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New York State Society of Real Estate Appraisers
a division of the
New York State Association of REALTORS®, Inc.

Becky Jones, Communications Chair

Winter 2003 - 2004

In Memoriam: Arthur G. McCartney

On January 16, NYSSREA Past President Arthur G. McCartney passed away at his home in Chestertown, NY. Art was a great supporter of the society. He served on every committee of the society over the years and was instrumental in starting the Spring Conference 10 years ago (along with Fred Streb). He supported both the Fall and Spring Conferences by donating prizes every year.



Art G. McCartney

In recent years, Art and his wife Betty moved to Chestertown (Friends Lake). They bought a motor home and spent much of their time traveling across the country visiting family. Several times they stopped in to visit the Fall or Spring Conference as they were on their way to travel to another great destination.

Art was born on November 16, 1925 in Dobbs Ferry, NY. He was a 1942 graduate of Ardsley High School and a graduate of Syracuse University, Class of 1948. During World War II, Art served in the U.S. Army Air Corps as an air radio operator stationed in Greenland. He was the co-owner and president of the McCartney Agency in Ardsley for 50 years until his retirement in 1999. Art served as president of NYSSREA in 1994 and also served as president of the Westchester County Board of REALTORS®. He joined the Ardsley Volunteer Fire Department in 1948, serving as chief from 1960 to 1962. Art was a great outdoorsman

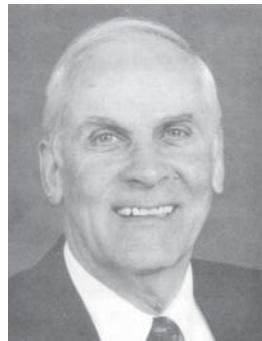
See McCartney, p. 7

See McCartney, p. 7

Paul W. Weinbach remembered

NYSSREA Past President Paul W. Weinbach passed away on February 24. Paul was an active member of the society for 25 years, serving as president in 1999. He served as a leader, educator and contributor to the society and also to the National Association of REALTORS®, the New York State Association of REALTORS®, the Greater Jamestown Board of REALTORS® and the Jamestown

Community College among other organizations.



Paul W. Weinbach

Paul was born on March 9, 1934 in Buffalo, NY. He was a graduate of Lancaster High School and the University of Buffalo. Prior to his involvement in the real estate industry, Paul owned and directed the Clarence Playhouse in Clarence, NY. He also taught high school in Columbus, GA before becoming the managing director of the Jamestown

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President's Message

The society recently held its first Board of Governors meeting for the 2004 year on Feb. 10 in Albany at the Desmond Hotel and Conference Center. The society sponsored the seminar, "Valuation of High-End Residential Properties," taught by Education Chair and President-elect Domenic Zagaroli of Westchester. The officers were installed on the evening of Monday, Feb. 9, during the NYS Association of REALTORS® annual inaugural dinner.

I would like to briefly cover some of the items from our meeting. I am pleased to announce that 2003 NYSSREA President Jane Mostow will chair the By-laws Committee. Mike Bucci and Carol DiSanto will also serve on the committee.

The board discussed the re-vamping of the NYSSREA website. Communication Committee Chair Becky Jones and Mike Bucci will work on changes to the site. Becky asked that suggestions for the website and articles for the newsletter be sent to her at rebecca@upstategroup.com.

The 2004 Spring Appraisal Conference will be held May 6 and 7 in Fishkill. The conference will be two full days. The 7-hour USPAP Update will be held on May 6 and there will be two segments held on May 7. The morning session will include the three-hour continuing education course, "Business Valuation," taught by William Quakenbush. The afternoon session will be a



Robert Eisenoff

panel discussion for two hours of continuing education credit titled "The Appraiser, the Broker and the Lender: Facilitating the Mortgage Process."

The society will start to hold general membership meetings in conjunction with the Spring and Fall Appraisal Conferences. We hope you plan to join us. Please mark your calendar.

On a closing note, the society was saddened to lose past presidents Art McCartney and Paul Weinbach in Jan and Feb. Both of these gentlemen were very supportive and contributed greatly of their time and expertise to make our organization the best it can be. The society also lost another long-time member in February. Many of you may remember Helen Battistoni from Rhinebeck, NY. Helen passed away February 22, 2004. She was extremely active in her area and a very dedicated member of NYSSREA and NYSAR. She will be missed by all who knew her.

Sincerely,

A handwritten signature in black ink that reads "Robert Eisenoff".

Robert Eisenoff
President

Fannie Mae's new appraisal forms

By Ann O'Rourke

Do lenders drive you crazy with requests for one form, then request another form? Ever have a client not really know what form they want? Do you hate the 2-4 unit form? Fannie Mae knows about these problems and is planning on major changes to the form. They have a team working on the form revisions.

At Valuation 2003 in Orlando in December, Mark Simpson, director of Property Valuation Standards and Practices, Single-Family Credit Administration for Fannie Mae, announced that they are developing new forms to replace the current forms.

New forms - Tier 1, single-family

Fannie Mae will have two new single-family forms, one for interior inspections and one for exterior inspections, plus probably a co-op form.

New forms - Tier 2, 2-to-4 units

I really dislike the four page 2-to-4 unit form. It forces you into analyzing a 2-to-4 unit property as you would a single-family property, with little emphasis on the income approach. Listings are a good idea, but can be very difficult to find in some markets. I much prefer the old two page form. I continued to use it for non-lender work for several years after the new form came out. Fannie Mae also sees problems with the form and plans to revise it. Simpson

said, the old two page form was "decent" and the new four page form didn't help much. REO problems are much greater with 2-to-4 unit properties than single-family so the form was expanded from two to four pages. They are planning on a "streamlined" approach.

New form – Reviews

Fannie Mae also plans to review the Fannie Mae 2000 Review Form.

Updated certification and limiting conditions:

Fannie Mae will start by updating the certification and limiting conditions that can be used for all the forms.

Scope of work

The new forms will make the scope of work much clearer with a scope of work for each reporting form. The appraiser will know what the investor expects. The appraiser will have more guidance on what Fannie Mae expects, and will certify that he or she knew what Fannie Mae wanted and complied.

Three year sales history for comps

The forms are inconsistent on sales history for the comps. The URAR has "prior sale within past year" and the 2055 has "the prior sale." Simpson said, a three-year history for the subject and the sales make the most sense. They are sensitive to the "normal course of business" issue.

Implementation timeline:

In 2004 there will be an extended period of review and comments before becoming mandatory in 2005.

Updates and completion certificates

Simpson said, USPAP created a lot of confusion with some appraisers saying they can't do updates. Fannie Mae has developed a new short appraisal update and certification form expected to be released in the first quarter of 2004.

Fannie Mae and Appraiser Assisted AVM (AAVM)

Fannie Mae hasn't "found a niche where AAVMs make sense" Simpson said, except for master appraisals. However, they may be buying loans from customers who use them. AAVMs are an AVM output reviewed by an appraiser.

AVM use

According to Simpson, 15 percent of purchases use only an AVM (their customers can use something else, such as a 2055 or URAR). Thirty to thirty-five percent of rate term refis (no cash out) use AVMs. Going forward, Fannie Mae expects "incremental gains." AVMs have not evolved to replace appraisers.

Fannie Mae's official position

"At present, we believe AVMs have generally not evolved sufficiently to replace traditional appraisers."
See Forms, p. 4

Forms

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praisals." AVMs are used to validate the lender-reported value when an appraisal is not used. AVMs can also be used as effective quality assurance tools.

AVMs are not used for cashout refis as a substitute for an appraisal, but sometimes lenders tell the appraiser that Desktop Underwriter gave them a "value seems to be excessive" message. The value is provided by the loan officer or homeowner.

"The appraiser will be left with more challenging assignments over the next 1, 3 or 5 years," Simpson said. He sees this as a positive for appraisers.

AVMs are used by many lenders. Simpson said, the best lenders evaluate the AVMs. The worst use multiple AVM products until they find the one that gives them the number they need. He is hearing that bank examiners are asking questions about AVM use.

Fannie Mae and state regulators

Fannie Mae has been turning appraisals into state regulators, after paying for an independent review. Fannie Mae provided a copy of the appraisal and a copy of a review done by a fee appraiser as part of their quality control. Fannie Mae does not testify.

Fannie Mae made 860 referrals (803 appraisers) to 45 different state regulatory agencies between August 2001 and August 2002. Of the 860 refer-

als, 202 had "something done," which may or may not have been due to Fannie Mae's referrals. Additionally:

- 85 appraisers are no longer appraising (revoked or did not renew).
- 20 were suspended for a period of time.
- 98 appraisers had fines or reprimands.
- 60 percent of the cases had no action or were dismissed. Maryland refused to do anything unless Fannie Mae sent their reviewer to testify. Washington D.C. took no action on 40 to 50 cases.

Simpson divided the states into three groups. The top third suspended or revoked 31 percent of the appraisers and had consent agreements with 29

percent. The bottom third suspended less than 3 to 4 percent and had consent agreements on about 3 percent.

Simpson made three observations:

- 1) Lack of uniformity among the states regarding unacceptable appraisal practices.
- 2) Lack of consistent and effective enforcement actions by the states with significant delays of 18 months to three years to find out if something was done on some of the appraisals.
- 3) Lack of consistent oversight of the states' activities by the Appraisal Subcommittee.

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USPAP questions & answers

These communications by the Appraisal Standards Board (ASB) do not establish new standards or interpret existing standards. The ASB USPAP Q&A is issued to state and territory appraisal regulators to inform all states and territories 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. The ASB USPAP Q&A do not constitute a legal opinion of the ASB.

Q: I recently reviewed an appraisal report. As part of the assignment I developed an opinion of value that was different from the value in the appraisal report. I understand that I must provide a signed certification for the review pursuant to Standards Rule 3-3. However, the language in Standards Rule 3-2 seems to suggest that I am also required to prepare an additional certification to comply with Standards Rule 2-3. Are two certifications necessary?

A: No, you are not required to provide two certifications in an appraisal review assignment that includes reporting your own value opinion.

In USPAP this is addressed in the comment to SR 3-2(d), which was revised for 2004 as follows:

“...data and analyses provided by the reviewer to support a different value conclusion must match, at a minimum, the reporting requirements for a Summary Appraisal Report for a real property appraisal (Standards Rule 2-2(b)) and a personal property appraisal (SR 8-2(b))—and an Appraisal Report for a business appraisal (SR10-2(a))...”

This revision underscores that whenever a reviewer provides a value conclusion different from the value opinion in the report under review, it is only the data and analyses provided by the reviewer that must be consistent with the applicable reporting Standard.

Q: I am employed at a firm where my reports are reviewed by a supervisory appraiser. The supervisory appraiser recently asked me to make changes to a report that resulted in a value opinion with which I do not agree. I am not comfortable signing the amended report. What are my obligations under USPAP?

A: If the report does not represent your own opinions and conclusions, then you must not sign the report or

the certification.

Standards Rule 2-3 states that any appraiser signing an appraisal report must sign a certification, which must include a statement similar to:

“I certify that, to the best of my knowledge and belief the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.”

An appraiser required to make changes that he or she does not agree with would not be reporting his or her own personal analyses, opinions, or conclusions.

Q: Do Standards Rules 1-5 and 7-5 require an appraiser to analyze the sales history for comparable sales?

A: No, they do not. These standards rules address only the subject property, not the comparable sales. However, appraisers may be subject to supplemental standards in certain assignments that require the appraiser to provide a more detailed analysis than otherwise required by USPAP.

Education Courses

The following courses are sponsored by the Rockland County Board of REALTORS®. All appraisal courses will be held at Rockland Community College, 145 College Rd., Suffern, NY 10901. Please call 845/735-0075 to register or for more information.

Residential 1: Introduction to Real Estate Appraisal

30 hours
Nights: Tuesday & Thursday
March 23 - April 15
5:45 - 9:45 pm
\$350 (plus \$35 textbook)

AQ-1: Fair Housing, Fair Lending & Environmental Issues

15 hours
Nights: Tuesday & Thursday
April 22 - May 4
5:45 - 10 pm
\$200 (plus \$25 book & materials)

Residential 2: Valuation Principles & Procedures

30 hours
Nights: Tuesday & Thursday
May 20 - June 15
5:45 - 9:45 pm
\$350
Pre-requisite: Satisfactory completion of R-1.

Continuing Education for Appraisal License and Real Estate License.

Valuation of Individual Condominium Units

3 hours CE credit
Day: Tuesday, April 13

9 am - 12 pm
\$50/member, \$75/non-member

Residential Appraisal Review & USPAP

3 hours CE credit
Day: Tuesday, April 13
1 - 4 pm
\$50/member, \$75/non-member

Understanding the Appraisal Principles in the Estimation of Value

4 hours CE credit
Day: Tuesday, May 11
9 am - 1 pm
\$65/member, \$90/non-member

The Appraiser/Underwriter Relationship

3 hours CE credit
Day: Tuesday, May 11
2 - 5 pm
\$50/member, \$75/non-member
Register for both courses held on May 11:
\$100/member, \$125/non-member

The following courses are sponsored by the Westchester County Board of REALTORS®. Please call 914/681-0833 to register or for more information.

Appraiser Licensing - all of these classes require an exam and 90% attendance.

R-1: Introduction to Real Estate Appraisal

30 hours/22.5 hours CE credit
Nights: Monday & Wednesday
July 7 - August 9
September 8 - October 18

6 - 9:30 pm
Days: September 20 - 24
9 am - 5 pm
\$375

R-3: Applied Residential Property Valuations - Case Studies

30 hours
Nights: Monday & Wednesday
April 7 - May 10
6 - 9:30 pm
\$375
Pre-requisite: R-1 & R-2

AQ-1: Fair Housing, Fair Lending & Environmental Issues

15 hours
Nights: Monday & Wednesday
June 2 - 16
November 29, December 1, 6, 9, 13
6 - 9:30 pm
\$200

Ethics and Standards of Practice (USPAP)

15 hours
Days: Thursday, March 25
Thursday & Friday, May 13-14
Thursday, October 7
Thursday & Friday, December 2-3
9 am - 5:30 pm
\$300

The following courses are sponsored by the Columbia Society of Real Estate Appraisers, Inc. in association with the Richmond County Real Estate Institute. Both courses will be held at 129 New Dorp Plaza, Staten Island. Please call 718/979-0007 for more information or to register.

Residential R-2

30 hours CE credit
 Nights: Monday & Wednesday
 March 1 - 31
 6:30 to 10 pm
 \$275

USPAP Update

7 hours CE credit
 Day: Saturday, March 13
 8:30 am - 4:30 pm
 \$150 CSA members, \$175 non-
 CSA members (includes text)

The following course is sponsored by the Westchester County Society of Real Estate Appraisers, Inc. to be held at Westchester Community College. Call 914/785-6830 option 5 to register.

USPAP Update

7 hours
 Day: Thursday, March 18
 9 am - 5 pm

The following courses are sponsored by the Westchester Community College, 65 Grasslands Rd, Valhalla. Call 914/785-6830 option 5 to register.

R-1: Introduction to Real Estate Appraisal

Days: Mondays
 February 23 - April 5 (skip 3/15)
 9 am - 4 pm
 \$315

R-2: Valuation Principles & Procedures

Days: Monday & Friday
 April 12 - 30
 9 am - 4 pm
 \$315

The Appraiser Underwriter Relationship

3 hours appraiser CE credit
 Day: Wednesday, Mar 31
 1:30 - 4:30 pm
 \$50

McCartney

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and conservationist, and enjoyed winter sports. He will be remembered by his family and friends for his sense of humor, his love of life and people, his community service and his devotion to his family. Art will be missed by all who knew him.

If you would like to send Betty a card or note, her address is as follows:

Valuation of High End Residential Properties

4 hours appraiser CE credit
 Night: Wednesday, Apr 21
 6 - 10 pm
 \$60

Betty McCartney, 577 Atateka Drive, PO Box 190, Chestertown, NY 12817.

I'm sure Betty would appreciate hearing from Art's colleagues.

For those who wish to make a donation in Art's memory, the family has requested that donations be made to the High Peaks Hospice, 286 Glen Street, Glens Falls, NY 12801.

Member News

In 2004, NYSAR Past President Bob Galliher will be vice chair of the appraisal section for NAR, a member of the nominating and public policy committees and vice chair of the ASB Issues Committee for the Appraisal Foundation Advisory Committee (TAFAC).



Bob Galliher

The society honored NYSSREA 2003 President Jane Mostow at NYSAR's February Business Meetings with a plaque thanking her for her tireless efforts on behalf of the society.

Thank you Jane!



Jane Mostow

■ Weinbach

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Little Theatre in Jamestown, NY. Paul worked at the Charles Keyes Insurance Agency and went on to work as a REALTOR® for Rolling Hills Realty and Zahn Realty. For 25 years, Paul was the owner of Weinbach Real Estate Appraisals in Jamestown, prior to retiring to Rock Hill, SC in 1999.

Paul was a founding member of the National Association of REALTORS® Appraisal Section. Paul served as president of the Greater Jamestown Board of REALTORS® and as NYSAR's regional vice president for the Western Region. Paul served on the NAR Board of Directors for eight years

and served on or chaired numerous councils and committees for NYSAR. He was also a member and chairman of the Board of Assessment Review for the town of Busti in Chautauqua County.

Paul received a number of commendations for his work in real estate and appraisals. The Jamestown Community College, where he taught real estate courses involving appraisal work for 29 years, awarded him the "Faculty Award for Excellence." He was also a recipient of the "Lena Goldstein Award," which is given in recognition of commendable ser-

vice over a long period of time in the general field of real estate underwriting and appraisal.

He was a long time member of the Concordia Lutheran Church in Jamestown where he served on the council and taught Sunday school. Paul is survived by his wife of nearly 45 years, Sally Hoover Weinbach, their children and grandchildren. Paul will be deeply missed by all who knew him.

If you would like to send the Weinbach family a note or card their address is as follows:

Sally Weinbach, 1466 Cole Ave., Rock Hill, SC 29732.

New York State

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Spring Conference

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Fishkill

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