



# NEWSREAL

The Seattle Chapter of the Appraisal Institute Newsletter

November 2009

**Register Online Now for the Fall Real Estate Conference**

<http://ai-seattle.org/blast/fallconference09.html>

Seattle Chapter of the Appraisal Institute

## FALL REAL ESTATE CONFERENCE

December 1, 2009

Washington State Convention & Trade Center



### President's Message

by Mel Morgan, Jr., MAI  
Seattle Chapter President

#### Questions and Answers

Last month I pointed out the dramatic increase in the spread between cap rates and 10-year Treasury yields and asked for your thoughts. Marc Campos, MAI, SRA replied that the large spread is due to banks being far more conservative in their lending, with the gap being filled by hard money lenders with much higher return requirements. I think he's right. I also think banks will come back to the game sooner than a lot of us expect, which should then bring those spreads down.

Scott Adams, MAI, provided a great comment about cap rates: "We're never going to know what cap rates might have been now...we know what they were in the first half of 2008 and we'll know what they are when things start transacting again, but we won't ever know what they are now."

#### Seattle Chapter's 2009 Fall Real Estate Conference

December 1, 2009. If you want to be in the know, you HAVE to be there!

#### Region I Meeting in Cancun

Representatives from the AI chapters in Region I, which covers Northern California to Alaska, meet twice a year to discuss and vote on regional and national matters, including elections of representatives from our region to the AI National Board of Directors and other offices. This year, our fall meeting will be held on November 10<sup>th</sup> in Cancun, as part of a super-regional meeting, with every region in the country coming together at one time. Region I will be providing a subsidy to each chapter to help cover the additional cost of sending representatives to Cancun. Furthermore, our chapter will be sending only four representatives to this conference instead of the six we normally send. We will send four Regional Representatives, who are elected by the chapter, but our President and Vice President (myself and Gretchen Young) will not attend, in order to keep our costs down. We expect that the net cost to the chapter of the super-regional meeting will be less than what we had originally budgeted for a regular fall meeting within our region.

*(continued on page 2)*

### In this Newsreal...

Chapter Calendar.....	Page 2
Chapter Meeting.....	Page 3
Chapter News.....	Page 4
National News.....	Page 8

**Submission date for the next Newsreal:** December 18, 2009

(continued from page 1)

**Thank You!**

In an organization like the Seattle Chapter, it is difficult to say thank you to everyone who has contributed because the list would go on for way too long. So forgive me if I have left you out in this note – you are all greatly appreciated. That being said, there are a few people I need to mention.

- **Elly Snow, Jim Walker and their crew** - For always being there to guide and help us. Always.
- **Our Committee Chairs** - For getting the job done where the rubber hits the road.
- **Diane Hayes** - For taking charge of our most important committee: Education.
- **Graham Albertini, Whitney Haucke and Murray Brackett** - For your contributions to the Finance Committee during one of the most difficult financial years our chapter has ever faced.
- **Allen Safer and Scott Biethan** - For the tireless work you and your committee have put in on the best real estate educational event in Seattle: the Fall Real Estate Conference. And for providing inspirational examples of leadership and service.
- **Stan Sidor** - For bringing fresh energy and dedicating countless hours of work to ACOW.
- **Gary Wessels and Dan Hewitt** - For making our branch chapters a success.
- **Chuck Munson** - For bringing us great speakers at our meetings.
- **Erika Love and Krista Shirley** - For making everyone feel welcome at our meetings.
- **Justin Slack, Greg Goodman, Selena Woods and Matt Bacon** - For everything you do on behalf of our Associate Members.
- **Mary Campos, Renee Schaefer, Darin Shedd and Mark Thurston** - For donating your time and talents to the Board of Directors.
- **Chris Berger** - For showing me the way.
- **Gretchen Young, Scott Adams, Chris Monger, Randy Gilliam** - For committing yourself to several years of service to all of us, and making my job a pleasure. I know our chapter will succeed in the years to come because of you.
- **Our Members** - For making the Seattle Chapter the best Appraisal Institute chapter in the country, and providing me the privilege and honor of serving you.

Finally, I want to thank my wonderful wife, Deb. We were fortunate enough this year to celebrate 25 years of marriage, so she has put up with literally decades of my droning on and on about our profession and our organization. I could not have done anything I have done for the chapter without her loving support and encouragement.

And one last piece of advice for all of us:

*“Be true to your work, your word, and your friend”*

Henry David Thoreau

## Upcoming Courses

### Advanced Sales Comparison & Cost Approaches

January 28-30 & February 1-3, 2010

This course provides in-depth instruction in the sales comparison and cost approaches. Participants explore ways to identify and measure elements of comparison as well as methods to select and support adjustments including graphing, pairing, sorting, regression analysis, and qualitative analysis. After reviewing the standard methods of calculation, the course explores special applications and common errors in using or misapplications of the approaches. All components of the cost approach are explored thoroughly, with particular attention paid to feasibility and current cost, including supporting entrepreneurial incentive and calculating lease-up costs. In addition, participants study advanced data confirmation techniques, learn how to make all three approaches consistent in the reconciliation process, and discover traps to avoid.

**Instructor:** Ted Whitmer, MAI  
**Credit:** 40 hours CE pending  
**Location:** TBD

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 Darcy Galvan at (206) 622-8425 or by email to [aisea@qwestoffice.net](mailto:aisea@qwestoffice.net)

## Chapter Calendar

DATE	EVENT	TIME	LOCATION	HOURS
November 18	Board Meeting *	3:00 PM	Broadmoor Golf Club 2340 Broadmoor Drive E	
November 18	Chapter Dinner Meeting, Installation of Officers	5:30 PM	Broadmoor Golf Club 2340 Broadmoor Drive E	
December 1	Fall Real Estate Conference	7:00 AM	Washington State Convention & Trade Center 800 Convention Place, Seattle	
December 18	Newsreal Deadline			
January 20	Board Meeting *	3:00 PM	Broadmoor Golf Club 2340 Broadmoor Drive E	
January 20	Chapter Dinner Meeting	5:30 PM	Broadmoor Golf Club 2340 Broadmoor Drive E	
January 28	Advanced Sales Comparison & Cost Approaches		Hawthorn Suites 6329 S 212 <sup>th</sup> St, Kent	40 CE

\* 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@qwestoffice.net](mailto:aisea@qwestoffice.net). Information can also be located at the Seattle Chapter website at [www.ai-seattle.org](http://www.ai-seattle.org).

# CHAPTER DINNER MEETING INSTALLATION OF 2010 OFFICERS

## November 18, 2009

### Meeting Schedule:

5:00 - 6:00 PM  
Associates Meeting

5:30 - 6:30 PM  
Chapter Social & Meeting  
Registration

6:30 - 8:30 PM  
Dinner Meeting

### Meeting Location:

Broadmoor Golf Club  
2340 Broadmoor Drive E  
Seattle, WA 98112

### Please Note:

Cell phones and denim are not  
allowed in the Broadmoor Golf  
Club.

### Associate Members Meeting

Christopher Miner, MAI, SRA of Greenfield Advisors will be discussing environmental impacts on properties. Specifically, he will be discussing the current "Chinese Drywall" issues plaguing properties (both residential and commercial) in the southeast United States. Chris will also be discussing general environmental impacts and how they relate to properties closer to home (a general overview) along with the process that goes into class-action cases.

### Installation of 2010 Officers

The Chapter is pleased to have Past President Allen Safer, MAI administer the oath of office. Help Gretchen Young, MAI, incoming president, and her team kick off their year!

### Appraiser of the Year Presentation and other awards

The Appraiser of the Year Award for 2009 will be presented to an appraiser that has contributed to the community and to the chapter. Other awards will also be given to outstanding members.

### Music

Randy Halberstadt will perform on the piano.

Randy Halberstadt has been a major figure on the Pacific Northwest jazz scene for many years. A multi-dimensional pianist, he is equally at home playing be-bop, Latin, down-home blues, straight-ahead swing, free and eclectic jazz. In addition to leading his own trio and producing his own recordings, he has performed with Herb Ellis, Buddy de Franco, and many others. He is the pianist for the esteemed Seattle Repertory Jazz Orchestra and has performed repeatedly with the Seattle Symphony. Please visit [www.randyhalberstadt.com](http://www.randyhalberstadt.com) for more information.



For more information or to register online go to  
<http://ai-seattle.org/blast/20091118.html>

**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@qwestoffice.net](mailto:aisea@qwestoffice.net).

Name \_\_\_\_\_

MAI    SRA    SRPA    Associate    Affiliate

Firm \_\_\_\_\_

Address \_\_\_\_\_

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

Phone \_\_\_\_\_

Email \_\_\_\_\_

No Cost Prepaid Seattle Chapter Members

\_\_\_\_\_  
Substitute for Prepaid Member's Name

### Registration By November 13, 2009

- \$40.00 Appraisal Institute Member  
 \$50.00 Non-Member

### Registration After November 13, 2009

- \$50.00 Appraisal Institute Member  
 \$60.00 Non-Member

### Menu

Heavy hors d'oeuvres will be served in place of a traditional dinner to provide ample time and space for the festivities.

### Members of the Press

Please contact the Chapter Office at the contact information above.

# OCTOBER 28 CHAPTER LUNCH MEETING - ASSESSOR CANDIDATES

BY RHODA VAN ENGELEN AND JUSTIN SLACK, SRA

The October 28 luncheon program at the Seattle Yacht Club included a panel presentation of King County Assessor candidates. Four of the five people running for the King County Assessor position answered questions presented by moderator Chuck Munson, MAI and then from members of the audience.

The four participating candidates were: Lloyd Hara, Gene Lux, Bob Rosenberger, and the Appraisal Institute's own Graham Albertini, SRA. The fifth candidate, Bob Blanchard, was unable to attend the meeting.

There are a number of pressing issues that will face the new assessor, including tighter budgets, staff cuts, and declining assessed values. The candidates were asked how they would manage a staff of over 200 employees and oversee the assessment of over 660,000 real estate properties in King County. Each candidate answered questions about their experience and management styles relative to the position.



From left to right: Graham Albertini, Bob Blanchard, Lloyd Hara, Gene Lux, and Bob Rosenberger

# NEW SEATTLE CHAPTER MEMBERS

A warm welcome is extended to these new members who joined our chapter since mid-September!

- Jan Bartko
- Tamela D. Campion
- Cynthia A. Erickson
- Jennifer A. Goltz
- Julian Goss
- Robert G. Lituri
- Richard E. Pinkley
- David S. Porter
- Lewis J. Vance, Jr.

# 2009 ROSTERS AND PREPAID CHAPTER MEALS

Members will be receiving a roster request form (via email) and a prepaid meals application (via postal mail) soon. In order for the 2010 roster to be accurate, members are asked to review their contact information and submit any revised content to the Chapter Office by the specified deadline. Those wishing to attend chapter meetings at a discounted rate are encouraged to take advantage of the prepaid meal program.

# FOUR CHAPTER MEMBERS RECEIVE TOUR OF WIND FARM

BY MATT BACON

On October 2<sup>nd</sup>, Chapter 4 of the IRWA and Puget Sound Energy provided a guided tour for IRWA members of the Wild Horse Wind and Solar Facility just east of Ellensburg. Four of our Chapter members, Jim Price, MAI, Jerry Sidwell,



(From right to left: Jerry Sidwell, Jim Price, MAI, Lori Safer, MAI, Matt Bacon)

(continued on page 6)

**Seattle Mortgage Bankers Association  
Dinner Meeting**

**Tuesday, November 17, 2009  
Broadmoor Golf Club, Seattle**

**Loan Office Panel**  
- Moderated by David Hatlen of HomeStreet Bank

<b>Schedule</b>	<b>Cost</b>
Social Hour 5:30 to 6:30 PM	\$60 Members
Dinner 6:30 PM	\$100 Non-members

**For more information and to register go to  
[www.seattlemba.org](http://www.seattlemba.org)**

# FALL REAL ESTATE CONFERENCE

December 1, 2009

Washington State Convention & Trade Center

Join us for our Third Annual Fall Real Estate Conference. This one-day event will appeal to appraisers, bankers, attorneys specializing in real estate transactions, and real estate brokers and sales persons. Education will be offered in all of these areas of expertise and provide 7 hours of continuing appraisal education credit.

Following the afternoon education sessions, the Conference will continue with an evening reception and networking opportunities.

## KEYNOTE SPEAKERS:

### Jim DeLisle, Ph.D.

Runstad Professor of Real Estate  
Director, Runstad Real Estate Studies  
University of Washington

### Faith A. Roland, SR/WA

International President  
International Right of Way Association

ARGUS Software will also be giving 4 ARGUS Software Starter Bundles, each with a value of \$4000.

- \* Special Group Rate: \$175 per person
- \* Early Registration Discount: \$195 per person
- \* Standard Conference Fee: \$225 per person
- \* Friend of the Conference\*\*: \$100

\*\*Every visitor to our chapter website will see your name listed as a Friend of the Conference, as will every attendee at the conference program itself.

Raise the profile of your company in the local real estate community by participating in this year's conference as a sponsor or exhibitor. Note that exhibitors will occupy prime space in the banquet hall where all meals and refreshments will be served.

**Continuing Legal Education - 6 hours**  
(for specific sessions)

**For full information and to register go to:**  
<http://ai-seattle.org/blast/fallconference09.html>

## LOCATION:

Washington State Convention & Trade Center

800 Convention Place  
Seattle, WA 98101

## SCHEDULE:

Registration/Continental  
Breakfast  
7:00 AM

Conference Hours  
8:00 AM - 5:00 PM

Luncheon Speaker  
12:15 PM

Post Conference Networking Reception  
5:00 PM - 6:30 PM

## 2009 COMMITTEE MEMBERS:

Scott Biethan, MAI, CRE, FRICS - Co-Chair  
Allen Safer, MAI, MRICS - Co-Chair  
Justin Atwell  
Mary Campos, SRA  
Whitney Haucke, MAI, CPA  
David Hunnicutt, MAI  
Justin Slack, SRA  
Gretchen Young, MAI, FRICS

## SPONSORS:

**Platinum**  
**ARGUS Software**

**Gold**  
**RICS Americas**

**Silver**  
**Garvey Schubert Barer**  
**Moss-Adams LLP**  
**Seattle Mortgage Bankers Association**  
**Banner Bank**  
**Cairncross & Hempelmann, P.S.**  
**McKee & Schalka**

## FRIENDS OF THE CONFERENCE:

Chris Berger, MAI	Chris Monger, MAI
Scott Biethan, MAI	Mark Lukens, MAI
Ronald Bunn, MAI	Mel Morgan, MAI
Marc & Mary Campos	Heather Mosebar
Keith Dang, MAI	Brian O'Connor, MAI
Skip Demuth	Alan Pope, SRA
Randy Gilliam, MAI	Mike Rock
James Greenleaf, MAI	Renee Schaefer, MAI
Linda Harrison, MAI	Jean Marie Wilson
Paul Hart, SRA	Gretchen Young, MAI

(continued from page 4)

Lori Safer, MAI, and Matt Bacon, made the journey over to Eastern Washington for the day.

The facility is owned and operated by PSE and sits on 9,000 acres of land. The tour began at the Renewable Energy Center with an informative presentation made by PSE detailing the history of the project, its power generating capabilities and output, and future expansion.

Currently there are 127 turbine engines that have the capacity to produce 229 megawatts of electricity. The average annual facility output is 642,000 megawatt-hours which is sufficient to serve the power needs of approximately 50,000 households. PSE is expanding the wind farm to include an additional 22 turbines on a 1,400 acre parcel that was acquired in 2008, immediately north of the existing project.

Each turbine has three, 129-foot long blades that weigh 7 tons a piece. For the turbine to run efficiently, each blade must weigh within 11 pounds of each other. The diameter of the blades is 264 feet, including the rotor, which is large enough to fly a Boeing 747 through! The total height from base to blade tip is 350 feet and the total weight of the tower, hub, and blades is 270 tons. Foundation depths range from 25 to 32 feet.

After the presentation, we put on our hard hats and set off into the windy outdoors for a hike to one of the impressive towers. Despite the sunny skies, at an elevation of 3,500 feet on a windy October day, there was a definite chill in the air!

The Renewable Energy Center is free and open to the public from April to November. Thanks to the IRWA-Chapter 4 and PSE for putting on this great event!

## THE FINANCIAL STATE OF THE CHAPTER

BY GRETCHEN M. YOUNG, MAI  
2010 CHAPTER PRESIDENT

Many of you have noticed a number of changes over the past several years at both the national level and the local chapter level of the Appraisal Institute. Many of them have been good, but all have had financial impacts both nationally and locally.

So what will be the impact for our local chapter in 2010?

The budgeting process, which primarily took place over the summer, was more difficult than prior years due to an anticipated significant decline in revenue in 2010. As a result, instead of maintaining or expanding benefits to our membership, this is the first year we were forced to actually decrease benefits. As the basis of all economic theory is generally cyclical, we hope this will be a short term phenomena.

Fortunately, previous chapter leaders had the foresight to plan ahead with chapter reserves. The down economy has forced us to review and modify our fiscal policies and plan to tap into some of those reserves. This is similar to a trend that many of you have also felt at your companies in the last year.

When understanding the chapter budget, please recognize Chapter funding has historically come from two sources: membership dues and education.

Membership Dues: Several years ago national completed a study that indicated limiting associate dues to under \$300 would increase associate membership. But while national has increased associate membership with lower dues, it has also reduced the amount of associate dues revenue to the chapter. In 2010, national is cutting associate dues revenue to the chapter by 50%.

Education: Unlike many chapters across the country, the Seattle Chapter of the Appraisal Institute has historically been very successful offering basic appraisal and continuing education classes and seminars and this has contributed revenue to the chapter. However, it is important to understand industry changes, with on-line education as well as additional companies providing “low-cost” alternatives, cutting into this revenue source over time. In 2010, national does intend to provide some revenue to the chapters based upon zip codes of members taking their on-line courses, but this is not expected to be a significant source of revenue to the chapter.

As a result of both these changes, chapter revenues are expected to decline. As a chapter we can raise dues to the designated members, but are not permitted by national to raise associate dues. As a chapter we can also look to our membership to provide homegrown educational seminars. Homegrown seminars typically result in higher revenue to the chapter by saving the cost of bringing instructors from across the country. The finance committee (in coordination with the education committee) looked at both of these options and opted to do both.

(continued on page 7)

# Chapter News

(continued from page 6)

However, these increases still were not significant enough to result in a balanced budget. As a result, the finance committee also looked at expenses. Limiting expenses means controlling costs and limiting services.

The Bottom Line...What is changing?

- 1) We have increased dues by \$25 for designated members. As noted previously, we do not have control over associate or affiliates dues, which are controlled by national.
- 2) ACOW Funding will be handled by an assessment to our membership. In prior years we have contributed between \$5,000 and \$10,000 to ACOW as a chapter. In 2010, we intend to bill all members a \$25 assessment that will be 100% passed through to ACOW and additional chapter funds will not be provided. For designated and affiliate members this amount will be included in the amount on their dues invoice. Associate members will receive a separate invoice for this assessment. It is imperative that this assessment be paid in a timely manner to ensure financial stability of ACOW at a time when significant legislation affecting appraisers is anticipated.
- 3) Our 2010 budget relies more heavily on homegrown seminars offered by our members. We have found it has become difficult to cover costs of some of the national classes and seminars. Since the impact of on-line classes and the influx of other competing organizations offering "appraisal education" limits the amount of money we can charge for our classes, we are now looking to our own membership to provide content and real world experience for many of our classes.
- 4) Newsletters will be reduced from 9 issues to a quarterly publication. In addition, the newsletter committee will have greater responsibility for content, decreasing what we pay to Seattle Operating Support for newsletter work.
- 5) We have eliminated funding for LDAC representation. While this is an important program which helps promote future leaders of the Appraisal Institute both nationally and locally, the cost of sending representatives on behalf of the chapter has become too significant. Please note, the chapter still intends to support individuals wishing to attend LDAC, but can no longer pay the "ticket" to send them.
- 6) Changed regional representation from five people to three at the regional meetings held twice a year. Please note that national is right now considering changing regional meetings to be held by conference call once a year and keep in-person meetings limited to one meeting a year. If this is the case, it would mean all regional reps could still attend all meetings.
- 7) The cost to attend the dinners has increased by \$10. Similarly, we have been forced to change our prepaid policy, increasing the cost to prepaids by \$15 for local and \$10 for non-local. In addition, the prepaids will now be "non-transferable".
- 8) In an effort to control mailing costs, we will no longer be sending separate mailers for upcoming educational events. Instead, educational offerings will primarily be advertised through email with occasional postcards sent out depicting upcoming events. All information will also be clearly depicted on our website.
- 9) Seattle Operating Support has been asked to limit some of the membership services they have historically provided in an attempt to control costs. As a result, please recognize that you may be directed to another AI member or to our national office to answer some requests.

This outlines the most significant changes of 2010, but still results in a budget anticipated losing almost \$13,000, which requires dipping into our reserves once again. It is important to note that is the intent of a reserve policy, but clearly, it is not something we can continue to have happen for more than a few years. In addition to the steps we are taking locally, we believe national will need to revise their policy regarding associate dues revenue sharing. If we operated under the prior associate dues system in 2010, our budget would actually show a profit. We will continue to lobby our regional and national leaders for changes in that policy.

How can members help? Attend the Fall Conference and our other chapter-sponsored educational offerings, and attend the chapter meetings held throughout the year. And... Volunteer! As noted above, we have pulled in the reins on many of our programs. While we have opted to keep the majority of the programs, we have modified our contract with Seattle Operating Support to rely more heavily upon volunteer support. In order to keep these programs functioning, we need to prove to ourselves that we do have volunteers that can help.

## APPRAISAL INSTITUTE'S NEWEST BOOK PROVIDES DIRECTION FOR RESIDENTIAL APPRAISERS

A book published this week by the Appraisal Institute provides up-to-date, relevant instructions for completing residential real estate appraisal forms and offers in-depth instructions on providing valuations in the current market. The Appraisal Institute is the nation's largest organization of real estate appraisers.

"Using Residential Appraisal Report Forms: URAR, Form 2055, and the Market Conditions Form, Second Edition" provides residential appraisers with line-by-line instructions for completing Fannie Mae and Freddie Mac's Uniform Residential Appraisal Report and Exterior-Only Inspection Residential Appraisal Report. This second edition also has been updated to address the new Market Conditions Addendum to the Appraisal Report, which is now required by Fannie Mae and Freddie Mac for all mortgage origination appraisals.

Author Mark R. Rattermann, MAI, SRA, examines current economic conditions and introduces innovative techniques that can be used to measure value change in any market using available data. A 30-year practitioner and instructor, Rattermann offers dozens of real-world examples – all based on actual situations that practitioners in the field are likely to encounter. These examples focus on strategies for achieving best practice and overcoming common mistakes made in the field, providing appraisers with the tools they need to perform residential appraisal assignments with confidence and competence.

Rattermann is a senior partner with REsource, LLC, a real estate appraisal firm in Indianapolis. He is active in the Appraisal Institute education program and teaches at various real estate schools, trade associations and community colleges in Indiana. He has written articles for The Appraisal Journal and is the author of "Residential Sales Comparison Approach: Deriving, Documenting, and Defending Your Value Opinion" and "Valuation by Comparison: Residential Analysis and Logic."

The 180-page, illustrated softcover book (ISBN: 978-1-935328-06-3) costs \$50 (\$40 for Appraisal Institute members) plus shipping and handling. To order, go to: [www.appraisalinstitute.org/URAR](http://www.appraisalinstitute.org/URAR).

## REGULATORY VICTORY: FHA REMOVES CAP ON APPRAISER FEES, ALLOWS DISCLOSURES TO CONSUMERS

Marking a significant victory for the professional appraisal community, the Federal Housing Administration recently announced that it was reversing a policy that inadvertently capped fees for real estate appraisers.

First identified by the Appraisal Institute and its partner professional appraisal organizations earlier this year, FHA's new policy correctly separates the services (and fees) charged by appraisers from those charged by appraisal management companies, allowing each to float at reasonable and customary levels. The previous policy inappropriately restricted the combined fees to just the customary and reasonable fee for the appraisal in the market area where the appraisal was being performed.

The Appraisal Institute urged FHA earlier this year to rescind its previous policy, which effectively was accomplished in the new policy released Sept. 18. To view the request, click here.

Specifically, under Mortgagee Letter 09-28, FHA lenders must ensure that:

- FHA Appraisers are not prohibited by the lender, AMC or other third party, from recording the fee the appraiser was paid for the performance of the appraisal in the appraisal report.
- FHA Roster appraisers are compensated at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised.
- The fee for the actual completion of an FHA appraisal may not include a fee for management of the appraisal process or any activity other than the performance of the appraisal.
- Any management fees charged by an AMC or other third party must be for actual services related to ordering, processing or reviewing of appraisals performed for FHA financing.
- AMC and other third party fees must not exceed what is customary and reasonable for such services provided in the market area of the property being appraised.

This policy change marks a significant victory for

*(continued on page 9)*

(continued from page 8)

consumers and residential appraisers, and it is part of the Appraisal Institute's ongoing efforts to address disclosure and fairness concerns.

The policies also address lender, AMC and appraiser requirements relating to geographic competency, appraiser independence, appraisal portability (Mortgagee Letter 09-29) and appraisal validity periods (Mortgagee Letter 09-30). Many of the changes are favorable for appraisers.

However, members are encouraged to read the entire set of Mortgagee Letters (found here), as FHA has chosen to adopt elements of the HVCC as a matter of their own policy, including the prohibition on mortgage broker-ordered appraisals. The Appraisal Institute's Government Relations Committee is reviewing those provisions and will provide additional input and feedback as we continue to fight for our members' interests.

Our efforts also continue on other fronts, including advancing H.R. 1728 on Capitol Hill, and AMC oversight and regulation at the state level, among other initiatives. Should you have any questions or concerns, please contact Bill Garber, Director of Government and External Relations, at [insidethebeltway@appraisalinstitute.org](mailto:insidethebeltway@appraisalinstitute.org).

## 2010 APPLICATION AND NEW RESOURCES NOW AVAILABLE FOR GENERAL COMPREHENSIVE EXAM

Applications for the 2010 General Comprehensive Exam are now being accepted. Associate Members who are now eligible to take the exam as well as those who are planning to finish their required education in 2010 should note the following dates and deadlines.

Eligible general Associate Members may now apply for the following exam dates in 2010:

- Jan. 28-29, 2010 (Deadline to apply: Dec. 4, 2009)
- April 26-27, 2010 (Deadline to apply: March 1, 2010)
- July 29-30, 2010 (Deadline to apply: June 3, 2010)
- Oct. 6-7, 2010 (Deadline to apply: Aug. 11, 2010)

To be eligible to take the General Comprehensive Exam,

the general Associate Member must have fulfilled the MAI college degree requirement as well as all MAI education requirements. All required exams must be graded and passed before applying for the General Comprehensive Exam. In addition, the Associate Member's Standards of Professional Practice cycle must be current.

Associate Members can view their remaining designation requirements at any time by logging in to the My Appraisal Institute section and clicking "My Associate Status Report" in the left sidebar. The 2010 education schedule is currently posted on the Web site, and new offerings will be added over the next couple of months.

To register for courses, please direct members to visit the Designation Education page of the Web site and click the course(s) they need to register online. When planning your education schedule, please remember to allow 60 days for grading time for Report Writing and Valuation Analysis and 30 days for all other exams.

For complete information on the exam, please download the General Comprehensive Exam Guidebook. To access all other important forms and guides, including the 2010 application form, please bookmark the Designation Requirement Tools page in your Web browser and encourage Associate Members to do the same. Please note: all of the above requirements to take the exam must be met prior to submitting an application.

The General Comprehensive Exam is offered at more than 200 PearsonVue Testing Centers across the country. You can learn more about these testing centers and view locations on their Web site at [www.pearsonvue.com](http://www.pearsonvue.com). While the testing centers do offer more options for Associate Members to take the exam in a location close to their home, please be advised that space at these locations is limited. Associate Members must apply for the exam and receive a registration code from the Appraisal Institute national office before they can reserve a seat in a test center. Associate Members are encouraged to apply for the exam and reserve their seat at a test center as soon as they become eligible for the offering they are interesting in taking. Due to the structure of the testing centers, no late applications may be accepted.

If you have any other questions on designation requirements, feel free to contact an Admissions staff member at 312-335-4111 or [admissions@appraisalinstitute.org](mailto:admissions@appraisalinstitute.org).

## USPAP UPDATE

Vol. 11 No. 9 September 2009

The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. The USPAP Q&A is a form of guidance issued by the ASB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of USPAP in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems. The USPAP Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. USPAP Q&A does not establish new standards or interpret existing standards. USPAP Q&A is not part of USPAP and is approved by the ASB without public exposure and comment.

### Appraiser's Obligations Under the Home Valuation Code of Conduct (HVCC)

#### **Question:**

I understand that the Home Valuation Code of Conduct (HVCC) prohibits mortgage brokers or real estate agents from engaging appraisers in appraisals for loans eligible for sale on the secondary mortgage market to Fannie Mae or Freddie Mac. What are my obligations as an appraiser if a mortgage broker or real estate agent contacts me and attempts to engage me in such an assignment?

#### **Response:**

Similar to the guidance provided in Advisory Opinion 25, Clarification of the Client in a Federally Related Transaction, appraisers have certain obligations when being engaged in appraisal assignments that fall under HVCC requirements.

If a mortgage broker or real estate agent attempts to engage an appraiser in an assignment subject to HVCC requirements, the appraiser is obligated to inform the mortgage broker or real estate agent that they are prohibited from engaging appraisers under provisions of the HVCC.

If the mortgage broker or real estate agent wishes to engage the appraiser despite the appraiser's disclosure, the appraiser may accept the assignment. It would be prudent to recite disclosures in the engagement letter and in the report.

Also refer to STATEMENT ON APPRAISAL STANDARDS NO. 9 (SMT-9) for additional information relating to intended use and intended users.

### Appraiser's Obligations Under the Home Valuation Code of Conduct (HVCC)

#### **Question:**

Does an appraiser have an obligation to determine whether or not the appraisal is to be used in a transaction that is subject to the requirements of HVCC?

#### **Response:**

Yes. Appraisers are obligated to identify the intended use and intended users in an assignment, along with all applicable assignment conditions.

### Disposal of Workfiles

#### **Question:**

I am aware of and comply with the workfile retention requirements in the Record Keeping section of the ETHICS RULE in USPAP. However, once the required retention period has passed, does USPAP dictate a method I must employ to dispose of the workfiles?

#### **Response:**

No, USPAP does not dictate a particular method for disposal of workfiles. However, because there are no provisions in USPAP for termination of the appraiser-client relationship and the appraiser's respective confidentiality obligations, appraisers must ensure that they do not violate the Confidentiality section of the ETHICS RULE even when disposing of workfiles.

This means that appraisers must ensure that whatever method they employ to dispose of workfiles does not allow for the communication of assignment results or confidential information (both, as defined in USPAP) in the disposal process.

### Due Process of Law

#### **Question:**

I am a personal property appraiser that specializes in the appraisal of coins and currency. I am required, by federal law, to report United States counterfeit coins and currency to the U.S. Secret Service. In reporting these counterfeit coins and currency, I am also required under federal law to provide them with the name and contact information of my client. Would disclosing my client's name under these circumstances be a jurisdictional exception under USPAP?

#### **Response:**

No, this issue does not constitute a jurisdictional exception. The Confidentiality section of the ETHICS RULE in USPAP prohibits an appraiser from disclosing *confidential information* (as defined in USPAP). However, it is not a violation of USPAP to disclose the name of the appraiser's client. This would only hold true if the client's name qualified as *confidential information* (as defined in USPAP), or if the appraiser contractually agreed with the client not to disclose the client's name.

(continued on page 11)

(continued from page 10)

Even if the appraiser agreed not to disclose the name of the client, the Confidentiality section of the ETHICS RULE permits the appraiser to disclose the client's name to "such third parties as may be authorized by due process of law." If federal law mandates an appraiser to communicate confidential information, the appraiser must comply with that law.

The USPAP Q&A is posted each month on The Appraisal Foundation website ([www.appraisalfoundation.org](http://www.appraisalfoundation.org)). The ASB compiles the monthly USPAP Q&A into the USPAP Frequently Asked Questions (USPAP FAQ) for publication with each edition of USPAP. In addition to incorporating the most recent questions and responses issued by the ASB, the USPAP FAQ is reviewed and updated to ensure that it represents the most recent guidance from the ASB. The USPAP Frequently Asked Questions can be purchased (along with USPAP and USPAP Advisory Opinions) by visiting the "Foundation Store" page on The Appraisal Foundation website (<https://commerce.appraisalfoundation.org>).

For further information regarding USPAP Q&A, please contact: John S. Brenan, Director of Research and Technical Issues  
(202) 624-3044  
(202) 347-7727 fax  
[john@appraisalfoundation.org](mailto:john@appraisalfoundation.org)

## RICH MEDVED PASSES

Rich Medved, 56, of Seattle, who joined the King County Assessor's Office in 2002 and became its chief deputy the following year, then was named interim assessor in June 2009, died Monday. He had suffered a stroke July 14.

**SEATTLE MORTGAGE BROKER ASSOCIATION  
INCOME PROPERTY LUNCH  
November 18, 2009**

<b>Location:</b> Washington Athletic Club 1325 Sixth Avenue Seattle, WA 98101	<b>Featuring Speaker:</b> Matt Griffin  <b>Cost:</b> \$45.00
--	--

**Register Today!**  
Log on to: [www.seattlemba.org/blast/20091118\\_IPLunch.html](http://www.seattlemba.org/blast/20091118_IPLunch.html)

## 45-DAY NOTICE

At its November 12-13, 2009 meeting at the Fiesta Americana Condesa Cancún hotel in Cancún, Mexico, the Appraisal Institute Board of Directors will consider proposed amendments to the Appraisal Institute Code of Professional Ethics and Regulation Nos. 1 and 2. The proposed changes have no or minimal financial impact. To view the 45-Day Notice of proposed amendments to the bylaws, please go to [https://www.appraisalinstitute.org/myappraisalinstitute/downloads/45-DayNotice\\_092509.pdf](https://www.appraisalinstitute.org/myappraisalinstitute/downloads/45-DayNotice_092509.pdf).

Members wishing to comment on the proposed changes, can contact:

Judson Clendaniel, MAI - [judhc@comcast.net](mailto:judhc@comcast.net)  
Greg Goodman, MAI - [ggoodman@absvaluation.com](mailto:ggoodman@absvaluation.com)  
Vince Healy - [vinceh@qwestoffice.net](mailto:vinceh@qwestoffice.net)  
Justin Slack, SRA - [justin.slack@homestreet.com](mailto:justin.slack@homestreet.com)

## Seattle Mortgage Bankers Association Dinner Meeting

**Tuesday, December 15, 2009**  
**Broadmoor Golf Club, Seattle**

**Featured Speaker: Rob McKenna, Attorney General**  
Mr. Rob McKenna will be discussing topics regarding current real estate trends and the outlook for 2010.

Schedule	Cost
Social Hour 5:30 to 6:30 PM	\$60 Members
Dinner 6:30 PM	\$100 Non-members

For more information and to register go to  
[www.seattlemba.org](http://www.seattlemba.org)

## USPAP UPDATE

Vol. 11 No. 10 October 2009

The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. The USPAP Q&A is a form of guidance issued by the ASB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of USPAP in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems. The USPAP Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. USPAP Q&A does not establish new standards or interpret existing standards. USPAP Q&A is not part of USPAP and is approved by the ASB without public exposure and comment.

### Client Request to Limit Scope of Work to New Client Name

#### **Question:**

An appraiser completed an appraisal for Client A. Client B received a copy of the appraisal from Client A and finds it acceptable for their purposes, but wants to be identified as the client in the appraisal report. Client B is aware that appraisers are prohibited from readdressing (or transferring) a completed report to a different client's name. As a result, Client B would like to engage the appraiser in a new assignment, limiting the appraiser's scope of work to only identifying them as the new client. Can the appraiser complete the assignment from Client B under these terms?

#### **Response:**

No. USPAP requires the scope of work performed to produce credible assignment results. USPAP clearly establishes that the scope of work is determined by the appraiser. If a client's instructions (i.e. assignment conditions) limit the appraiser's scope of work in a new assignment to simply identifying a new client, the client, not the appraiser, has made the scope of work decision.

In addition, even if the appraiser accepted the client's proposed scope of work as his or her own, that scope of work may not be adequate to produce credible assignment results as required by USPAP.

As is the case with all assignments, when a client's assignment conditions are too restrictive to produce credible assignment results, an appraiser must decline or withdraw from an assignment.

### Client Requirement to Disregard Market Value Changes Prior to Effective Date

#### **Question:**

I am aware of the ASB's June 2008 Q&A which addressed the implementing regulation, 49 CFR Part 24, for *The Uniform Relocation Assistance and Real Property Acquisitions Act of 1970*, as Amended (the Uniform Act). The topic of this Q&A is the relationship of Standard Rule 1-4(f) and "Before Acquisition Value." The ASB pointed out that such a situation does not create a jurisdictional exception under USPAP, but is rather an assignment condition.

My state has a similar law that requires the appraiser to disregard any decrease or increase in market value of the property prior to the effective date of value caused the by the public improvement for which the property is being acquired. Is this state law a jurisdictional exception under USPAP?

#### **Response:**

No. The state law is not a jurisdictional exception in this case. USPAP SR 1-4(f) becomes applicable in an assignment only *if* the scope of work includes the analysis of anticipated improvements:

***When analyzing anticipated public or private improvements, located on or off the site, an appraiser must analyze the effect on value, if any, of such anticipated improvements to the extent they are reflected in market actions. (Bold added for emphasis)***

As was pointed out in the June 2008 Q&A response, the key word in SR 1-4(f) is "**When**." Your state law does not conflict with USPAP because the word **When** indicates that SR 1-4(f) is only applicable in the circumstance that public or private improvements must be analyzed in order to develop credible assignment results.

The recently adopted 2010-2011 edition of USPAP that becomes effective on January 1, 2010, is intended to enhance clarity and understanding in application of the JURISDICTIONAL EXCEPTION RULE. While there are no new requirements, the following four steps have been added to the RULE:

*In an assignment involving a jurisdictional exception, an appraiser must:*

- 1. identify the law or regulation that precludes compliance with USPAP;**
- 2. comply with that law or regulation;**
- 3. clearly and conspicuously disclose in the report the part of USPAP that is voided by that law or regulation; and**
- 4. cite in the report the law or regulation requiring this exception to USPAP compliance.**

## **Client Requirement to Disregard the Influence on Market Value of Public Improvements**

### **Question:**

I am aware that development of an opinion of market value also requires development of an opinion of reasonable exposure time linked to the value opinion. The assignment I am working on has an assignment condition under the *Uniform Appraisal Standards for Land Acquisitions* (the Yellow Book) that requires me to disregard any decrease or increase in market value of the property prior to the effective date of value that is caused by the public improvement for which the property is being acquired. My research indicates the time frames of buyers and sellers are often influenced by pending public improvement projects. Does this requirement represent a jurisdictional exception?

### **Response:**

Yes. In this case, the implementing law for what is commonly known as the Yellow Book **precludes** you from complying with the USPAP requirement stated in the Comment to USPAP SR 1-2(c), which requires an appraiser to develop an opinion of exposure time when an opinion of market value is developed. In contrast, the Yellow Book provides that “the appraiser shall not link an estimate of market value for federal land acquisitions to a specific exposure time.”

## **Is a “Waiver Valuation” a Jurisdictional Exception?**

### **Question:**

The Federal Highway Administration (FHWA) permits a “waiver valuation.” To quote 49 CFR 24.102(c)(2), “The term waiver valuation means the valuation process used and the product produced when the agency determines that an appraisal is not required, pursuant to 24.102(c)(2) appraisal waiver.” Is this an application of the JURISDICTIONAL EXCEPTION RULE?

### **Response:**

No. There is no jurisdictional exception in the situation described. USPAP does not establish who or which assignments must comply. An agency may determine that an appraisal is not required for a specific situation, and may elect to rely on a waiver valuation.

An appraiser who is required to practice under USPAP, or chooses to do so, must still comply with USPAP. However, nothing in the definition of waiver valuation *precludes the appraiser from complying with USPAP*. Compliance with USPAP sometimes requires an appraiser to develop an expanded level of analyses, or communicate results with a different minimum set of requirements, distinct from what might be desired by a particular intended use or user. These additional obligations may impact an appraiser’s decision whether they *choose* to accept the assignment.

It is important that an appraiser take the time and effort to clearly understand all the assignment elements, and make an appropriate scope of work decision that complies with the appraiser’s obligation to be able to demonstrate that the scope of work is sufficient to produce credible assignment results.

## **Client Requirement to Assume No Contamination Exists**

### **Question:**

The Federal Highway Administration (FHWA) publishes a “Guide for Preparing an Appraisal Scope of Work.” One of the items listed is that the property being acquired should be “appraised as if free and clear of contamination,” unless otherwise specified. Is this a jurisdictional exception, extraordinary assumption, or hypothetical condition?

### **Response:**

This situation is not an application of the JURISDICTIONAL EXCEPTION RULE. Rather, if contamination is an aspect of the valuation, the situation calls for either an extraordinary assumption or a hypothetical condition. In the DEFINITIONS section, an extraordinary assumption is defined as:

*an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions.*

A hypothetical condition is defined as:

*that which is contrary to what exists but is supposed for the purpose of analysis.*

If the contamination status of the property is uncertain and cannot be determined, an extraordinary assumption is appropriate. If the property is known to be contaminated, a hypothetical condition to the contrary would be required.

*The USPAP Q&A is posted each month on The Appraisal Foundation website ([www.appraisalfoundation.org](http://www.appraisalfoundation.org)). The ASB compiles the monthly USPAP Q&A into the USPAP Frequently Asked Questions (USPAP FAQ) for publication with each edition of USPAP. In addition to incorporating the most recent questions and responses issued by the ASB, the USPAP FAQ is reviewed and updated to ensure that it represents the most recent guidance from the ASB. The USPAP Frequently Asked Questions can be purchased (along with USPAP and USPAP Advisory Opinions) by visiting the “Foundation Store” page on The Appraisal Foundation website (<https://commerce.appraisalfoundation.org>).*

For further information regarding USPAP Q&A, please contact:  
John S. Brenan, Director of Research and Technical Issues  
(202) 624-3044  
(202) 347-7727 fax  
[john@appraisalfoundation.org](mailto:john@appraisalfoundation.org)

## 2009 Seattle Chapter Board & Committee Chairs

### PRESIDENT

Mel Morgan, Jr., MAI

### PAST PRESIDENT

Chris Berger, MAI

### VICE PRESIDENT

Gretchen Young, MAI

### TREASURER

R. Scott Adams, MAI

### SECRETARY

Chris Monger, MAI

### 2009 DIRECTORS

Mary Campos, SRA

Renee Schaefer, MAI

Darin Shedd, MAI

Mark Thurston, MAI

### NORTH SOUND BRANCH CHAIR

Dan Hewitt, SRA

### SOUTH SOUND BRANCH CHAIR

Gary Wessels, MAI

### 2009 COMMITTEE CHAIRS

#### Member Admissions, Development and Retention

Robert Taylor, MAI

#### Associate Member Liaisons

Selena Woods

Matt Bacon

#### Nominations

Chris Berger, MAI

#### Endowment

Allen Safer, MAI

#### Newsletter

Rhoda van Engelen

#### Education

Diane Hayes, SRA

#### Education Vice-Chair

Position Open

#### Finance

Gretchen Young, MAI

#### Associate Member Guidance

Greg Goodman, MAI

Justin Slack, SRA

#### Hospitality

Ericka Love

Krista Shirley

#### Government Affairs

Selena Woods

Dave Hunnicutt, MAI

#### Roster

John Gordon, MAI

#### Public Relations

Marc Therrien, MAI

#### Programs

Chuck Munson, MAI

#### External Relations

David Grosten

#### Long Range Planning

Chuck Munson, MAI

#### Technology

Marc Campos, MAI, SRA

#### Executive Secretary

Elly Snow

6351 Seaview Avenue NW  
Seattle, Washington 98107-2664  
(206) 622-8425/Fax (206) 623-4474  
e-mail: aisea@qwestoffice.net

## Classified Ads

Help wanted ads submitted to the Chapter Office appear in the next issue of the Newsreal and on the job listing section of the Chapter website. As a benefit of the membership, Chapter Members may also provide "position sought" ads for the Newsreal. All ads may be sent to aisea@qwestoffice.net



Lamb Hanson Lamb Appraisal Associates, Inc has been providing real estate appraisal services for nearly a century, making us one of the most well know appraisal firms in the Pacific Northwest. Our timeless experience has not changed but our location has.

Lamb Hanson Lamb Appraisal Associates, Inc is located at

#### West Seattle Corporate Center

4025 Delridge Way SW, Ste 530  
Seattle, WA 98106.

#### Our Services

In addition to residential and commercial appraising Lamb Hanson Lamb offers a variety of other services including, agricultural, consulting and litigation appraisals and reserve studies. We also work with a diverse range of clients made up of Government Agencies, Financial and Educational Institutions, Attorneys, CPA's, Retailers, Investors, Residential Homeowner and Commercial Property Owners.

Please check out our website at [www.lambhansonlamb.com](http://www.lambhansonlamb.com)



#### Go Green: Go Paperless Today!

Save time, money and the environment—pay your Appraisal Institute membership dues online! Simply [log in](#) to your Manage My Account page, go to the Preferences & Directory tab and click the Go Paperless link. It's that easy!