

Southern NJ Chapter of the Appraisal Institute

December 2018 Edition

Bonnie L. Longo, MAI, SRA, Editor; Lisa Weiss, Writer

Chapter Awarded BEST NEWSLETTER!

The 2018 Chapter Awards Program recognizes chapters that did exemplary work in the areas of state government relations, newsletter communications and special projects during 2017. Winning chapters were honored at October's Chapter Leadership Program in Chicago. **Congratulations to the 2018 Chapter Awards recipients!**

Chapter Newsletter Award

Small Chapter Category: West Virginia Chapter

*Medium Chapter Category (tie): Massachusetts & Rhode Island Chapter and **Southern New Jersey Chapter***

Large Chapter Category: Florida Gulf Coast Chapter

Hot Topic/Special Projects Award: *Long Island Chapter*



Government Relations

Award : *Greater Tennessee Chapter (Pictured: 2019*

Southern NJ President Charles McCullough, MAI, AI-GRS, received the Best Chapter Newsletter certificate

from Appraisal Inst. President James L. Murrett, MAI, SRA.)

President's Message **By Albert Crosby, MAI**

The privilege of serving my fellow institute members and associates has been quite the ride and I appreciate everyone's support. The chapter has continued to evolve & adjust to our changing climate in ways to best accommodate our membership. We secured education space at the SJ Technology Park, sponsored the Cowtown rodeo, and are in the process of revisiting our yearly offerings, particularly the September Symposium with new vigor thanks to Charlie McCullough, our incoming President.

In the beginning of the year, we honored Pat Conover as our Olasin award recipient for his tireless efforts as an integral part of the chapter as well as his efforts on government relations that extended beyond our chapter duties. Pat is surely missed by many.

With regard to education, we had another successful year. In a non-recertification year, we offered and successfully completed 88 hours of education at very fair rates for our members including Review Case Studies,

Seminars at the Shore with Vince Dowling, Yellow Book, Business Practices and Ethics, as well as USPAP. We also completed another successful year with our NJDOT partnership in providing them continuing education. As we look to 2019, we have begun a strong lineup of offerings for our recertification year. In addition to the standard USPAP & NJ/PA Regs offerings, we have scheduled Valuation of Solar course and a Spreadsheets seminar along with our Seminars at the Shore and a potential September Symposium.

Financially, we are as stable as we have been in recent years. As you may have recently read, National has put a timeline on each and every chapter to become part of the Chapter Financial Management and Administration Policy, (CFMAP) by the end of 2020. If you have any questions regarding that, please feel free to submit those concerns to any of our board members, Lisa, and/or National.

I would be remiss if I did not give huge accolades to our Executive Director, Lisa Weiss. As I met with various folks around the country from smaller and larger chapters, one thing became clear: we have one of the top ED's in the nation, if not the best. Lisa has put up with me with such patience and grace and I thank her from the bottom of my heart. She has no idea what we do, but works tirelessly to keep our chapter at the front of the curve with a smile and a personality that is so warm and receiving it makes our chapter look good. THANK YOU LISA!

I would like to thank the Board of Directors, Chapter Committee members, and everyone who attended our events. It's member participation that makes our chapter a success; thank you. I wish you all warm greetings for a pleasant, joyful, and festive holiday season.

Please join me in welcoming our new officers and directors:

President: Charles A. McCullough, MAI, AI-GRS

Vice President: Michael Descano, MAI

Treasurer: Joseph V. Heenan, MAI, SRA

Secretary: Mary Fox, MAI

Director through 2021: Meghan Payne, MAI

Director through 2021: Susan Roettger, MAI

Director through 2019: Steven Bartelt, MAI, SRA, AI-GRS

Director through 2019: Michael S. Sapio, MAI

Director through 2020: Ryan Phillips

Director through 2020: Kathleen Turley

Past President: Albert Crosby, MAI

Congratulations Errett Vielehr, MAI

Effective October 3rd, Errett Vielehr earned his MAI designation. He will be presented his certificate at the January 17th installation dinner.

Errett is an appraiser with Robert Sapio Real Estate Appraising and Consulting, where he focuses his work in the South Jersey area. He graduated with honors from Rutgers University with a BS in Finance. He has served the chapter often as a member of the Board of Directors and as a Chapter Officer.

Errett wants to say thank you to all those who encouraged him over these many years to get his designation. In particular, he wanted to remember the recently passed Patrick Conover, MAI. **Congratulations Errett Vielehr, MAI!**

Congratulations Edward T. Molinari, SRA, AI-RRS

Effective October 15th, Ed Molinari earned his AI-RRS designation. He will be presented his certificate at the January 17th installation dinner.

Ed is a lifelong resident of Southern New Jersey and an active member of our chapter. He has served as our chapter President three terms, and every officer and director position as well as various committees. He also served as the Regional Education Liaison, Ethics and Counseling Committee, Regional and National Nominating Committee, two 4-year terms on the National Education Committee, and various project teams. He is a two-time recipient of the AI Volunteer of Distinction award.

Since 1986 he has appraised all types of real property in New Jersey. In 1991 he received the SRA designation from the Appraisal Institute. In 2004 he became certified as an Instructor for the Appraisal Institute and teaches several appraisal courses in the classroom and on-line. He has also assisted with the development and review of courses and has been a guest speaker and panelist for several different organizations. He has appeared as an expert and testified before the US District Court, the Superior Court of New Jersey, the Tax Court of New Jersey, various condemnation hearings, county boards of taxation, and zoning boards. He has extensive experience in land valuation, easement valuation and litigation support. **Congratulations Edward T. Molinari, SRA, AI-RRS!**

Congratulations Joshua D. Garretson, MAI, AI-GRS, AI-RRS

Effective November 27th, Joshua. D Garretson earned his AI-RRS designation. He will be presented his certificate at the January 17th installation dinner.

Joshua has worked as an appraiser specializing in agricultural real estate in Southern New Jersey for over 10 years. He graduated from Pennsylvania State University with a Bachelor of Science in Finance and a minor in Economics. He joined the Appraisal Institute when he

began his appraisal career in 2007 with Farm Credit East, formerly First Pioneer Farm Credit. Now a Senior Appraiser at Farm Credit East, Joshua specializes in valuing land and agricultural properties throughout Southern New Jersey. He has also appraised various other specialized property types including cold storages, food processing facilities, apartments, and office buildings. In addition to valuing real estate, he is also responsible for the management of all collateral in the branch portfolio, which includes a variety of vehicles, machinery, specialized equipment, and other chattel. He handles the ordering and reviewing of outside appraisals for the branch, and completes appraisal reviews in Farm Credit East's offices throughout the northeast.

In addition to the MAI and AI-GRS designations, Joshua also has an Accredited Rural Appraiser (ARA) designation with the American Society of Farm Managers and Rural Appraisers (ASFMRA).

Joshua has served the Southern New Jersey Chapter as a Director, Vice President, President, and he is current serving as the Past President. He is also on the Appraisal Institute's National Admissions and Designation Qualifications Committee and Governance Structure Project Team. **Congratulations Joshua D. Garretson, MAI, AI-GRS, AI-RRS!**

Annual Installation of Officers & Dinner Meeting Thursday, January 17th, 2019 Adelphia Restaurant, Deptford

**Keynote Speaker: Stephen S. Wagner, MAI, SRA, AI-GRS
2019 National President of the Appraisal Institute
Make plans to attend this great event!**

Seminar Well Attended; Solar Popular Topic in South Jersey

On October 25, fifty-four appraisers and assessors attended the seminar **Valuation Resources for Solar Photovoltaic Systems** at the Adelphia Restaurant & Conference Center in Deptford, NJ. This was a 4-hour CE class developed by Elevate Energy and Adomatis Appraisal with support from the U.S. Dept. of Energy.

The class was instructed by Lisa Meincinger, SRA, AI-RRS. Lisa is the owner of Advance Appraiser Service in Indianapolis. She is a certified residential appraiser with 20 years of experience in researching, analyzing and reporting market data for current real estate markets. She has 17 years of experience in reviewing, field reviews and reconciliation work.



The class included a review of energy storage batteries for solar PV, a list of resources from solar PV system valuation experts, and an overview of electric rate pricing plans to arrive at an accurate analysis of electric costs.



Appraisers learned how they can now differentiate themselves from peers by serving as a source of information on solar. They learned how to accurately appraise an installation to reduce the risk of liability, how to comply with appraisal standards and gain competency before appraising a solar installation.



Attendees also learned how to gain access to tools and resources for developing the market value of a solar home.

Solar will be the topic of another educational opportunity in South Jersey in the Spring. The Appraisal Institute Valuation of Sustainable Buildings professional development program helps enhance the careers of AI professionals in the "green" valuation arena. The Appraisal Institute Education & Relief Foundation recognizes the importance of sustainable valuation knowledge in today's



changing real estate marketplace and as such has created a grant program to support chapters that desire to offer one or more of AI's green education programs. The Southern New Jersey chapter applied for a grant, and are happy to report that we are a recipient. This grant will help keep costs down for a course applicable to "green" valuation. We will be holding the class "Residential and Commercial Valuation of Solar" on April 8 & 9, at South Jersey

Technology Park (part of Rowan University), Mullica Hill.

Registration for this class is available; visit www.myappraisalinstitute.org/education/southernNewJersey

During the chapter meeting, the chapter distributed 3 Appraisal Institute books as a thank you for supporting our in-person seminar. The lucky winners were Mary Fox, MAI, Helen Montagnaro and Kathleen Temples.

2019 UPCOMING EVENTS

www.myappraisalinstitute.org/education/southernNewJersey

CONFIRMED 2019 DATES: Register now!

January 17: Installation of Officers and Dinner Meeting, Adelphia Restaurant

April 8 & 9: Residential & Commercial Valuation of Solar, SJ Tech Center

May 16: Using Spreadsheet Programs in Real Estate Appraisals (7hr seminar), SJ Tech Center

May 17: NJ Regs, Adelphia Restaurant

May 17: PA Regs, Adelphia Restaurant

June 4: USPAP 7-hr Update, Adelphia Restaurant

SNJAI Chapter Members: Don't forget the special pricing for USPAP and the solar class --- read your emails or ask Lisa for the promo code!

MORE 2019 DATES: Register soon!

June 10 & 11: Seminars at the Shore with Vince Dowling, MAI, Golden Nugget

If you have classes/seminars/speaks suggestions, please contact Lisa --- we want to offer what you need!

Featured Member Benefit: STDB

The new Site To Do Business is now live! STDB is poised to move towards the future by continuing to provide analysis tools for commercial real estate users and searching for new and innovative products to add to their tool kit. Because of our long standing relationship, STDB is able to offer special pricing exclusively for AI professionals:

Special AI Price: \$650.00 for 12 months (this price available through 12/31) Regular Price: \$1,295.00 (Savings of \$645.00) [Click Here to Sign Up](#)

For more information or with questions, email sales@stdb.com. For more details click [here](#). To log into the new STDB, go to www.stdb.com.

Member Benefit: Job Posting

Columbia Bank posted an opening for a commercial review appraiser position. They are looking for either a mid-level or seasoned appraiser and would adjust the compensation package to reflect experience. The position will be based in the Franklin Lakes (Bergen County) office, but would consider candidates that would prefer to work out of our Raritan Center (Edison) or Voorhees regional offices. Visit

the following site to review the position details & to apply:
https://workforcenow.adp.com/mascsr/default/mdf/recruitment/recruitment.html?cid=3b5da90f-8806-4a39-a519-2cc56b2c3b2b&ccid=19000101_000001&type=MP&lang=en_US Info on the bank's benefit package can be found at <https://www.columbiabankonline.com/careers/our-benefits>

Are you on Facebook? We now have a chapter page: "like" us: Southern NJ Chapter - Appraisal Institute



- [AI Education Trust AI Course Scholarship](#)
- [AI Education Trust Minorities & Women AI Course Scholarship](#)

The AI Education and Relief Foundation awards scholarships quarterly to worthy candidates. The next deadline for the AI Education and Relief Foundation AI Course Scholarship and Minorities & Women AI Course Scholarship is January 1. For more information on AI Education and Relief Foundation and scholarships available, [visit our website now](#). Have a question, email ai erf@appraisalinstitute.org or call 312-335-4133.

Business Practices and Ethics



On Nov. 2, the chapter held Business Practices & Ethics at the South Jersey Technology Park at the campus of Rowan University. Mary Fox, MAI, served as the instructor for 17 attendees. This is the 3rd class we have offered here, and everyone seems to like it! Look for more classes to be held at this tech-savvy, easy to access location!

Scholarship Deadlines \$\$\$\$\$\$

Southern NJ Chapter 2018 Education Scholarship

In 2015 and 2016, Southern NJ Chapter President Edward Molinari, SRA, requested that the money usually designated for a thank you gift for serving as chapter president go towards helping a chapter member to further their education. Mr. Molinari, an instructor and member of the Appraisal Institute National Education Committee, believed in the importance of quality education as well as earning an Appraisal Institute designation.

In 2017, the SNJAI Board of Directors decided to celebrate the spirit that Ed Molinari created to help our members gain more knowledge and continue to fund this scholarship. Southern New Jersey Chapter designated members, candidates and practicing affiliates in good standing with the Appraisal Institute can apply for this scholarship by submitting the scholarship application and a written request summarizing their professional goals and experience. The application was emailed; contact Lisa Weiss if you need it resent. DEADLINE TO SUBMIT: Jan. 4.

Do you have designation education to take towards your MAI, SRA, AI-GRS or AI-RRS designation? You may be eligible for a scholarship that will cover the cost of a course:

News From National ...

Online Education: Learn at your own pace anytime, anywhere. Top-notch Appraisal Institute courses and seminars come straight to your desktop with online education! Learn from any computer anywhere, whenever you have time. It's easy, convenient and a great way to get the education you want. Click-through URL: <http://www.appraisalinstitute.org/online>



Uniform Standards of Professional Appraisal Practice (USPAP) USPAP class participants need to purchase & bring to class their own copies of this book from the Appraisal Foundation. We will NOT provide the USPAP document as part of the course materials; we only supply the student manual published by the Appraisal Institute.

NY Allows Online QE; Appraisal Institute Online Education Now Available New York recently began allowing online education for appraisers to meet qualifying education (QE) requirements. All online Appraisal Institute QE has now been approved by the state for trainee, residential, and general courses. For more information and to see available offerings, visit https://www.myappraisalinstitute.org/education/statecert_state.aspx?state=NY. Discounted packages are also available for trainees and upgrading existing licenses: <https://www.appraisalinstitute.org/education/about-ai-education/on-demand-online-education/online-packages/> Students may contact the Online Education Department at 312-335-4173 or ol-help@appraisalinstitute.org with any questions.



New Book Examines Condemned Properties Appraisers who value properties subject to eminent domain are likely to find themselves in court, explaining and defending their analysis and opinions, according to a new book published by the Appraisal Institute.

“Real Property Valuation in Condemnation,” which reflects the expertise of more than two dozen Appraisal Institute professionals, concentrates specifically on the contentious subject of condemnation and what appraisers need to know about this area of valuation practice.

The book explores how appraisers derive supportable opinions of value and helps ensure that they perform these complex assignments with competence, professionalism and a commitment to ethical conduct. “Real Property Valuation in Condemnation” is a 300-page soft cover book. It is available for \$95 (\$75 for Appraisal Institute professionals). Call 888-756-4624 or [order online](#).

Coastal Appraisers Soon to Face Rising Sea Levels: Valuation Magazine

The effects of rising sea levels are becoming increasingly real to coastal communities and property owners, with homes and commercial properties valued at more than \$1 trillion potentially at risk from rising waters by 2100, according to an article in Valuation magazine’s third quarter 2018 issue.

Valuation magazine is a quarterly publication of the Appraisal Institute, the nation’s largest professional association of real estate appraisers.

The magazine’s cover story, “Uncharted Waters” discusses how appraisers in coastal communities face challenges while appraising properties potentially at risk from rising sea levels. This article discusses what appraisers need to know in an environment where there still are more questions than answers.

Read “[Uncharted Waters](#)” in Valuation magazine’s [third quarter 2018 issue](#). Also in this issue:

- “[Big Box Divided](#)” addresses how appraisers who take assignments where the commercial real estate has evolved into a two-tier asset class are challenged to understand motivations, liquidity, ownership, responsibilities and risk.
- “[Working Smart](#)” explores the growth of and our reliance on artificial intelligence and why the valuation profession needs to embrace the changes ahead.

FHA: We saw appraisal issues on 37% of HECM loans Agency will use confidential collateral risk assessment to look for patterns among lenders www.housingwire.com

The Federal Housing Administration’s investigation into possible appraisal inflations on reverse mortgage loans revealed an issue the agency decided it must address.

On Sept. 28, the FHA announced it will require a second appraisal on select reverse mortgage loans that have been flagged by the agency as having the potential for an inflated property valuation. As part of the new guideline, which takes effect Oct. 1, 2018, lenders must submit their appraisals to FHA to undergo a collateral risk assessment.

In a call with reporters, the FHA revealed its reasons for making the changes: out of the 134,000 appraisals inputted into its automated valuation model, approximately 50,000 (37%) were inaccurate by at least 3%.

“We were trying to understand why, in a still relatively low interest rate market where house prices have returned in most major markets including in many of these states where reverse mortgages were, why were we still hemorrhaging money,” FHA Commissioner Brian Montgomery said. “We thought this was a contributing factor that required further due diligence.”

In regard to the assessment methods the agency will use to enact the new policy, FHA Deputy Assistant Secretary Gisele Roget said only that it will involve multiple review factors. “The disclosure of the tools and the methodology could result in appraisals being adjusted to conform to these factors, and therefore to preserve the integrity of this new process, we are going to be treating the assessment methodology and the valuation tools as proprietary and confidential,” Roget said.

Roget said the impact on the origination timeline should be minimal, with the risk assessment taking no longer than three days once the lender uploads the appraisal into FHA Connection. Roget also said FHA expects to fully automate the process by December 1st.

“In the interim, we will be using the FHA Resource Center to use case warnings to let our FHA reverse mortgage lenders know whether or not, following the collateral risk assessment, a second appraisal will be required,” she said.

When asked how many appraisals FHA expected to require a second look, Montgomery said it was hard to know. He said the agency used three separate models to evaluate the presence of appraisal inflation, and that all three revealed pronounced levels in 2008, 2009 & 2010.

“It’s hard to predict going forward, especially given the fact that it has come down significantly through the years, but since it’s not yet zero or close to zero, we felt it was prudent to issue this policy change at this time,” Montgomery said. “We will be monitoring it daily and we’ll certainly be reporting outage as we get more results.”

“One unique attribute also is that we’ll be able to follow these certainly by lender,” he continued, “so we’ll be looking at patterns, as some lenders are more outside the tolerance than others.”

Montgomery said putting an appraisal review process in place was the least disruptive of the potential HECM policy changes the agency considered. He also said the agency is looking at issuing another HECM program change soon, but he failed to elaborate on what this might entail.

The agency said it plans to work closely with lenders on implementation and acknowledges the guidelines may present some challenges for both lenders and FHA as the industry adapts. Montgomery said it will monitor the process closely to determine its effectiveness.

"We want to make sure we reassess the efficacy of the program as we go along and see where we'll be at the year-end mark and whether this is something we'll continue or whether or not this is something that's been beneficial," he said.

Roget said implementing a valuation assessment is a forward step for the reverse industry.

"The use of collateral validation tools and is truly an industry best practice, and FHA using this in the reverse mortgage space is bringing FHA in line with the rest of the mortgage industry," she said.



Mortgages Execs Cite Interest Rates, Housing Supply as 2019 Market Obstacles

www.mba.org

Fifty-four percent of mortgage industry professionals identified rising interest rates as the greatest obstacle facing the housing market in 2019, according to a survey by Genworth Mortgage Insurance, Richmond, Va.

Genworth polled 203 mortgage industry executives at the recent Mortgage Bankers Association Annual Convention & Expo in Washington, D.C.

The survey reported the next highest-ranked obstacles were a lack of affordable housing supply (37%), GSE reform (7%) and the pending expiration of the Qualified Mortgage patch (2%).

When looking specifically at the first-time homebuyer demographic, a majority (58 percent) of those surveyed cited the sparse availability of affordable housing as the most impactful obstacle to those trying to enter the housing market. Additionally, lack of consumer knowledge about the home buying process (20 percent) is seen as a barrier to entry by professionals, who also noted interest rates (13 percent) and lack of appropriate credit history (nine percent) as lesser hurdles.

"While rising interest rates and a lack of affordable housing supply continue to drive increase in home prices, first-time homebuyers have not wavered in their efforts to buy homes," said Rohit Gupta, President and CEO, Genworth Mortgage Insurance. "We continue to stress the importance of education and optionality for this demographic to set them up for success. Their growing presence in the purchase market will require continued support and customization as they continue to play a meaningful role and drive demand in the housing market."

2018 OFFICERS AND DIRECTORS

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The Appraisal Institute is a global membership association of professional real estate appraisers, with nearly 20,000 members in almost 60 countries throughout the world. Its mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide. Organized in 1932, the Appraisal Institute advocates equal opportunity and nondiscrimination in the appraisal profession and conducts its activities in accordance with applicable federal, state and local laws. Members of the Appraisal Institute benefit from an array of professional education and advocacy programs, and may hold the prestigious MAI, SRPA, SRA, AI-GRS and AI-RRS designations.