

# Southern NJ Chapter of the Appraisal Institute

**June 2018 Edition**

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

## **LDAC Summary**      *By Michael Descano*

It was an honor and a privilege to participate in the Appraisal Institute's 2018 Leadership, Development, and Advisory Council (LDAC). Over 100 members of the Appraisal Institute participated in this year's lobbying and round table discussions event. The event is unlike any other event I have attended. Ideas are shared freely with the common goal of improving our profession.

There were three primary pieces of legislation covered this year:

- 1.) HR 3221, which provides an exemption from overlaying appraisals for high-risk loans if they are under \$250,000 and kept in the bank's portfolio for at least three years.
- 2.) S. 2155, which provides an allowance from appraisal requirements with loans held in portfolio in rural areas if lenders are unsuccessful in placing an appraisal assignment with appraisers on their approved appraiser list.
- 3.) HR 3561, which permits appraisers to use information based solely on data from a property inspection performed by a third party for VA loans.

I believe it is our duty and responsibility to have our voices heard and let our position be known relating to any new legislation that impacts our profession. Lobbying at a state level as well as on Capitol Hill is necessary. Failure to do so can negativity impact our profession with potentially long lasting consequences.

We also participated in forums facilitated by discussion leaders on key issues such as:

- 1.) "Grow the Tent/Residential Outreach." – Charles Baker, SRA, AI-RRS
- 2.) "Where are the Best Opportunities for Appraisers in the Future?" – Jeffrey Harris, MAI
- 3.) "Build and Expand the Professional Community." – Michael Lamb, MAI, SRA, AI-GRS, AI-RRS
- 4.) "Growing Outside the Box." – Jacinto Munoz, MAI, SRA, AI-GRS, AI-RRS

The topics were interesting and discussions were lively. LDAC was a great experience and I believe it is crucial for the industry and our profession. I would like to thank the chapter for sponsoring me to attend and I look forward to sharing with the chapter & its members the information I learned for the betterment of the chapter and our profession.

## **Congratulations, Charles A. McCullough, MAI, AI-GRS**

Effective March 25th, 2018, Charles A. McCullough, MAI has earned his AI-GRS designation. He was presented his certificate at the April 17<sup>th</sup> chapter meeting by Chapter President Albert Crosby, MAI.

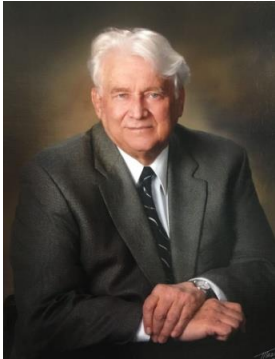
Charles has been active as an appraiser in the South Jersey and Southeastern Pennsylvania area for over thirty years with a focus on valuation of commercial/industrial properties. His state general certification includes New Jersey and Pennsylvania. Charles began his appraisal career with Renwick and Associates. He is currently a real estate appraiser and CPA with McCullough MAI CPA LLC, where he also performs business valuations.



Charles's education includes a B.S. in accounting from Rowan University, summa cum laude, and an MBA from Rutgers University, magna cum laude. He is a licensed real estate broker in NJ and a former director of the Southern New Jersey Chapter of the Society of Real Estate Appraisers, now part of the Southern New Jersey Chapter of the Appraisal Institute. He currently serves as the chapter's Vice President.

## In Memory of Allen Littlefield, SRA

Following is the obituary printed in the Atlantic City Press



Allen L. Littlefield, Jr., age 76, passed away Friday May 25, 2018 at AtlantiCare in Atlantic City. He was a lifelong resident of Hammonton. Allen started his career in construction and then went on to own and operate Littlefield Real Estate, Inc. with his wife Joyce, as a real estate broker and appraiser for over 40 years. He served in the Army National Guard. To Allen, nothing

was more important than spending time with his loving family. He was a passionate Eagles, Phillies and Sixers fan and enjoyed watching and playing Golf. Allen is predeceased by his son, the Honorable Allen J. Littlefield and his parents, A. Lance Littlefield and Grace (nee Bruno) Littlefield along with his brother in law, Bill Mann. He is survived by his wife Joyce (nee Aristeo) of 53 years; his daughter Andrea Marino and her husband Robert of New York, NY; daughter in law, Karen Littlefield of Hammonton; his brother, Charles Littlefield and his wife, Corinne of Hamilton Square, NJ and his sister, Maryann (Mimi) Mann of Marlton, NY; Loving grandfather of Matthew and Michael Littlefield and David and Alyssa Marino; his sister in law, Eleanor Crane; his nieces Gina (Bill) Doyle, Lori (Steve) Hartzell and nephew Bill (Adriana) Aristeo.

## Member Benefit: FedEx

Join the FedEx Advantage® program for these exclusive benefits:

- Start saving immediately on the FedEx® services you use most. Up to 26% off of select services.
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- Use FedEx to help your business succeed. Reach more than 220 countries and territories. Gain e-commerce expertise. Access professional printing and packing services. Use the speed and value of FedEx Ground. Supported by a money-back guarantee.

Join FedEx Advantage® today. It's easy and free — no fees, no quotas. Click [here](#) to join & to learn more.

## Member Benefit: Cowtown Rodeo

We're trying a new area of advertisement! We will be sponsoring a sign in the arena at the Cowtown Rodeo for the 2018 season. Our sign will be seen by 35,000+ Facebook fans, broadcast regionally on TV plus seen in-person by thousands of spectators each rodeo week. The rodeo is held every Saturday night from May 26-September

29. We are planning a night at the rodeo for later this year; watch for more details! And please let us know if you receive any inquiries after people see our sign at the rodeo!

## 2018 UPCOMING EVENTS

[www.myappraisalinstitute.org/education/southernNewJersey](http://www.myappraisalinstitute.org/education/southernNewJersey)

CONFIRMED 2018 DATES: Register now!

**June 12:** Seminars at the Shore...featuring material created and presented by Vince Dowling, MAI, SRA

**September 7:** USPAP 7hr Update @ the DOT

**September 10:** A Day of Valuation, a 7-hour seminar w/Vince Dowling @ the DOT

**September 13:** Joint meeting w/Philadelphia Chapter, 5-8pm, Pyramid Club, 1735 Market St., Philadelphia

**October 12:** NJ Regs...2 hr class mandatory once a cycle, SJ Tech Center @ Rowan University

**November 2:** Business Practices and Ethics, SJ Tech Center @ Rowan University

**November 29 & 30:** Yellow Book class, SJ Tech Center @ Rowan University

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

## NJ Appraiser Bd: CE Requirements for 2018-2019 Biennial Renewal

<http://www.njconsumeraffairs.gov/rea/Pages/CE-Requirements-for-Upcoming-2018-2019-Renewals.aspx>

As a condition of renewal, licensees are required to obtain at least 28 credit hours of approved continuing education for each biennial renewal period subsequent to licensure/certification or 14 hours of continuing education if initially licensed or certified in the first six months of the second year. If initially licensed or certified during the last six months of the second year, no continuing education is required. If you are exempt from this requirement for this renewal period only, please answer "yes" to this question. Credits may not be carried over to another renewal period. You must retain documentation to verify all claimed CE credits for a period of not less than four years.

As a condition of renewal, licensees must successfully complete the seven-hour National USPAP Update Course, or its equivalent, at a minimum of every two years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB. Do not send course documentation with this form.

All licensed and certified real estate appraisers shall be required to complete a two hour course on New Jersey law and rules governing the practice of real estate appraising. The course at a minimum shall include: the origin and history of the Real Estate Appraisers Act, the Board composition, scope of practice, mixed practice conflicts of interest, continuing education requirements and criteria, temporary visiting certificates, trainee and supervisor

requirements, appraisal reporting and common deficiencies, and the complaint process.

## 2018 Growth Forecast Holds But 2019 Gets Modest Downgrade

From *Fanniemae.com*

The forecast for 2018 full-year growth remains unchanged at 2.7%, according to the Fannie Mae Economic and Strategic Research Group's May 2018 [Economic and Housing Outlook](#). However, 2019 economic growth was downgraded to 2.3% due to the expectation of fading fiscal stimulus and a tightening labor market.

"We remain confident that, despite a first quarter hiccup, economic growth will pick up through the rest of 2018. There are signs that consumer spending is poised to strengthen in the months ahead, and we believe recent fiscal policy actions are likely to contribute to growth this year," said Fannie Mae Chief Economist Doug Duncan. "Come 2019, however, we expect the fiscal boost to fade, and we adjusted our forecast lower accordingly. We also note mounting downside risks to our projections, including growth-constraining protectionist trade policies and rising oil prices, among others. Meanwhile, housing's upward grind should continue, despite a lackluster first quarter. We expect home sales to post modest gains both this year and next, as prices rise and affordability declines amid low for-sale inventory."

First quarter economic growth slowed to the weakest pace in a year due to disappointing consumer spending. In particular, a drop off in motor vehicles and parts spending following the fourth quarter surge to replace hurricane-damaged vehicles drove the decline. However, a slight pickup to consumer spending in March suggests growing momentum and sets the stage for a sizeable pickup in the coming quarters with corresponding boosts to GDP. The ESR Group also expects the recent tax and budget acts to benefit business investment and government outlays. Consumer and business confidence measures, including the [Home Purchase Sentiment Index®](#), remain at or near historical highs amid favorable labor market conditions. Rising oil prices pose a downside risk to the economic outlook, as they may negate some of the increase in disposable income from the recent tax cuts while also putting upward pressure on headline inflation. Such inflation could induce a more aggressive monetary tightening timeline from the Federal Reserve. However, for now, the ESR Group continues to project two more interest rates hikes in 2018, including one next month.

Visit the [Economic & Strategic Research](#) site at [www.fanniemae.com](http://www.fanniemae.com) to read the full May 2018 Economic Outlook, including the Economic Developments Commentary, Economic Forecast, Housing Forecast, and Multifamily Market Commentary. To receive e-mail updates with other housing market research from Fannie Mae's Economic & Strategic Research Group, please [click here](#).

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



## Fannie, Freddie Reform Likely Not Happening this Year

Reprinted from [www.housingwire.com/articles/43249-mnuchin-gse-reform-isnt-happening-in-2018](http://www.housingwire.com/articles/43249-mnuchin-gse-reform-isnt-happening-in-2018)

Back in September, during a Politico Policy Summit in Washington, U.S. Department of the Treasury Secretary Steven Mnuchin said GSE reform would be addressed in 2018. For all of you nay-sayers who said it wouldn't happen – you were probably right.

During an interview with Fox Business on Monday, Mnuchin confessed that reforming mortgage giants Fannie Mae and Freddie Mac probably isn't going to happen this year, and isn't a priority for this Congress.

"It is something that I'm very focused on," he said in the interview. "I think it's unlikely that this gets done in this Congress, but it is something we're focused on."

Mnuchin also brought up the fact that Federal Housing Finance Agency Director Mel Watt's term is up in January, and suggested the administration will replace him with someone who will push a GSE reform agenda.

"We also have the ability to replace the FHFA [director] next year, that's something that we're going to look at and make sure it's someone that supports the agenda," Mnuchin said. "I am determined that we have a fix to the GSEs and that we don't leave them in conservatorship the rest of the time."

Last year, the Treasury Secretary went on the record saying GSE reform will occur during President Donald Trump's administration. He explained that while it may not be the No. 1 priority, it is on the agenda.

In July, Mnuchin reaffirmed that GSE reform is still a priority for the Trump administration as he testified before the Housing Financial Services Committee.

However, while the secretary continues to voice its importance, no actions have been taken on GSE reform and once again, the date is being pushed back for when it might occur.

"What gets done here would need to be on a bipartisan basis," Mnuchin said. "We've had conversations with both Democrats and Republicans, and unfortunately I just don't think this is going to be a focus in this Congress. But we'll come back to this next year and this will be a big focus of mine post the elections."

And in addition to pushing back the date for expected reform, the administration doesn't seem to have a clear path forward for how to accomplish it, or if it does, it's not giving away any clues to its plans.

"I'm not going to comment on what the form is," Mnuchin said in the interview. "What I would say is I think having a government guarantee on a 30-year mortgage is

important for liquidity in the market. There [are] various different solutions.”

## Comprehensive Exam Prep

Gary DeWeese, MAI, and an instructor for the Appraisal Institute for more than 20 years, is offering his Comp Exam prep material for sale. The cost is \$300 for the Income, \$150 for the Sales, \$150 for the Cost/HBU and \$150 for the General module material. If you purchase the first 3 modules, the General module material is free. The material is based on multiple choice type problems with detailed solutions illustrated. The material is electronically delivered the same day as ordered. For more information about the material, to read student reviews, and learn how to order go to [www.garydeweese.com](http://www.garydeweese.com) or contact Gary directly at [garydeweese@comcast.net](mailto:garydeweese@comcast.net) or 925-216-8751. *The materials were developed by Gary DeWeese and are not sponsored or endorsed by the Appraisal Institute.*

## Appraisal Inst. Requests Appraisal Standards Board to Rework Q&As

The Appraisal Institute in an April 13 letter to the Appraisal Standards Board formally requested changes to or the retraction of Q&A 2018-12, *Employing an Extraordinary Assumption when a Client Provides Inspection Data* and Q&A 2018-13, *Appraisal Reporting – Certifications and Signatures*.

The Q&A 2018-12 originally was released this past January but retracted by the ASB shortly thereafter to clarify information and interpretations. It was re-released March 29, the same day that Q&A 2018-13 was released.

The Appraisal Institute’s Professional Standards and Guidance Committee expressed concern that the Q&As may be amending USPAP definitions and creating new requirements rather than interpreting USPAP itself. This situation could potentially expose appraisers and others to unnecessary liability.

In its letter, the Appraisal Institute called attention to an item in Q&A 2018-12 regarding the use of extraordinary assumptions with client-provided data. The question reads:

*A client has asked me to perform an appraisal, but instead of requiring me to physically inspect the subject property, they will provide me with the results of an inspection done by someone else. If I rely upon that inspection, should I employ an extraordinary assumption?*

The ASB answer reads, in part:

*If the appraiser determines that the information contained in the inspection report is reliable and sufficient to allow the appraiser to identify the property characteristics and develop credible assignment results, then an extraordinary assumption would not be necessary.*

This answer is based on the comment to SR 1-2(e) but neglects the definition of extraordinary assumption. The

Appraisal Institute believes that if an appraiser prepares an appraisal without personally inspecting the property, but instead obtains information about relevant property characteristics from another source, the appraiser does not know that information is accurate, even if the appraiser has a reasonable basis for believing that its source is reliable.

“Having a reasonable basis for believing the information does not remove all of the appraiser’s uncertainty about the information,” said 2018 Appraisal Institute President Jim Murrett, MAI, SRA.

Another item in which the Appraisal Institute expressed concern is included in Q&A 2018-13. The question reads:

*I am using an appraisal form that has an appraiser’s certification which cannot be altered. The certification does not include USPAP’s required disclosure on whether I performed any services on the property in the three years prior to the assignment. May I simply add such a statement elsewhere in the report, outside of the certification?*

The ASB answer reads, in part:

*No. Simply adding information in the body of a report is not the same as a signed certification. Any supplemental certification should be clearly identified, and it must be signed as required by Standards Rule 2-3 ...”*

The Appraisal Institute believes this advice is antiquated and out-of-step with appraisal practice and long-standing USPAP principles about not dictating the form, format or style of an appraisal report. Perhaps most concerning to AI is the apparent inclusion of additional requirements in this advice rather than in USPAP itself.

“For the benefit of practicing appraisers, and in the best interest of public trust, we ask that the ASB reconsider, rewrite and reissue, or issue a retraction of these Q&As,” Murrett said. Read the [letter to the Appraisal Standards Board](#).

## News from the Appraisal Found.

### ASB Public Meeting Summary

On April 20, the Appraisal Standards Board (ASB) held a public meeting in Las Vegas. The ASB discussed the Discussion Draft of Potential Areas of Change to the *Uniform Standards of Professional Appraisal Practice* (USPAP). The ASB published the Discussion Draft – Potential Areas of Change for the 2020-21 edition of USPAP on January 30. The ASB reviewed the following areas of USPAP for potential revision:

- Reporting Options
- SCOPE OF WORK RULE
- Comments to Standards Rules
- Definitions
- Review of Advisory Opinions
- Other edits to improve USPAP clarity/enforceability

In addition to the written comments already received, the Board also accepted oral comments from meeting

attendees. The Board encouraged the public to send any suggested USPAP revisions to [ASBComments@appraisalfoundation.org](mailto:ASBComments@appraisalfoundation.org).

The ASB anticipates publishing a First Exposure Draft of proposed changes for the 2020-21 edition of USPAP in May. On June 8, the Chair of ASB will conduct a live online briefing, which will be open to the public. The briefing will involve reviewing the exposure draft & soliciting feedback.

The Board also addressed public feedback it had received regarding two Q&As published in March 2018. The ASB summarized the content of the issues raised, and explained that the Board had reviewed the issues and unanimously determined that the Q&As appropriately offered the guidance as intended.

The ASB will hold its next public meeting in Washington DC on October 19, 2018.

## Landscaping Can Significantly Impact Home Values, Appraisal Institute Says

In a press release issued on May 15, the Appraisal Institute encouraged homeowners to pay close attention to their property's landscaping as it could have a major impact on value.

The American Society of Landscape Architects suggests that homeowners invest 10 percent of a property's value in landscaping. In fact, a well-landscaped home can add approximately 6 to 13 percent in value compared to a property with no landscaping, according to one source.

"Don't underestimate curb appeal. A home with lackluster landscaping or an exterior in desperate need of a fresh coat of paint will likely be unappealing to prospective buyers and, ultimately, could affect the home's potential resale value," said Appraisal Institute President James L. Murrett, MAI, SRA. "Consumers need to ask themselves if their landscaping is attractive enough to make a prospective buyer walk through the front door."

The Appraisal Institute encourages homeowners to consider these four landscaping improvements:

- Stick to the essentials. Spending a relatively small amount on design basics such as a winding flagstone walkway, stone planters & flowering shrubs typically provides a solid investment return.
- Plant a tree. A survey conducted by the U.S. Department of Agriculture Forest Service showed that mature trees add an average of 10 percent to a property's value.
- Think local. Purchasing plants that are native to the homeowner's region, or that need little water & maintenance, can help consumers save money.
- Be efficient. According to the U.S. Department of Energy, well-placed trees, such as those that block shade, can reduce energy bills by up to 25 percent.

Homeowners can learn more about how landscaping may influence property values by contacting a local Designated Member of the Appraisal Institute in the organization's [Find an Appraiser](#) directory.

## 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>

**Governance Structure: Updated information!**

[https://www.myappraisalinstitute.org/strategic\\_initiatives/governance\\_structure.aspx](https://www.myappraisalinstitute.org/strategic_initiatives/governance_structure.aspx)

Click: [Governance Structure Project Team Report](#)

**Review the above link and comment by July 18.**

**National Scholarship information** can be found here:

<http://www.aiedtrust.org/pages.asp?id=5>

**Appraisal Institute Relief Fund: We Need Your Help**

The [Appraisal Institute Relief Foundation \(AIRF\)](#) is a not-for-profit organization that provides emergency financial assistance to those who have experienced a disaster or emergency that has left the recipient in a state of financial, physical or emotional distress. The Appraisal Institute Relief Foundation has 501(c)(3) status with the IRS. Any person or organization that make contributions (money or property) to a 501(c)(3) organization are able to claim deductions for their donations on their federal income tax under section 170 of the Internal Revenue Code. Please call 312-335-4154 or [email](#) with any questions.

[Donate Today](#)

**Important Candidate Deadlines**

Candidates for Designation:

Do you have at least **ONE** education requirement remaining for 2018? You may be eligible for a scholarship that will cover the cost of the course\*:

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

**Applications are due by July 1!\*\***

Do you have more than one education requirement remaining for the Candidate program? You may be eligible for the [Candidate for Designation Scholarship](#) that will pay for all of your designation education.

**Applications are due by July 1!\*\***



The AI Education Trust awards scholarships quarterly to worthy candidates. The next deadline will be October 1. For more information on AI Education Trust and scholarships available, [visit our website now](#). Have a question, email [educationtrust@appraisalinstitute.org](mailto:educationtrust@appraisalinstitute.org) or call 312-335-4133.

\*Scholarships ONLY cover tuition for designation education needed for the Candidate for Designation program. Demo Options (including Capstone) and the Comp Exam are not eligible for scholarships.

\*\*Applications will only be accepted for courses being held after September 1, 2017.

**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.



**April Dinner Meeting**

Over 70 people attended our annual meeting/seminar with the assessors. The event, held at the Adelphia on April 17<sup>th</sup>, was our first time meeting the new presiding tax court judge, The Honorable Joseph M. Andresini (shown on the right.) The topic of the day, Trends Affecting South Jersey Appraisal/Assessing Industry, was well received.



**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.