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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

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Good appraisers are talented, curious

By Ann O'Rourke

Many appraisers, including me, presently have more work than we can handle. We remember the "good old days" when we had much larger staffs and made more money, but finding a good, experienced appraiser is tough. Trainees are a high risk because you don't know if they will be able to make it as an appraiser and the training time is long in many states due to licensing.

I have been thinking about what makes a "good" appraiser for a long time. Everybody has a different opinion of what constitutes a good appraiser - clients, review appraisers, other appraisers, regulators, etc. This article will focus on what makes a good appraiser. What makes those appraisers the people you call when you have a problem and the appraisers you would like to hire.

Form fillers and boilerplaters

I'm sure you have met clueless appraisers who you would never call for advice. In residential, I call them form fillers. They just know how

to fill out a form to satisfy underwriters. They have great difficulty doing an appraisal unless they are given a value to "come up with." When they try to do one without a "target" value, they are way off.

I refer to clueless commercial appraisers as boilerplaters. The boilerplaters have thick appraisal reports that are empty of any meaningful, relevant analysis. They use spreadsheet templates or black box programs such as Argus or Project and have no idea how spreadsheets work or how investors evaluate cash flows.

Characteristics of a good appraiser

A good appraiser has a career, not just a job, is talented and open to new information and ideas. Other characteristics of a good appraiser include: personal and professional integrity; objectivity; ask questions and for help or advice when needed; curiosity; flexibility; and an eagerness to learn and accept challenges.

A career, not just a job

Think of the people you know who dropped out of the appraisal field. Except for the recent downturn and cut-backs, they were often people who really didn't see themselves as professional appraisers. They just had a business or a job. They could have been doing anything else, such as accounting, photography or managing a restaurant. When they left appraising, they usually left real estate.

Talent counts

To some extent you can learn to be a good appraiser, but just like being a good baseball player, you have to have talent, be willing to learn and take the time to develop your skills. Some people have talent and don't really use it, some try hard, but will never be really good, and some will never get it. It doesn't mean that you are a bad person, just that you don't have the talent for appraising. You must be able to deal with uncertainty, have a sixth sense

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President's Message

On behalf of the society, I'd like to thank Bob Eisenoff, our 2004 NYSSREA president, for his untiring efforts on behalf of our organization over the past year.

We had a very productive meeting in February at the Desmond Hotel in Albany, New York. The 2005 officers Secretary Carol DiSanto, Ithaca and President-elect Michael Johnson, Buffalo, along with me were installed during the NYSAR Inaugural Dinner on February 7.

I know that we are all looking forward to spring when our 11th Annual New York State Society of Real Estate Appraiser's Arthur G. McCartney Spring Appraisal Conference will take place at the Holiday Inn in Fishkill, NY on April 28 and 29. The board unanimously approved naming the conference after past president Arthur G. McCartney who was instrumental in starting the Spring Conference 11 years ago.

Our agenda for the day includes a presentation titled "The New HUD Minimum Housing Standards" by board member Becky Jones. Paula Konikoff, JD, MAI has been invited to give a two-hour USPAP update on the afternoon of April 29. Konikoff is a member of the Appraisal Standards Board and spoke at the Fall Appraisal Conference this past October. We have also invited Keith Stack, deputy secretary of state, Division for Li-



Domenic Zagaroli

censing Services, New York State Department of State to give an update on the activities of the New York State Board of Real Estate Appraisal. This is a great opportunity to ask questions on licensing and certification issues.

Please mark your calendar and plan to attend the Fall Appraisal Conference on October 13 to 14, 2005 at the Turning Stone Casino and Resort in Verona, NY.

We have included an application for our scholarship program. If you or someone you know could benefit, please complete and return the form to our office prior to September 1.

I look forward to seeing you at the conference in April.

Sincerely,

Domenic Zagaroli, GAA
President

Appraiser

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or hunches when something isn't right, never stop learning about the real estate market and be able to make decisions when faced with uncertainty.

Verifying sales

Many appraisers, particularly commercial appraisers, focus on sales verification as identifying good appraisers. The form filler/boilerplate confirms the price and terms and hangs up. The good appraiser wants to know "why." Why did the buyer purchase this property rather than another one, why did the seller sell, and how was the asking price determined? Commercial appraisers ask such questions as which income and expense items were actual and projected, what was the "upside" the buyer saw, and was the buyer or seller in a 1031 exchange position and desperate for a property?

The purchase contract

When the subject property has a purchase contract, the good appraiser wants to know the listing history, how many offers were received, how it was marketed, why the buyer picked the property and why the seller was selling. The good appraiser carefully reviews the sales contract including terms, dates, etc. The form filler/boilerplate just asks the price and maybe reads the sales contract. They don't have the ability or interest to analyze the contract.

Changing markets

When markets are changing quickly, up, down, or stabilizing, the good appraiser can "feel" when this is happening. The good appraiser doesn't rely on comps, which are in the past, but researches listings and expirations. The good appraiser attends local meetings of appraisal associations to keep up-to-date on the latest trends. The good appraiser keeps track of the pulse of the market by talking with buyers, sellers, and real estate agents. The good appraiser makes some clients upset by considering changes in market conditions when evaluating comps.

I started appraising in the "old days" when you began in residential then moved into commercial appraising. Now, appraisers are typically "tracked" into one or the other. Market factors are much easier to see and understand in the residential market. You can develop your "feel" for the market much easier. You don't get bogged down in spreadsheets and numbers when you first start appraising. You do many more appraisals in a month than in commercial appraising.

Local market factors

The good appraiser reads the local newspapers and knows about zoning changes, controversial developments, and environmental problems. The good appraiser goes to the websites of local newspapers looking for relevant in-

formation. If the good appraiser gets a hunch that something is happening, he or she will make the effort to find out what.

Open to new information and ideas

A good appraiser is not rigid and is willing to change a value or market opinion based on new information.

The willingness to learn new ways of appraising and reporting, the use of new data sources and scrapping outdated ones and always looking to expand his or her appraisal knowledge are characteristics of a good appraiser.

Hiring a good appraiser

You should hire a good appraiser because they stay in the appraisal field. After spending all the time to train someone, they won't change careers. Good appraisers love what they are doing. You don't have to worry about a lot of whining. Good appraisers are a lower liability risk to your firm. They take the extra step to make sure they are not missing something. They let you know when they are over their heads on an assignment. Good appraisers get their work done on time and don't obsess over the perfect appraisal. Good appraisers are fun to work with. You can bounce ideas off each other. They can keep you up when you are bogged down in a difficult assignment or a business hassle such as a collection problem.

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How to find and keep good experienced appraisers

Good appraisers are usually frustrated when working for a formfiller/boilerplater firm. They really want to analyze real estate but are forced into providing a "vanilla" appraisal product. You may be able to recruit them by offering them the opportunity to work with other good appraisers who can help them learn more. See if your associate appraisers know anyone who may be available. They are usually much more aware of the market for appraisers than principals. Offer a hiring bonus of \$1,000 to \$2,000 to the associate appraiser who recruits the new hire. When interviewing, ask the applicant questions to test their appraisal talent.

How to find a good trainee appraiser

Everybody hates to hire a trainee who just doesn't "get it" and will never be a good appraiser. You can waste months of your time. You can easily tell a good appraiser from a formfiller/boilerplater by reviewing their work and giving them sample appraisal problems when interviewing them. For trainees with no appraisal experience, ask about their previous employment. Which jobs did they like and dislike and why? Go back in the past to jobs they had in college.

When researching references, ask questions relating to characteristics of a good appraiser, such as curiosity, tenacity, non-perfectionism, etc. See if the applicant is interested in real estate. Ask what the person thinks about the local real estate market or if there have been any homes sold near their house (if the person is a homeowner). Or, how apartment rents are doing (if the person is a renter).

Where to get more information

I have never seen anything written on the topic of what makes a good appraiser. However, there are books on recruiting and interviewing that can help.

Editor's Note: Reprinted with permission of Appraisal Today, 800/839-0227, www.appraisaltoday.com.

Save the date!

April 28-29, 2005

**NYSSREA's
Spring Conference**

3 hr. program - 28th

5 hr. program - 29th



Holiday Inn, Fishkill, NY

Congratulations to Tom Deamer of Broome County who recently earned the Residential Accredited Appraiser (RAA) designation from NAR!

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: USPAP requires appraisal reports to identify the type and definition of value and cite the source of the definition. What is the “type of value?” Why is this no longer referred to as the “purpose” of the assignment? What sources can be used to comply with the requirement to cite the source of the definition of value?

A: Standards 2, 6, 8 and 10 require that appraisal reports state the type and definition of value and cite the source of the definition. The exact wording varies by reporting option.

Previously, the term “purpose” in USPAP was used to refer to several different concepts, including the type and

definition of value. For the 2005 edition of USPAP, this and other special meanings of this term were eliminated to increase clarity. Where it is now used “purpose” will only convey the standard dictionary meaning of the word. The “type of value” is the general class or category of value.

Examples include market value or fair value. The “definition of value” provides a specific description of the characteristics and conditions of the type of value. Examples include definitions provided on a form report, in FIRREA, in U.S. accounting regulations, and U.S. tax regulations. USPAP does not provide any specific definition of value or endorse any particular source. Sources could include, for example, a regulatory agency, a legal jurisdiction, an engagement letter, or a textbook.

Q: What are the USPAP reporting requirements relating to the use of extraordinary assumptions and hypothetical conditions in an appraisal assignment?

A: The report must clearly disclose the use of extraordinary assumptions and hypothetical conditions and notify intended users that the extraordinary assumptions and hypothetical conditions might have affected the assignment results.

For example, Standards Rule 2-1 (c) states that each written or oral real property appraisal report must: *clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment.*

This requirement creates an obligation to disclose all extraordinary assumptions and hypothetical conditions used in the assignment. For example, Standards Rule 2-2(a)(viii) states that a self-contained appraisal report must, at a minimum, clearly and conspicuously:

- state all extraordinary assumptions and hypothetical conditions; and
- state that their use might have affected the assignment results.

This requirement directs the appraiser to provide a clear and conspicuous statement of the extraordinary assumptions and hypothetical conditions. The form and location of the statement is left to the discretion of the appraiser, but it must be clear and conspicuous to intended users.

The requirement further directs the appraiser to provide notice to intended users that the use of the extraordinary assumptions and hypothetical conditions might have affected the assignment results. The appraiser is not required to report on the impact of the extraordinary assumptions and hypothetical conditions on assignment results.

Education Courses

The following courses are sponsored by the Elmira-Corning Board of REALTORS®. For more information, call 607/562-7035.

Reverse Mortgages for Senior Homeowners

15 hours appraiser CE
June 2 and 3
8:30 a.m. - 5 p.m.
\$125 member/\$150 non-member

Doing the Right Thing

15 hours appraiser CE
July 28 and 29
8:30 a.m. - 5 p.m.
\$125 member/\$150 non-member

The following courses are sponsored by the Greater Rochester Association of REALTORS® to be held at 930 East Ave., Rochester, NY 14607. For more information, call 585/341-2150.

Residential Construction

4 hours appraiser or real estate CE
Tuesday, March 29
8 a.m. - 12 p.m.
Wednesday, September 14
8 a.m. - 12 p.m.
\$50 member/\$90 non-member

7-hour USPAP

7 hours appraisal CE
Tuesday, May 24, 8 a.m - 3 p.m.
Friday, November 4, 8 a.m - 3 p.m.
\$140 member/\$180 non-member

Case Studies in Appraising Unique Residential Properties

4 hours appraiser CE
Tuesday, November 15
8 a.m. - 12 p.m.
\$50 member/\$90 non-member

The following course is sponsored by the Greater Utica-Rome Board of REALTORS® to be held at the Utica-Rome Education Center, 811 Court St., Utica, NY 13502. For more information, call 315/724-5159.

AQ-1 Fair Housing, Fair Lending & Environmental Issues

15 hours
Saturdays, April 2-9
9 a.m - 5 p.m.
\$199

The following courses are sponsored by the Westchester County Board of REALTORS® to be held at the Community College, 65 Grasslands Rd, Valhalla, NY 10595. For more information, call 914/606-6830 Option 1 + Option 3.

R-3 Applied Residential Property Valuation

Tuesdays & Thursdays
April 5 - May 10
6:30 - 9:30 p.m.

R-4 One to Four Family Income Capitalization

Thursdays, June 2- 30
6:30 - 9:30 p.m.

G-1 Introduction to Income Property Valuation

Tuesdays & Thursdays
April 5 - May 10
7 - 10 p.m.

AQ-1 Fair Housing, Fair Lending & Environmental Issues

Saturdays, April 23 - May 7
9 a.m. - 3:30 p.m.

Prepare for the NYS Residential Appraisal Exam (non-credit)

Wednesday, June 1
3 - 6 p.m.

The following courses are sponsored by the Merrell Institute at 90 South Ridge St., Rye Brook, NY. For more information, call 866/563-7720.

Narrative Appraisal Workshop

Wednesday, March 30
8:30 a.m. - 1:30 p.m.

Neighborhood Analysis & the Appraiser

Tuesday, April 5
8:30 - 11:30 a.m.

Building & Site Analysis

Saturday, April 16
9 a.m. - Noon

Real Estate Evaluation Analysis Seminar

Tuesday, May 3,
8:30 a.m. - 12:30 p.m.

Fraud Practices & the Appraiser

Monday, May 9
8:30 a.m. - 4:30 p.m.

The following course will be held at Pace University (Hudson Valley Ctr.) 33 Airport Center Dr. New Windsor, NY. For more information, call 914/773-3714.

AQ-1 Fair Housing, Fair Lending & Environmental Issues

Tuesday, Thursday & Friday
April 19, 21, 22
9 a.m. - 3:30 p.m.



Appraisal Licensing Courses

New York and Vermont Approved

R-1	March 31, April 1, 7, 8 Newburgh	July 7, 8, 14, 15 Kingston	October 6, 7, 14, 15 Albany
R-2	May 5, 6, 12, 13 Newburgh	August 4, 5, 11, 12 Kingston	November 3, 4, 10, 11 Albany
R-3	April 14, 15, 21, 22 Newburgh	July 21, 22, 28, 29 Kingston	October 20, 21, 27, 28 Albany
R-4	May 19, 20 Newburgh	August 18, 19 Kingston	November 17, 18 Albany
USPAP 15 hr	June 16, 17 Newburgh	August 25, 26 Kingston	December 8, 9 Albany
AQ-1	April 7, 8 Albany	June 2, 3 Newburgh	September 8, 9 Kingston
G-1	September 19, 20, 26, 27 Albany		For more details on these and other courses visit us on the web at www.ManfredRELC.com or call 518-489-1682 or 800-559-7352
G-2	April 12, 13, 19, 20 Albany	October 31, November 1, 7, 8 Albany	
G-3	June 20, 21, 27, 28 Albany	November 21, 22, 29, 30 Albany	

Appraisal Continuing Education Courses

April 2	National USPAP Update Course	Newburgh	7.0	Jim Murrett, MAI, SRA
April 25	Appraising Commercial Properties	Albany	7.5	Len Fiore
April 28	FNMA Case Studies and Forms 2005	Albany	7.5	Walter Kresge, MAI
May 4	Appraising and Marketing Rural Properties	Hudson	7.5	Len Fiore
May 18	Basics of HP12C in Appraising Income Prop.	Newburgh	4	Walter Kresge, MAI
May 24	A Practical Understanding of the Appraisal Process	Kingston	7.5	Nancy Bower
May 25	Marketing and Appraising Distressed Properties	Albany	7.5	Len Fiore
June 23	Vacant Land Appraisal	Albany	7.5	Alan Simmons, SRPA
July 24	Appraising and Marketing Rural Properties	Albany	7.5	Len Fiore
July 16	National USPAP Update Course	Albany	7.0	Jim Murrett, MAI, SRA
July 20-21	Appraising for FHA (2 Day Course)	Albany	15	Alan Simmons, SRPA
October 15	National USPAP Update Course	Kingston	7.0	Jim Murrett, MAI, SRA

Important changes to appraiser qualifications!

Effective January 1, 2008, certified residential appraisers will be required to have an associate's degree or 21 semester credit hours covering specific subjects, in addition to fulfilling 200 education hours (currently 120). Certified general appraisers will be required to have a bachelor's degree or 30 semester credit hours covering specific subjects, in addition to fulfilling 300 education hours (currently 180). College level courses and degrees must be obtained from an accredited college or university. License education requirements will increase from 90 to 150 hours.

New York State

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