/3/2007	Greater OR			x (recommended)
Advanced Residential Report Writing, Pt. II	7/13/2007	7/17/2007	NorCal			x (recommended)
Real Estate Finance, Statistics and Valuation Modeling	3/16/2007	3/17/2007	SacSierra			x
Real Estate Finance, Statistics and Valuation Modeling	8/TBA/07	8/TBA/07	NorCal			x
7 Hr. USPAP	4/26/2007	4/26/2007	Seattle			
7 Hr. USPAP	6/7/2007	6/7/2007	Seattle			

SRA\* = If you were admitted prior to January 1, 2005, you may choose to complete these requirements by 12/31/07, or you may switch to current requirements. Must also complete the 2004 Demonstration Appraisal Report and Experience requirements in addition to the 2004 Course and Exam Requirements.

MAI Track course not offered in 2007 by Region I = Highest & Best Use and Market Analysis

SRA\* Track course not offered in 2007 by Region I = Residential Case Study (replaced by Res. Mkt. Analysis and H&BU, Residential Site Valuation and Cost Approach, Residential Sales Comparison and Income Approaches)



# Chapter News

## ADVERTISE YOUR SERVICES IN THE SEATTLE CHAPTER'S 2007 ROSTER

The Roster is distributed to numerous real estate attorneys, Appraisal Institute members, and at several conferences and expos throughout the year.

Submit an electronic copy of your advertisement for the 2007 Roster to [aimea@qwest.net](mailto:aimea@qwest.net). If you do not have an advertisement and would like an original advertisement constructed for you, please let us know. Seattle Operating Support will work with you to help create your advertisement.

- Full Page \$250
- Half Page \$150
- Business Card \$100

Check Amount \$ \_\_\_\_\_

Credit Card Amount \$ \_\_\_\_\_

Type: VISA MC

\_\_\_\_\_   
 Card Number

\_\_\_\_\_   
 Expiration Date

**Please complete and fax  
or mail this form to:**

Seattle Chapter of the Appraisal Institute  
6351 Seaview Avenue NW  
Seattle, WA 98107-2664

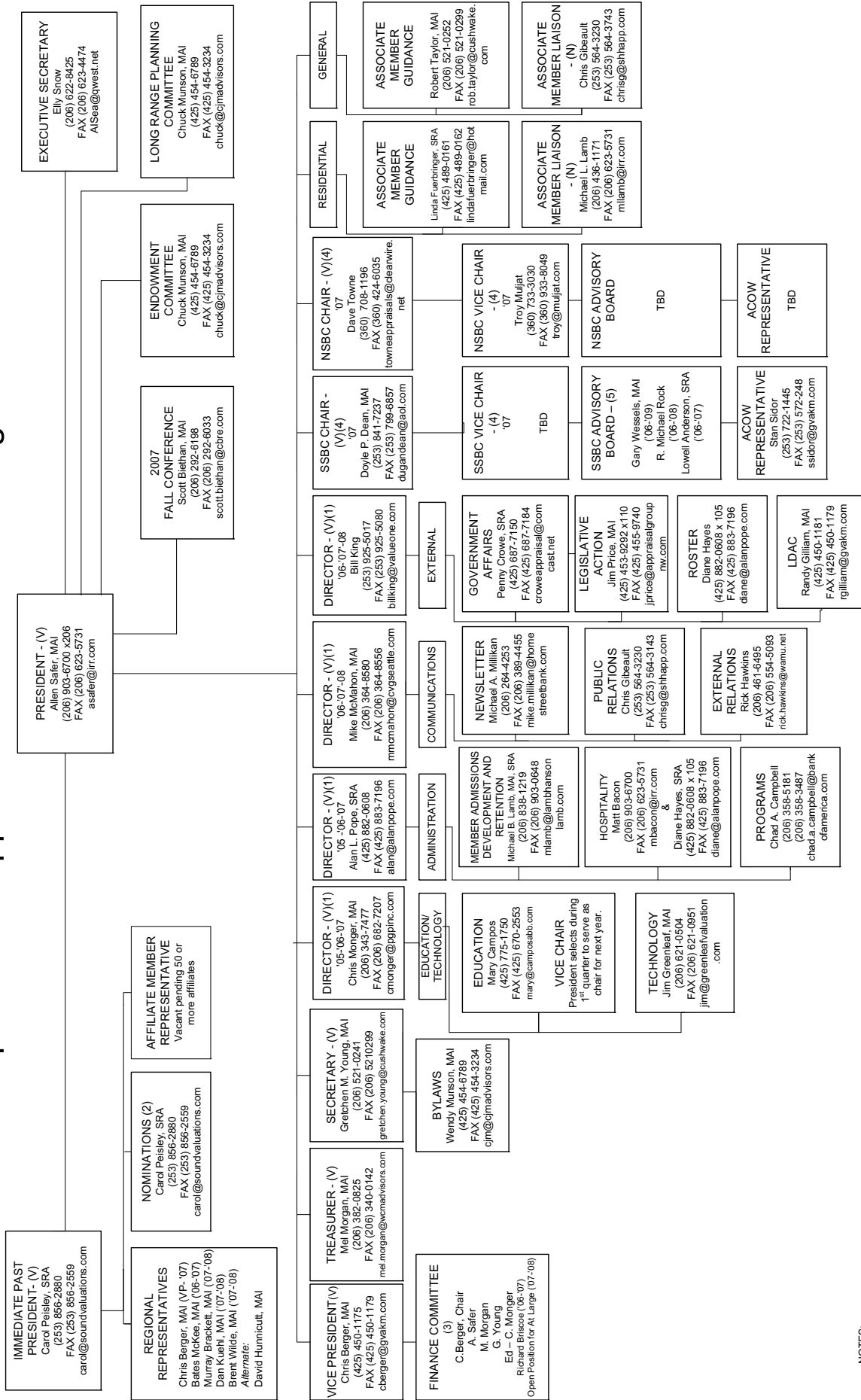
Phone: (206) 622-8425  
Fax: (206) 623-4474  
Email: [aimea@qwest.net](mailto:aimea@qwest.net)

**Full Page Ad**  
**\$250**  
**5" x 8"**

**Half Page Ad**  
**\$150**  
**5" x 3.875"**

**Quarter Page Ad**  
**\$100**  
**2.375" x 3.875"**

# Seattle Chapter of the Appraisal Institute - 2007 Organizational Chart



**NOTES:**  
(V) Denotes voting member of the Board of Directors.  
(N) Denotes non-voting member of the Board of Directors.  
(1) The president will assign directors to specific committee portfolios as set forth on this chart.  
(2) The members of the Nominations committee shall be selected in accordance with Chapter Bylaws.  
(3) Members of the Finance Committee are set forth in the Chapter Fiscal Policy.  
(4) Branch Chapter Position appointed by Chapter Board of Directors.  
(5) Selected in '06 to serve the remainder of '06 plus the full term allotted for the position thereafter.

### **IF YOU ARE A RESIDENTIAL APPRAISER, THIS IS IMPORTANT TO READ**

On January 1, 2007 all Washington state residential loan originators not employed by banks will need to be licensed, and obviously cannot be legally originating residential mortgage loans if they are not licensed.

If you receive a call from an unlicensed loan originator to do an appraisal, and you do the appraisal, state regulators may believe you are aiding and abetting illegal behavior. Subsequently, if a state investigation results, you could incur legal exposure well above anything justified by a small appraisal fee because you may subsequently be considered in violation of state licensing law and the USPAP ethics provision, and could be subject to fines or other disciplinary action. The circumstances could also affect your E & O insurance present efficacy and future availability. If you were not paid (remember, the loan originator is operating illegally), that would be your problem...and possibly the least of your problems.

The Seattle Chapter Board of Directors encourages you to take no chances. Make certain the loan originator who orders the appraisal is licensed. Asking the loan originator to fax a copy of that license would be wise due diligence.

Sincerely,  
Seattle Chapter, Appraisal Institute



Chuck Munson, MAI  
Past President

Further Information:  
RCW 18.235.130 Unprofessional conduct — Acts or conditions that constitute.

The following conduct, acts, or conditions constitute unprofessional conduct for any license holder or applicant under the jurisdiction of this chapter:

(9) Aiding or abetting an unlicensed person to practice or operate a business or profession when a license is required;

Update as of 1-2-2007:

As of January 2, 2007, the state has more than 7,000 Loan Originator applications. As a result there will be a gap between when the application is filed and when the LO will be issued a license number that they can supply to the appraisers. Hopefully all will be up to date by the end of the month.

### **Congratulations to the Seattle Chapter 2007 LDAC Representatives**

Randy Gilliam, MAI & David Parson, SRA

### **LUM LIBRARY DEVELOPS APPRAISAL TREND REPORT**

The Y.T. and Louise Lee Lum Library has developed a Trend Report based on literature searches covering 16 subject areas. Each area is searchable in the ABINForm and WilsonSelectPlus business information databases found in FirstSearch (which can be accessed through the "Other Resources" tab on the main menu of the online catalog).

The number of articles published on each subject area for the past four years is recorded in a bar chart. A sample of five titles have been linked to the entire text and a complete bibliography of the current year is attached. If a title is of interest, click on the link to open FirstSearch (a new window will open). Position the FirstSearch window to display next to the bibliography so they are side-by-side (this will make it simple to type in the title to review the article).

The Trend Report will be updated quarterly and will be accessible through the Members Only area of the Lum Library's online catalog. If you have any questions, comments, or suggestions, please contact the Lum Library at 312-335-4467. (*The Y.T. and Louise Lee Lum Library is underwritten by the Appraisal Institute Education Trust.*)

### **NEW GUIDE TO CONDO FORM AVAILABLE**

*Using the Individual Condominium Unit Appraisal Report Forms: Fannie Mae Form 1073 and Exterior-Only Form 1075* by Mark Rattermann, MAI, SRA, is a comprehensive guide for appraisers, lenders, and other real estate professionals that examines the new condominium appraisal report forms in detail, providing line-by-line instructions and explanations for each required entry. Those new to appraising individual condominium units can learn what is required in a condominium unit appraisal report, while experienced appraisers may want to focus on specific aspects of the form that pose particular challenges. Many case studies are presented to illustrate appropriate responses to a variety of situations that appraisers may encounter in valuing condominiums of different types.

Special introductory member price for a single copy through January 31, 2007 is \$24. The regular member price is \$30; nonmember price is \$35. To order, call 800-504-7440 and request stock number 0709M, or go online at [www.appraisalinstitute.org/ecom/publications](http://www.appraisalinstitute.org/ecom/publications).

### **APPRAISAL INSTITUTE AND WORLDWIDE ERC® OFFER NEW ONLINE EDUCATION PROGRAM**

The Appraisal Institute and Worldwide ERC® (formerly the Employee Relocation Council) have partnered together to offer the online course, Worldwide ERC® Relocation Appraisal Training Program, to Appraisal Institute members. Appraisal Institute members can register for this course for the discounted tuition of \$125—a significant reduction from the non-ERC® member price of \$199.

This course was developed by Worldwide ERC® for appraisers and appraisal reviewers wishing to master the principles and practices of relocation appraising, a specialty that requires forecasting to estimate Anticipated Sales Price, using the Worldwide ERC® Summary Appraisal Report.

The course is currently approved in more than 40 states for six or more hours of state continuing education credit. Appraisal Institute members also receive six hours of Appraisal Institute continuing education credit. Visit [www.appraisalinstitute.org/education/more\\_info.aspx?id=5191](http://www.appraisalinstitute.org/education/more_info.aspx?id=5191) for registration and course information. For additional information, contact Ray Martinez at [rmartinez@appraisalinstitute.org](mailto:rmartinez@appraisalinstitute.org).

## CALL FOR NOMINATIONS FOR 2008 VICE PRESIDENT

The Appraisal Institute is seeking the names of those members interested in serving as the 2008 Vice President of the Appraisal Institute. The 2008 Vice President succeeds to the office of the 2009 President Elect, the 2010 President, and the 2011 Immediate Past President. If you are interested in serving or wish to recommend someone for the position, please submit your recommendation in writing to:

Richard D. Powers, MAI, SRA  
Chair, 2007 Leadership Development & Nominating Committee  
c/o Darlene Grass  
Appraisal Institute  
550 W. Van Buren St.  
Suite 1000  
Chicago, IL 60607

Please note that deadline for submission is March 1, 2007. Qualifications for the 2008 Vice President can be found on the Members Only section of the Appraisal Institute Web site. After entering the Members Only section, scroll down the navigation bar on the left side until you come to "Leadership Resources." Under "Leadership Resources," select "Duties and Qualification for Committees, Project Teams, and Panels." Officer job descriptions and qualifications can be found on pages 5-7. The nominee cannot serve as a member of the Leadership Development & Nominating Committee at any time during the year in which his or her candidacy would be considered. This does not preclude consideration for the office in future years.

## INTERNATIONAL GROWTH CONTINUES

To date over 70 members from overseas have joined the Appraisal Institute this year including 23 Associates from China, 16 from Korea, six from Germany, and four from Turkey. We even gained members from Iceland, Serbia, and Saudi Arabia. In addition, seven new MAI members were designated from Korea. This brings the total Appraisal Institute international membership to over 300. These members and thousand of other real estate professional contacts developed through the Appraisal Institute's partnerships and cooperative agreements provide a worldwide network that can help all members meet the needs of clients both at home and abroad. In recent months these networks have helped U.S.-based members meet client needs in Chile, Ecuador, France, and Hungary.

Education programs continue in Korea, Turkey, and Germany and advanced education for the MAI designation began in Beijing and Shanghai this year with programs planned in four Chinese cities next year. This year, instructors were trained from Greece and Egypt; a cooperative agreement was signed with the largest valuation organization in Mexico; and basic appraisal courses will begin in Vietnam in December. In addition to the large number of appraisers from the Pacific Rim that attended the Pan Pacific Congress and numerous students from overseas who attend Education Network programs, a delegation from Beijing visited the Washington, DC, Metropolitan Area Chapter and the Southern Arizona Chapter continued to keep in touch with appraisers in Kazakhstan. Two members hosted interns in their offices from Germany this summer and some of our U.S.-based members have spent several weeks working overseas including in the Czech Republic, the Ukraine, and Mongolia.

Whatever the need, wherever the property, the Appraisal Institute and its international networks can provide real estate solutions. For international inquiries contact Bill Endsley, Director of International Relations, at [bendsley@appraisalinstitute.org](mailto:bendsley@appraisalinstitute.org) or 312-335-4230.

## USPAP Q&A

Vol. 8, No. 10, October 2006

This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. The ASB USPAP Q&A is issued to inform appraisers, regulators, and users of appraisal services of the ASB responses to questions raised by regulators and individuals; to illustrate the applicability of the Uniform Standards of Professional Appraisal Practice (USPAP) in specific situations; and to offer advice from the ASB for the resolution of appraisal issues and problems.

### Disclosure of the Intended User in a Report

#### **Question:**

USPAP requires that each appraisal, appraisal review, or appraisal consulting report state the intended users of the assignment results. How can one determine if the intended user statement in a report is adequate?

#### **Response:**

USPAP requires disclosure of the intended users in order to ensure that:

1. The client and any other intended users can recognize their relationship to the assignment and report; and
2. Unintended users will not be misled by "putting them on notice" that they are neither the client nor an intended user.

Therefore, the statement regarding the intended users must be sufficient to accomplish these objectives. The appraiser is not obligated to identify an intended user by name. If identification by name is not appropriate or practical, the appraiser may identify an intended user by type.

STATEMENT 9, Identification of Intended Use and Intended Users, provides an example of a statement that may be appropriate for inclusion in a report:

*This report is intended for use only by (identify the client) and (identify any other intended users by name or type). Use of this report by others is not intended by the appraiser.*

## **Disclosure of the Intended Use in a Report**

### **Question:**

USPAP requires that each appraisal, appraisal review, or appraisal consulting report state the intended use of the assignment results. How can one determine if the intended use statement in a report is adequate?

### **Response:**

USPAP requires disclosure of the intended use to avoid misleading parties in possession of an appraisal, appraisal review, or appraisal consulting report. For additional clarity, one might also state that other uses are not intended. The use description provided in the statement must be specific to the assignment.

STATEMENT 9, *Identification of Intended Use and Intended Users*, provides an example of a statement that may be appropriate for inclusion in a report:

*This report is intended only for use in (describe the use). This report is not intended for any other use.*

## **Personal Property Appraisal Requirements**

### **Question:**

I'm a personal property appraiser and I've been asked to donate my professional services to help raise funds for a charitable organization. The charity wants to hold an event where anyone can bring in their personal property items and, for a nominal fee (paid to the charity), receive my opinion as to the value of their item(s). This appears to be similar to television shows where people bring in their personal items to be valued. If I decide to participate, would my opinions be considered appraisals and if so, how could I comply with USPAP in performing these assignments?

### **Response:**

USPAP defines "appraisal" as:

*the act or process of developing an opinion of value; an opinion of value.*

Therefore, the opinions you describe would be appraisals. To comply with USPAP, a personal property appraiser would have to comply with the requirements of STANDARD 7 and STANDARD 8, in addition to the applicable rules (e.g. ETHICS RULE, COMPETENCY RULE). This means the appraiser would have to perform the level of research and analyses required to produce credible assignment results (given the intended use). Since the appraiser would be communicating the appraisal as an oral report, the report must address (to the extent that it is both possible and appropriate) the substantive matters of a Summary Appraisal Report. In addition, the appraiser would have to prepare a workfile as required by the Record Keeping section of the ETHICS RULE.

These television shows may make it appear that the appraiser is providing his or her appraisal "off the cuff" and not in compliance with USPAP. However, it is more likely the appraiser has been provided with the personal property item to be appraised prior to the actual taping of the show. The appraiser may also be providing the property owner with a written appraisal report; although it may not be discussed during the television show. Therefore, it is possible the appraiser is rendering a USPAP-compliant appraisal and report, even if it does not appear that way during the airing of the show.

## **USPAP Q&A**

Vol. 8, No. 11 November 2006

### **Appraisal Fee Paid at Close of Financing Transaction**

#### **Question:**

I have a potential lending client that wants to arrange for my appraisal fees to be paid at the closing of each financing transaction. Does USPAP permit this fee arrangement?

#### **Response:**

USPAP does not address the time frame for payment of fees. In the situation described there must be a clear agreement that the fee cannot depend on the closing of the financing transaction. Accepting an assignment where the appraisal fee is paid *only* upon successful closing of the transaction is a violation of the Management section of the ETHICS RULE:

*It is unethical for an appraiser to accept an assignment, or to have a compensation arrangement for an assignment, that is contingent on any of the following:*

- 1. the reporting of a predetermined result (e.g., opinion of value);*
- 2. a direction in assignment results that favors the cause of the client;*
- 3. the amount of a value opinion;*
- 4. the attainment of a stipulated result; or*
- 5. the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose. (Bold added for emphasis)*

One way appraisers can avoid any ambiguity is by having a written agreement with the client detailing the manner in which the appraisal fee will be paid if the transaction does not close.

### **"Discounted" Appraisal Fees**

#### **Question:**

Is it a violation of USPAP to offer reduced appraisal fees for clients that send me a large volume of business? Could I also offer a discount for the method of payment, such as collecting the fee from the borrower at the time of inspection?

#### **Response:**

An appraiser may establish his or her fees based on a number of factors, including the amount of business received, business relationships, method of payment, client-specific requirements, etc. However, appraisers must ensure that they comply with the Management section of the ETHICS RULE.

### **Client Approval for Future Assignments**

#### **Question:**

Some of my clients include a condition in engagement correspondence that addresses future assignments for the same subject property. Specifically, my acceptance of the assignment requires that I agree to obtain client approval before I accept future assignments related to the subject from another party. Advisory Opinion 27, *Appraising the Same Property for a New Client*, states that USPAP does not require a release to accept the new assignment. Can I accept assignments where the client requires a release for future assignments related to the subject?

#### **Response:**

Yes. Appraisers are often subject to agreements that exceed the requirements of USPAP. These additional client requirements are

permissible so long as they do not conflict with the requirements of USPAP. Although USPAP does not require obtaining approval from a prior client before accepting an assignment to appraise the same property for a new client, a client can establish such a requirement.

## **Communicating Assignment Results Without a Written Report** **Question:**

My clients sometimes want me to communicate assignment results verbally, instead of issuing a written appraisal report. Does USPAP allow me to do this?

### **Response:**

Yes. USPAP defines “report” as follows:

*any communication, written or **oral**, of an appraisal, appraisal review, or appraisal consulting service that is transmitted to the client upon completion of an assignment. (Bold added for emphasis)*

Therefore, verbally communicating assignment results constitutes an oral report under USPAP. The use of an oral report must be appropriate given the intended use of the assignment results, and the report must comply with the applicable reporting requirements (i.e. Standards Rules 2-4, 3-4, 5-4, 8-4 and 10-4). The Record Keeping section of the ETHICS RULE also requires that the appraiser’s workfile for an oral report include a summary of the oral report and a signed and dated certification.

## **USPAP Q&A**

Vol. 8, No. 12 December 2006

The Q&A’s shown below appear in our 2006 Frequently Asked Questions publication. They have been reprinted here because they are questions which continue to be asked on a regular basis. Additional questions may be reprinted in future months.

The 2006 Frequently Asked Questions publication is available for purchase from The Appraisal Foundation at a cost of \$20.00 for a hard copy or \$14.95 for an electronic PDF file.

### **1. CONFLICTS OF INTEREST**

#### **Question:**

The principals of a local mortgage company propose to acquire an appraisal firm and have the appraisal firm complete assignments for the mortgage company. Is this a conflict of interest for the appraisers completing assignments for the mortgage company?

#### **Response:**

An appraiser should review the ETHICS RULE and Standards Rule 2-3 when completing appraisal assignments in situations where the appraisal company that engages (by employment or contract) the appraiser is owned by the client.

It is important to note that USPAP does not prohibit the acceptance of an assignment in this specific situation. In an appraisal assignment developed under STANDARD 1 and reported under STANDARD 2, an appraiser must specify the particulars in a situation where he or she has any present or prospective interest with respect to the parties involved in the property that is the subject of the report.

The engagement of an appraiser by an appraisal company that is owned by the client or by owners of the client does not, in and of itself, mean that the appraiser has an interest or bias with respect to the property or properties involved. If the appraiser has an interest but could provide the service in an ethical, unbiased manner then the appraiser could accept the assignment as long as the appraiser was competent and properly disclosed the interest in accordance with Standards Rule 2-3.

If the appraiser’s interest in the property or the parties involved in the assignment prevented the appraiser from providing an unbiased service, then the appraiser should not accept the assignment for it would be in violation of the ETHICS RULE and parts of the appraiser’s certification in Standards Rule 2-3.

### **2. SAMPLE APPRAISALS AND THE ETHICS RULE**

#### **Question:**

I am a fee appraiser currently seeking to get on the approved list for a local mortgage company. In order to be considered for approval, this lender requires appraisers to provide sample appraisal reports performed within the past year. Is there a way that I can accomplish this without violating USPAP?

**Response:** In order to provide this information an appraiser must satisfy the Confidentiality section of the ETHICS RULE. This section states:

*An appraiser must protect the confidential nature of the appraiser-client relationship.*

*An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results.*

*An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations applicable in an assignment.*

*An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than the client and persons specifically authorized by the client; state enforcement agencies and such third parties as may be authorized by due process of law; and a duly authorized professional peer review committee except when such disclosure to a committee would violate applicable law or regulation.*

The Comment further explains that if all essential elements of confidential information are removed through redaction or the process of aggregation, client authorization is not required for the disclosure of the remaining information, as modified.

The appraiser in this case has three options:

1. Turn down the request to provide the information, or
2. Secure a release from the client of each sample appraisal report, or
3. Provide sample reports, but redact all information that should not be provided to anyone other than the client, such as confidential information or assignment results.

### **3. RESPONSIBILITY FOR WORKFILE RETENTION**

#### **Questions:**

a) Jim, an independent contractor, works for my appraisal company on a regular basis. I have always kept all appraisal file documentation (including hard copies of appraisal reports, field notes, drawings, etc.) at my office. Now Jim wants to keep the files relating to his work in his own possession. Under USPAP, which appraiser should keep the workfile?

b) Is the Record Keeping section of the ETHICS RULE upheld if an institutionally employed appraiser ensures that his organization retains copies of his appraisal work for five years? Or, must the appraiser also maintain a personal file of all work performed?

c) A client's attorney requested that I supply all of my files/ records regarding an assignment. Can I do this and still be in compliance with the record keeping requirements for USPAP? Also, what must I retain in my files as proof that the files are now the responsibility of the attorney? Will a simple letter from the client be sufficient?

#### **Response:**

According to USPAP, the **appraiser**, not the appraiser's employer or client, is ultimately responsible for the retention of the workfile for the prescribed period. (See Record Keeping section of the ETHICS RULE.)

An appraiser who is employed by, or works in conjunction with, another party must make arrangements with that party to protect and preserve the workfile, and to allow the appraiser to make the workfile available to other parties (e.g., State Appraisal Boards and such representatives) when required by due process of law.

There are a number of ways an appraiser who works for or with another party can ensure that files are retained so that the appraiser can have access to the files to meet the requirements of the ETHICS RULE. For example, an appraiser and his employer or colleague may agree that the files will remain in the employer's or colleague's custody for the duration of the requisite retention period and that the appraiser will have access to those files, if needed.

USPAP does not dictate the form or format of workfile documentation. It is not necessary to include original documents in the file; photocopies and electronic files are acceptable as "true copies." Because there have been cases where employers and others have denied appraisers access to workfiles, an appraiser may wish to make and retain copies of workfiles. However, USPAP does not address any specific manner by which an employer or contractor and appraiser should handle record retention. This is a business matter, which should be arranged in the context of the employer- or contractor-appraiser relationship.

By the same token, providing the workfile to a duly authorized party, such as a client's attorney, is permitted by USPAP. However, this does not relieve the appraiser of the responsibility for that workfile. At no time may an appraiser abdicate his or her responsibility for a workfile. Therefore, when an appraiser relinquishes possession of a file to a client or the client's representative, the appraiser should retain either a copy of the workfile or a written reference to an agreement with the client

that the appraiser will have access to the workfile, if the need arises.

### **4. APPRAISAL MANAGEMENT COMPANY AS AUTHORIZED AGENT FOR A CLIENT**

#### **Question:**

I accept assignments from an Appraisal Management Company (AMC) that has informed me they are an authorized agent for the lenders they represent. The AMC does not want me to list their name as the client, and asks that I only list the name of the lender they are representing. USPAP says the appraiser's client is the party who engages the appraiser. Is it ethical to omit the AMC's name as the client on my reports?

#### **Response:**

Yes. If the AMC is acting as a duly authorized agent for a lender, identifying only the lender's name as your client is acceptable.

### **5. SUBSEQUENT USER REQUESTS A "RELIANCE LETTER"**

#### **Question:**

I delivered an appraisal report to my client. A week later, an entity other than one of the identified intended users contacted me and asked that I provide a "reliance letter," enabling them to rely on the appraisal report for their own investment use. My client says they have no problem with my doing that. Can I provide this entity with such a letter, even though I had not originally identified them as an intended user?

#### **Response:**

No. You cannot add what is in effect a new "intended user" after the completion of an assignment, no matter what terminology you use.

USPAP defines Intended User as:

*The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client **at the time of the assignment.***  
(Bold added for emphasis)

The proper way to handle this is to initiate a new assignment with this entity as the client and provide them an appraisal, being careful to develop an appropriate scope of work consistent with their own intended use.

This new assignment could be based on virtually the same data and analysis, and the value conclusion might be the same. However, in the new assignment you must consider the assignment elements most appropriate to the scope of work for that client and the assignment, which could well be different from those of your prior client.

### **6. PURCHASE CONTRACT IS NOT PROVIDED TO THE APPRAISER**

#### **Question:**

I was recently engaged to conduct a market value appraisal of a one-to-four unit residential property. The intended use of this appraisal is to assist the client in analyzing the loan collateral associated with the property's purchase. I requested a copy of the purchase contract from the client, but they refused to provide it although they acknowledged that a contract for purchase of the property in fee simple exists. They did, however, provide a sale price orally. Can I continue this assignment, without the purchase contract, and comply with USPAP?

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#### **Response:**

Yes, you can complete the assignment in compliance with USPAP. However, you will need to ensure compliance with Standards Rule 1-5(a) in developing the appraisal, and with Standards Rule 2-2(a)(viii), (b)(viii), or (c)(viii), as applicable to the type of appraisal report determined most appropriate, given the intended users, in reporting the assignment results.

Standards Rule 1-5(a) states:

*When the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business:*

*(a) analyze all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal;*

The Comment to Standards Rule 1-5 states:

*See the Comments to Standards Rules 2-2(a)(viii), 2-2(b)(viii), and 2-2(c)(viii) for corresponding reporting requirements relating to the availability and relevance of information.*

For example, the corresponding reporting requirements in Standards Rule 2-2(a)(viii), in the Comment, are, in part:

*...If such information is unobtainable, a statement on the efforts undertaken by the appraiser to obtain the information is required.*

Complying with these Standards Rules ensures that the existence and unavailability of the purchase contract is appropriately disclosed, and intended users will not be misled as to how this situation was handled in the analysis and report.

## **7. UPDATE OF AN APPRAISAL COMPLETED BY ANOTHER APPRAISER**

#### **Question:**

I was recently asked to update an appraisal performed by another appraiser who works for a different appraisal company. Can I prepare an update if the original appraisal was performed by another appraiser?

#### **Response:**

Yes. Advisory Opinion 3, *Update to a Prior Assignment*, provides advice on how such an assignment can be performed in conformance with USPAP.

For further information regarding USPAP Q&A, please contact:

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