

# Massachusetts and Rhode Island Chapter Newsletter



## Upcoming Education

### 7 Hour USPAP Update

May 23, 2013  
Crowne Plaza Boston/Woburn  
Woburn, MA

### Real Estate Finance Statistics and Valuation Modeling

May 30 - 31, 2013  
Crowne Plaza Boston/Woburn  
Woburn, MA

### General Appraiser Site Valuation & Cost Approach

June 12 - 15, 2013  
Crowne Plaza Boston/Woburn  
Woburn, MA

### Residential Sales Comparison and Income Approaches

June 25 - 28, 2013  
Clarion Inn, Seekonk, MA

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## Upcoming Online Education

Analyzing Distressed Properties

[Learn More](#)

## Upcoming Meetings & Events

RI Branch Meeting  
Candidates for Designation  
Program/Cocktail Reception  
June 25<sup>th</sup> @ 5 PM  
Clarion Inn, Seekonk, MA

## **PRESIDENT'S MESSAGE** by Karen K. Hanlon, MAI *Rhode Island Industrial Market Summary – First Quarter 2013*

*As of January 2013, our newly merged Massachusetts and Rhode Island Chapter of the Appraisal Institute has been working hard to put forward timely market observations, interesting educational offerings, and joint networking events. I am pleased to introduce the following summary on the Industrial Market by Providence local expert, Tom Andolfo, MAI, SRA, Co-Chair of the Rhode Island Branch Chapter of the Massachusetts/Rhode Island Chapter of the Appraisal Institute.*

The Rhode Island industrial market encompasses a rather broad spectrum of product ranging from turn-of-the-century mills located in secondary urban settings to modern, single-story facilities located in suburban parks. However, overall, a good amount of the statewide market lies somewhere in between these two extremes.

In general, buyers typically prefer industrial park locations as compared to non-industrial park areas, and high-bay space (18 feet or higher) in the 15,000- to 25,000-square-foot category which also offers good on-site parking and has highway access.

From about September 2008 through 2011, and as a reflection of the nation's Great Recession, the Rhode Island industrial real estate market has been in a period of destabilization with sale prices and rental rates declining and vacancies increasing. The general contraction of the market which resulted from property foreclosures and a high unemployment rate generally provided an arena where available supply exceeded effective demand. Speculative construction was not viable and with the absence of federal and state historic tax credits to attract buyers for the rehabilitation/re-use of the older mill-type property, such rehabilitation projects have not been financially viable.

Rhode Island's overall industrial vacancy rate has been somewhat fixed around 10.5% from 2010 through 2012. However, there is optimism that this market will begin to show signs of improvement in 2013, as rental rates and sale prices are fairly reasonable and affordable.



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Susan R. Balogh, MAI

Editor

The Chapter welcomes article submissions by its members. For more information, contact Susan Balogh, MAI at [sbalogh@acadiagroup.com](mailto:sbalogh@acadiagroup.com)

**President’s Message (con’t from page 1)**

Observation of tenant rental rates, as well as sale prices, generally reflect that overall rates and prices typically decline as the size of the building space increases. Further, general observations relating to older, mill-type, Class “C” industrial structures which have building areas in excess of 50,000 square feet, or those that have inefficient multi-story floor plans, show that the market reflects the lowest segment of the rental range, ranging from \$1.00 to \$4.00 per square foot. Sale prices are typically below the \$15.00 per square foot level. As can be expected, mill-type structures typically experience the most significant market resistance relative to both lease and sale due to multi-story construction and physical, functional and external obsolescence issues inherent within this product type.

The following chart provides my observations of the rental rate range and sale price range anticipated for the Class “A,” “B,” and “C” industrial product types for the Rhode Island market:

<u>Building Type</u>	<u>Rental Rate Range</u>	<u>Sale Price Range</u>
Class “A” R&D Space with Custom Fit-out	\$7.00 - \$10.00 p/sf	\$55.00 - \$70.00 p/sf
Class “B” Newer, One Story, Suburban	\$4.50 - \$7.00 p/sf	\$40.00 - \$54.00 p/sf
Class “B” Older, One Story, Less Efficient	\$2.25 - \$4.50 p/sf	\$20.00 - \$39.00 p/sf
Bulk Warehouse	\$2.00 - \$3.50 p/sf	\$15.00+ p/sf

*The author, Tom Andolfo, MAI, SRA, is the Co-Chair of the Rhode Island Branch Chapter of the Massachusetts/Rhode Island Chapter of the Appraisal Institute and is the owner of Andolfo Appraisal Associates, Inc. in Providence, RI.*

**Check out the latest update on AI’s Residential Green and Energy Efficient Addendum: What Appraisers Need to Know on You Tube . . .a timely update for professionals and consumers.**

***Another Looming Foreclosure Crisis***

***by Susan R. Balogh, MAI, Editor***

For those of you who missed the April 29, 2013 edition of the Wall Street Journal, author Emily Maltby reported in her article entitled “Warning: Property Foreclosures Ahead” that the foreclosure crisis for small property loans may not be over. Banks typically re-evaluate commercial loans every five- to ten-years and often renew existing loans which have balloon payments. Small businesses emerging from the damaging Great Recession often have diminished balance sheets and many have lost their reserves, placing them in a difficult financial position. As a consequence, banks are not as willing as they once were to further extend cash to these now marginal borrowers. It is estimated that about \$276 billion in commercial property loans will come due nationwide in 2013 as a result of loans made in 2008 just as the financial markets were collapsing. In some cases lenders who extended loans during the recession are no longer interested in further extensions and borrowers are confronting large balloon payments they don’t have the resources to pay. The thinking of analysts is that the problems may drag on for several years because so many commercial properties are underwater with existing loans, potentially resulting in a wave of new commercial property foreclosures. These issues could become a good source of new business for commercial appraisers.

**THE BIG THREE?** by William A. LaChance, MAI, SRA, Government Relations Co-Chair

If you are a Boston sports fan you know the identities of the "Big Three". If you are a real estate appraiser, the financial impact of the following big three is more important.

**#1 State Representative Thomas Stanley** is a sponsor of House Bill #1629, an Act limiting the time frame during which certain legal actions may be taken by the Board of Registration of Real Estate Appraisers against practicing appraisers. Currently, there is no time limit governing your exposure. Furthermore, appraisal reviews conducted by the Board are not bound by USPAP. Therefore, the appraiser is exposed to a complaint and a review for an unlimited period, under a scope which may exceed that of the original appraisal report and whose presentation is assisted by an appraiser-consultant not required to conform to USPAP. The bill is intended to amend the law to conform with record keeping time frames set forth in USPAP so that "No action may be taken...unless the action is commenced within five years after the date the report is signed or within two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last." The Rhode Island Branch Government Relations Committee member, George Demopoulos, SRA reports that the State of Rhode Island has a similar bill, Bill number S389 moving through its legislature.

You may consider this bill and its sponsor to be worthy of your support.

Phone: 617-722-2230

Email: [thomas.stanley@mahouse.gov](mailto:thomas.stanley@mahouse.gov)

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**#2 State Senator Thomas P. Kennedy** is a sponsor of Senate Bill #114, an Act regulating the continuing education requirements for certain real estate appraisers and trainees. More specifically, this Act seeks to have disciplinary action related to the 7-hour USPAP update course rescinded and permanently removed from the appraiser or appraisal trainee's record. The language which resulted in these enforcements was ambiguous to the extent that many highly regarded appraisers who had complied for years and not missed an actual USPAP update were found to be not in compliance because the cycle had been redefined to a specific date rather than any date within the year formerly allowed as the period for compliance. While the violations caused financial repercussions, more important to those appraisers who contacted me was their reputation. They thought they were in compliance. This bill will right a wrong and I hope you will consider it to be worthy of your support.

Phone: 617-722-1200

Email: [Thomas.P.Kennedy@masenate.gov](mailto:Thomas.P.Kennedy@masenate.gov)

**#3 Lastly, State Representative Thomas Stanley** again is a sponsor of House Bill #992, an Act to regulate real estate appraisal management companies. This is a lengthy bill and one that is central to your professional and financial interests if you are regularly engaged to prepare appraisal reports pertaining to one-to-four family properties for such an entity.

To read more, visit the Commonwealth of Massachusetts' Legislature at <http://www.malegislature.gov/Legislation>. Simply, select "Bills". Then, please consider expressing your support by phone or letter.

## **MESSAGE FROM THE RHODE ISLAND BRANCH**

*by Thomas S. Andolfo, MAI, SRA*

A seamless transition took hold on January 1, 2013 when the former Rhode Island Chapter of the Appraisal Institute was formally merged with the Massachusetts Chapter after members of both chapters approved by an overwhelming majority the motion for merger on October 4, 2012. As we know, the idea of the merger and branch affiliation with the Massachusetts Chapter was born out of the financial and organizational challenges that the Rhode Island Chapter expected to experience due to its smaller membership size, the ongoing challenging economic climate, and the administrative requirements national was to impose on the designated membership. Spearheading the successful merger of the two chapters were past presidents Gregory J. Accetta, MAI of Rhode Island and Barrie Gaman, MAI of Massachusetts. The first combined meeting of the Massachusetts and Rhode Island Chapter took place at The Chateau in Waltham MA on January 22, 2013.

The Rhode Island Branch of the chapter is represented by an Advisory Board, the Chair and Vice-Chair all of which also serve on the Massachusetts/Rhode Island Chapter Board of Directors. Elected by the Rhode Island membership and representing the branch chapter at the Waltham meeting were Chair, Thomas S. Andolfo, MAI, SRA and Vice Chair, George K. Demopoulos, SRA. Mr. Andolfo agreed to serve on the Chapter's Candidates' Guidance Committee and Mr. Demopoulos agreed to serve on its Government Relations Committee.

The first meeting of the Rhode Island Branch Chapter was held on January 30, 2013 at the Realtor's Building in Warwick, RI. On that date, William J. McGovern, SRA, Fred C. Eichmann, SRA, and S. Keith White, Jr., SRPA, SRA were also elected as members of the Branch Advisory Board. Also on that date, the Chair appointed Mr. Eichmann as the Secretary/Treasurer of the Advisory Board; Mr. White was elected as the Branch Advisory member to the Massachusetts and Rhode Island Chapter Education Committee; and Mr. McGovern was affirmed as the Branch Advisory member to the 2013 Massachusetts and Rhode Island Nominating Committee.

An integral component of the merger was the establishment of the Hope Scholarship Fund which will be administered by the Hewitt Fund. For a period of five years, the \$30,000 Hope Scholarship Fund can be used to provide financial support to Rhode Island Candidates taking Appraisal Institute courses which lead to appraisal designation. The Hope Scholarship Fund will sunset on December 31, 2017 and any excess funds will then be transferred to the Hewitt Fund which was founded by the Massachusetts Chapter in 1992. Appointed by the Chair to administer the Hope Scholarship Fund through the Hewitt Fund are Rhode Island Branch members Gregory J. Accetta, MAI, William J. McGovern, SRA, and Edward Stachurski, SRA. Ann M. Hollands, MAI was elected by the Branch Advisory Board to serve as the Rhode Island representative on the Hewitt Fund Committee.

Branch Education Committee member, S. Keith White, Jr., SRPA, SRA held a telephone discussion with Chapter Education Co-Chairs Edward V. Bowler, MAI, SRA and John Drew relative to the tentative scheduling of educational seminars in Warwick, Rhode Island and nearby Seekonk, Massachusetts for 2013. On April 5th, the Chapter held the 7-hour National USPAP Update course at the Sheraton Providence Airport Hotel in Warwick. The Residential Sales Comparison and Income Approach course is being offered on June 25 – 28<sup>th</sup> at the Clarion Inn in Seekonk, MA

The Branch Advisory Board is also considering a two-hour "home grown" continuing education offering as part of an envisioned September Massachusetts-Rhode Island general membership meeting.

### **BRANCH MEETING NOTICE**

Join other members of the Rhode Island Branch on **Tuesday, June 25th @ 5:00 pm at the Clarion Inn** for the second Branch Meeting of the year. Ken Dicks, MAI, Candidates Guidance Chair will give a presentation on the Candidates for Designation Program. The presentation will be followed by a cocktail reception and a "meet and greet" for candidates and advisors.

Register now! [R.S.V.P. to the Chapter office](#)

## **Welcome to the Massachusetts and Rhode Island Chapter**

The Chapter is pleased to welcome 16 new appraisers to our Chapter! The real estate professionals listed below have chosen to become part of the Appraisal Institute and open the door to world-class education and networking opportunities. As rapidly as the profession is changing, appraisers today need to prepare for the future. But it is tough to keep up on your own. The Appraisal Institute opens the door for you to share in the collective wisdom and experience of 25,000 individuals who are working together to build a stronger future for the profession.

Paul Bordieri of Cranston, RI Practicing Affiliate	Bonnie Large of Cumberland, RI Practicing Affiliate
Kathleen L. Carroll of Cranston, RI Practicing Affiliate	Jennifer Martin of Millbury, MA Practicing Affiliate
Brandon Churchey of Plymouth, MA Candidate for Designation	Roland Martino of Johnston, RI Practicing Affiliate
Matthew Dostoomian of Stoughton, MA Practicing Affiliate	David Matteo of Boston, MA Practicing Affiliate
Glenn Enger of Dracut, MA Practicing Affiliate	Ted Osterhoff of Saunderstown, RI Practicing Affiliate
Paul Fisher of Cumberland, RI Practicing Affiliate	Anthony Saragosa of Beverly, MA Candidate for Designation
Lisa Gagnon of North Smithfield, RI Practicing Affiliate	Teresa Vanga of Worcester, MA Practicing Affiliate
Patrick Keegan of Harrisville, RI Practicing Affiliate	

## **NEWLY DESIGNATED MEMBER PROFILES**

***The Massachusetts and Rhode Island Chapter would like to congratulate our newly Designated Members***

**Melanie Kosich, MAI** has worked in health care management since 1976. As a licensed nursing home administrator, she has managed both proprietary nursing homes, owned by Wingate Health Care, and non-profit facilities, owned by Faulkner Hospital. She has opened a newly constructed facility and has started a home care company. She has conducted due diligence and market studies for the construction and acquisition of several nursing facilities in the New England states. From 1994 to 2000, she was a conduit and Fannie Mae commercial loan underwriter for CWCapital, specializing in first mortgages placed on a variety of health care properties, including nursing, assisted living, congregate care facilities and residential treatment facilities. It was this loan underwriting experience that introduced her to the appraisal profession.

In 2000, she joined Tellatin, Short, and Hansen a firm which specializes in the appraisal of health care properties. Since joining the firm, she has concentrated exclusively on the appraisal of hospital, nursing and seniors housing facilities. She is licensed as a certified general real estate appraiser in MA, CT, NY, NJ, PA, and OH and still maintains her nursing home administrator license in MA. Melanie has a Bachelor of Science degree from Brown University and an MBA in Health Care Management from Boston University. Melanie was presented with her MAI Certificate at our December 2013 holiday meeting.

**Stephen P. Reynolds, MAI** has a BA from Colgate University and a JD from Northeastern University School of Law. After graduation, he joined Reynolds Company in Quincy, an appraisal firm started by his father, Paul J. Reynolds who many of you know. Since that time, Stephen has been employed as a full-time, commercial real estate appraiser, and holds the Certified General appraiser license from the State of Massachusetts, as well as the MAI designation from the Appraisal Institute. Stephen lives in Arlington with his wife, Lisa Wanamaker Reynolds, and two children, John Paul (9) and Tess (7). In his spare time, Stephen plays bass in the local dark wave rock band, Everything Is Red. Stephen was presented with his MAI Certificate at our December 2013 holiday meeting.

## ***Massachusetts and Rhode Island Chapter Newsletter***

**Brian Harris, MAI** is a Director in Cushman & Wakefield's Valuation & Advisory Group in New England. He is responsible for the appraisal and valuation of land, commercial, multi-family, office, industrial and retail properties. Prior to joining Cushman & Wakefield Brian worked as a Project Manager in the Office of Housing and Community Development of the City of Somerville, MA. As a Project Manager he managed numerous projects including the disposition of a former police station and the master planning of an historic commercial district. Brian also spent a year working for Ferrandino & Associates as an Environmental Planner/GIS Specialist conducting reuse studies, urban renewal plans and market studies.

Brian earned a BSC from McGill University in Montreal, Quebec in geography and urban systems. He has supplemented his degree with numerous financial and real estate related courses through Harvard, Boston University and the Boston Architectural Center. Brian was presented with his MAI Certificate at our December 2013 holiday meeting.

**Wade Collins, MAI**, is a Director at Cushman & Wakefield in Boston. Wade received his MAI designation in January. The Chapter congratulates Wade on this achievement.

**Jordan Hevenor, MAI** - Originally from Washington State, Jordan Hevenor graduated from the University of Washington with a double major in political science and communications. Before entering into her career in real estate, Jordan worked in Washington, DC as a Legislative Aide to a US Member of Congress and later as Field Representative in the Congressman's home district in Washington State. Since beginning her career as a real estate appraiser, Jordan has worked hard to advance quickly in the profession, becoming the first Rhode Island appraiser to receive a Certified General license under the new Appraisal Qualification Board requirements which took effect in 2008. She began working towards her MAI designation as soon as she entered the profession, quickly completing all qualifying and designation coursework through the Appraisal Institute, which often required travel to distant locations, such as Indiana, Wisconsin, Oregon, and California.

Jordan is licensed in Rhode Island and Connecticut and works across all sectors of commercial real estate, with



Pictured left to right: Mark Hevenor, Jordan Hevenor, MAI, and Bradford Hevenor of Markus Appraisal, Inc., of East Greenwich, RI.

special interest in restaurants and hospitality properties. Jordan works for a family company based in Rhode Island and expects to receive her MBA this summer. She lives in Wakefield, Rhode Island with her husband and two daughters, aged 2 and 6. Jordan was presented with her MAI Certificate at our May 2013 Chapter Meeting by her father-in-law Mark Hevenor.

## ***IN MEMORIAM***

We are sorry to inform our membership that two invaluable colleagues of the Appraisal Institute have passed away. In February, we were sad to report the news of Paula York's death. Paula was a long-standing Associate Member/Candidate for Designation of the Massachusetts and Rhode Island Chapter of the Appraisal Institute and a well-respected valuation professional within the community. On April 18<sup>th</sup>, Ruth Agnese, MAI, a member of the Metro New York Chapter passed away. Ruth was not only past president of the Metro New York Chapter, but she also served Region IV of the Appraisal Institute as a Director as well as serving on many National committees as our Region IV representative. Both of these women will be greatly missed by not only their families but also by the Appraisal Community.

## **2013 Report of the Nominating Committee** by *Barrie Gaman, MAI Chair*

Pursuant to the procedures specified in Article X, Nominations and Elections of the Massachusetts and Rhode Island Chapter of the Appraisal Institute's bylaws, the Nominating Committee met via teleconference on March 19, 2013 and March 27, 2013, and submitted the following slate for Officers and Directors for the year 2014. The following represent only the vacant positions for this upcoming year. Additionally, this slate includes one position to fill a current opening on the 2013 Board of Directors.

**President:** Joseph V. Comperchio, SRA

**Vice President:** Kenneth L. Dicks, MAI

**Treasurer:** John P Mello, SRA

**Secretary:** Karen Friel, MAI

**Directors for a 3-year term:** Thomas Andolfo, MAI, SRA, Jonathan H. Avery, MAI, SRA and Albert "Bud" Clarke, III, MAI

**Director for a 2-year term:** Zach Bowyer (to complete the term of Karen Friel, MAI)

**Director for a 1.5 year term:** Edward V. Bowler, MAI, SRA (to complete the term of Steven Ozahowski)

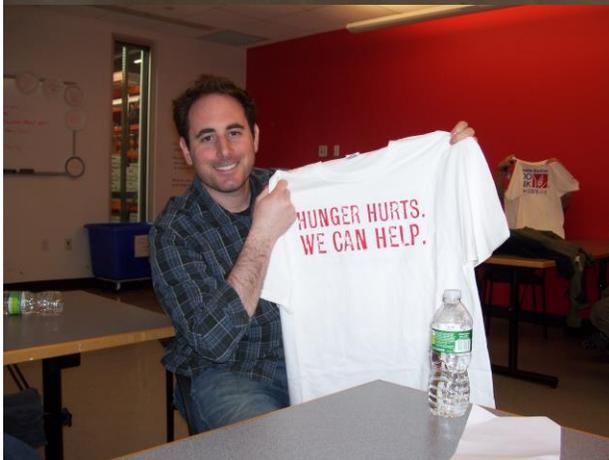
**Regional Representatives - 2 years:** John P. Mello, SRA and Gerald Roch, SRA

**Regional Representatives Alternates:** Zach Bowyer, Greg Curtis, Karen Friel, MAI and Robert Skinner, MAI

The foregoing slate was voted on at the Wednesday, May 1, 2013, Chapter Meeting held at the Federal Reserve Boston. The slate was unanimously approved by those chapter designated members, candidates, and affiliates in attendance. Congratulations to all our new Chapter volunteers. Thank you for your service.

## **2013 JAY ZEIGER SERVICE DAY** by *Susan Balogh, MAI*

*Thank you to all who volunteered at the Boston Food Bank on March 15th*



On March 15, 2013, the Massachusetts and Rhode Island Chapter of the Appraisal Institute volunteered an afternoon of service at the Greater Boston Food Bank in memory of Jay Zeiger, MAI. Jay was an active member of the Massachusetts Chapter and the national Appraisal Institute organization who unfortunately lost his battle with cancer in August 2007. Since 2008, the Chapter has honored his memory with the Jay Zeiger Service Day, which has been held at the Food Bank. This year, Chapter Members along with volunteers from CVS Pharmacy and Witt/Kieffer sorted over 10,000 pounds of food, which made more than 6,000 meals possible! Thank you to Greg Curtis of Integra Realty Resources (pictured left) for organizing this event each year. Pictured above: Wade Collins, MAI of Cushman and Wakefield.

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The site of the 2013 Appraisal Institute Annual Meeting in Indianapolis is teeming with arts, sports and cultural activities, all prime for exploring, experiencing and enjoying. Begin planning for AI Connect 2013 by perusing our "Indianapolis" page to learn more about some of the fantastic things Indianapolis has to offer every type of visitor, from families to sports fans to dining enthusiasts to shopaholics. AI Connect is a first-class event that joins valuation and real estate professionals from across the country and around the world.

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## MEMBER BENEFIT SPOTLIGHT



Along with the [everyday savings provided by FedEx](#) for AI members, FedEx is offering a special sweepstakes for AI members. AI members with existing accounts and new AI members to FedEx will be eligible to win cash prizes by shipping with FedEx between now and November 7, 2012. Be sure to contact FedEx with your current shipments to win one of the following:

- 1 Grand Prize of \$10,000
- 2-1st Prizes of \$5,000
- 200 Instant Win Reward Cards of \$25



AI members can connect to HP innovation, reliability, and savings on a wide range of HP business products, including printers, notebooks, desktops, tablets, servers, storage, networking, and much more. As an AI member, you can enjoy these exclusive benefits:

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## 2013 CHAPTER SPONSORS

Thank you to the following companies who renewed their year-long Chapter Sponsorship.

Their support of the Massachusetts and Rhode Island Chapter of the Appraisal Institute is recognized and appreciated.

We are still accepting sponsorships for 2013.

Contact Lianne at the Chapter office for more information at 781.397.8922.

[Learn about the Sponsorship Program here.](#)



## **CANDIDATE FOR DESIGNATION PROGRAM**

**Candidates for Designation Advisor Program by Ken Dicks, MAI, Chair, Candidates Guidance Committee**

On February 28th the MA & RI Chapter held an informal gathering of Candidates and Advisors at the Federal Reserve in Boston, as a kick-off to the pairing of candidates with Advisors. A brief overview of the Candidates/Advisor program was presented to set expectations for the role of Advisors as well as time for candidates and advisors to interact and get to know one another. Topics covered during the Advisor/Candidate Program included an overview of responsibilities for the Chapter, Advisors and Candidates. An overview of the program and progress to date is summarized as follows:

- The Chapter is to provide knowledge and support for the pairing of Candidates with Advisors, create a new Candidates for Designation Committee and to create opportunities for the pairing of Advisors with Candidates. (100% Complete)
- Advisors are Designated Members who have shown a willingness to assist in the development of new members, must take the National AI Advisors training and are responsible for providing support and encouragement to Candidates through a structured meeting format. (71% of current Advisors have completed the required training)
- Candidates have the opportunity to request an Advisor (40% of candidates have requested and been assigned an Advisor). Candidates are also responsible for structuring their individual path to designation to discuss with their Advisor.

In addition to the program, a conference call was held on March 21 to provide further outreach to Candidates and Advisors. Currently, 43 Designated Members from the MA & RI Chapter have volunteered to act as Advisors for the Chapter's 105 Candidates and 68% of candidates have been paired with an Advisor. This level of Advisor participation exceeds national averages, and exhibits the leadership the local membership has in advancing the mission of the Appraisal Institute and the real estate valuation profession.

Progress is being made toward achieving the goals of the program but we still have further steps to complete full implementation as shown by the progress above. More information on the Candidates/Advisor program can be found using the link below.

***Have you visited the Candidates for Designation Resource Page on our website?*** The MA & RI Chapter has created a resource link to materials for both candidates and advisors on the Candidates for Designation Resource Page on the MA and RI Chapter webpage. The Candidate for Designation Advisor program is structured to create opportunities for Candidates to create a relationship with a Designated Member of the Appraisal Institute while traveling down the path to designation. The Advisors-Candidates Program is designed to benefit both Advisors and Candidates, and ultimately to provide for a stronger organization to serve our membership of valuation professionals. On this page, you will find link to the following:

- *Candidates for Designation Policy Manual* - this manual includes links to all the resources needed by a candidate to complete the requirements for designation. It is suggested that candidates download this document for easy access.
- *2013 Fees Related to Candidates for Designation* - this document outlines the 2013 fees related to the various requirements for designation.
- *Summary of Requirements for the MAI Designation*
- *Summary of Requirements for the SRA Designation*

The page also includes helpful information about selecting an advisor. All candidates are reminded to submit the name of the designated member they would like to be paired with as an Advisor as soon as possible. Advisor openings will go quickly so please make a selection now or you may have to wait for more Advisors to become available in the future. If you would prefer to be paired with national AI Admissions staff specialists (comp, demo, experience, etc.) please make this request to [admissions@appraisalinstitute.org](mailto:admissions@appraisalinstitute.org).

[Click Here to visit the Candidates for Designation Resource Page.](#)

***Important Note:*** *Candidates with three or less requirements have been automatically be paired with AI Admissions staff specialists.*

## **ISSUES OF LOCAL CONCERN** *from the Boston Harbor Association*

On February 5, 2013, The Boston Harbor Association released an article to the media entitled *Preparing for the Rising Tide*. The report detailed Boston's vulnerabilities to rising sea levels and described how commercial property owners and public agencies can prepare for predictions of sea levels higher than today's by up to two feet by 2050 and up to six feet by 2100, not that most of us will be around then! Still, it is important to know the forecasts of future events. The report's authors include leading climate scientists who developed case studies describing how property owners on Boston's Central and Long Wharves and the UMass Boston campus can assess and decrease their vulnerability to coastal flooding over time. Boston's coastal commercial property owners and members of the Boston Green Ribbon Commission along with the City of Boston's Climate Action Plan have developed recommendations for the city's preparedness for and resilience to rising sea levels and coastal flooding noting that "Hurricane Sandy was a wake-up call". As we all know, coastal flooding can be devastating to both buildings and infrastructure, all of which affect property values. In terms of infrastructure Boston has many areas of vulnerability given its low lying

areas and low level above sea level. For example, the MBTA's Aquarium Station entrance lies only 2.5 feet above today's average high tide. Many other public and private properties are also vulnerable. Among the report's recommendations:

- All property owners in Boston on or near the coastal floodplain should take cost-effective actions to reduce their vulnerability to higher and more frequent flooding.
- Public agencies and the private sector should work together to identify and remove obstacles and disincentives to preparedness action by private property owners.
- The City should work closely with other public agencies and utilities to protect critical infrastructure (e.g., highways public transit, electrical grid, etc.) for the region and its citizens.

The full report can be viewed [here](#).

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## **FED SAYS HIGH QUALITY APPRAISALS OR ELSE**

*by Richard Hagar, SRA*

The following is an excerpt from an article that appeared in Working Real Estate: News Edition (2/27/13 edition)

In January the Consumer Financial Protection Bureau (CFPB) issued a new set of regulations relating to appraisals. While the new regulations aren't very different from the old, they do place every appraiser square in the bull's eye of lawsuits. If you're not aware of this, hang on, this may hurt a bit.

### **New Regulations**

- Require creditors (lenders) to notify applicants (borrowers) of their right to receive a copy of the appraisal within three business days of receiving a loan application.
- Require creditors (lenders) to provide applicants a copy of each appraisal, and other written valuation, promptly upon completion or three business days before consummation or account opening, whichever is earlier.
- Prohibit creditors from charging for a copy of an appraisal and other written valuations, but permit creditors to charge applicants reasonable fees for the cost of the appraisals or other written valuation.

### **What Does this Mean for Appraisers?**

- a. Copies of the appraisal will be given to the borrower before they close on a loan (purchase or refinance).
- b. Since the borrower has a copy of the appraisal before closing they can, and may, rely on the appraisal information to "help" them make their purchase or borrowing decision. [Read more here](#).

## VISIT THE AI KNOWLEDGE CENTER TODAY

The Appraisal Institute launched the AI Knowledge Center in October 2012 and since launching, more than 2,000 unique visitors have been to the site.

**What is the AI Knowledge Center?** The center is a website that provides AI content specific to the various AI audiences. Currently, the center houses downloadable seminar education e-materials for those registered for a particular program, and students have online access to the content for one year after registration. It also provides students the opportunity to directly purchase e-materials if the student chooses not to attend an offering or an offering is not being held near them or is not available. The center will maintain a personalized library for each individual. Visit the center at:

<http://knowledgecenter.appraisalinstitute.org>

If you have any questions, please contact [jdriskill@appraisalinstitute.org](mailto:jdriskill@appraisalinstitute.org)

### 2013 Education Schedule

updated as of 5/9/13

#### AI Qualifying Education

<u>Course Name</u>	<u>Start Date</u>	<u>Course Hours</u>	<u>Instructor</u>
Basis Appraisal Procedures	May 8, 2013	30	Comperchio/Elliott
General Appraiser Sales Comparison	May 15, 2013	30	Bowler
Real Estate Finance, Statistics, Valuation Modeling	May 31, 2013	15	Dowling
7 Hour National USPAP Update Course	May 23, 2013	7	Elliott
General Appraiser Site Valuation & Cost Approach	June 12, 2013	30	Bowler
Residential Sales Comparison and Income Approach	June 25, 2013	30	Bowler/Elliott
General Market Analysis and HBU	July 17, 2013	30	Bowler
Advanced Income Capitalization	August 19, 2013	35	Dowling
Business Practices and Ethics	September 12, 2013	7	Avery
7 Hour National USPAP Update Course	September 26, 2013	7	Avery
General Appraiser Report Writing & Case Studies	November 5, 2013	30	Magdziarz
7 Hour National USPAP Update Course	December 5, 2013	7	Elliott

#### AI Continuing Education - Various Locations

Complex Litigation Appraisal Case Studies	T.B.A	7	TBA
Income Approach for Residential Appraisers	T.B.A	7	TBA

#### Chapter Meeting/CE Programs - Various Locations

Valuation Case Studies: Multi-discipline Appraisal Overview	May 1, 2013	2	Panel
Fall Membership Meeting (2 hours CE)	September 2013	T.B.A.	
Economic, Capital Markets and Investment Outlook	October 1, 2013	2	Panel
New England Appraisers Expo	October 21, 2013	7	Panel
Holiday Meeting and Installation of Officers	December 2013	0	

This is a partial list and does not include Social Events and other Chapter CE Programs that will be added throughout the year.

Visit the Massachusetts Chapter of the Appraisal Institute's website  
[www.ma-appraisalinstitute.org](http://www.ma-appraisalinstitute.org) as this schedule will be updated regularly

## **JANUARY 2013 CHAPTER MEETING SUMMARY**

*by Karen K. Hanlon, MAI, 2013 Chapter President*

The Massachusetts and Rhode Island Chapter of the Appraisal Institute held its first meeting of the year at the Federal Reserve Boston on January 15th. The program topic was "Economic Outlook and Real Estate Trends for 2013." We had the honor of hosting a panel of nationally and internationally renowned experts in the fields of economics and commercial and residential real estate sectors who presented to our Chapter in this highly anticipated annual event. Our guest speakers included Sara Johnson of IHS Global Insight who spoke on global, national, and local economic conditions; Bill Crean of CBRE covered the Boston office market; Jeff Rhuda of Symes Development spoke on the residential market; and Vivian Li with the BRA gave a long-term view of development in the City of Boston itself. All of the topics covered are indicators of the overall health of real estate industry in the city of Boston and the greater Boston area.

Sara Johnson, Senior Research Director of Global Economics with IHS Global Insight, started the program with a fascinating summary of economic conditions on a national and worldwide basis, then covered local conditions. She indicated that another year of sluggish U.S. economic growth is expected and that the U.S. expansion has weak momentum, but is moving forward. The Fiscal Cliff was largely averted, but a coming battle looms over the federal debt ceiling, which will soon become a constraint on spending. Housing and vehicle markets are rebounding, which in turn supports growth. Indicators reflect that services are advancing while manufacturing has stalled. Real GDP for the U.S. is expected to be 1.7% in 2013 and 2.7% in 2014, while Massachusetts GDP is expected to be 1.6% and 2.3% in 2013 and 2014, respectively. Interest rates are expected to rise, with major adjustments expected to start in 2015. Ms. Johnson reported that the U.S. is spending approximately 40% more than it is taking in. Actions are expected on both sides of the ledger with regard to the U.S. federal budget gap.

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**Among Sara Johnson's many valuable insights: "...the U.S. is spending approximately 40% more than it is taking in." This is a stunning and unsustainable figure. It is important to understand the impacts of a rising interest rate climate on the real estate market and to prepare for the road ahead.**

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Bill Crean, Senior Vice President at CBRE, gave a summary of the Downtown Boston office market, noting that the Boston office market is among the top 5 markets in the country for lowest vacancy at 9.5%. Mr. Crean reported that Boston had positive absorption overall of just over 900,000 square feet in 2012, a modest increase from 850,000 in 2011. He indicated that the availability rate is 14.8%. The average rental rate for the CBD is \$44 per square foot versus \$42 per square foot last year, while the Back Bay market continues to be renting for a higher rate than the Financial District. The Back Bay reflects an average rent of \$52 in 2012 versus \$53 in 2011. Mr. Crean also reported that the vacancy rate is significantly lower in the Back Bay at 5.8%, while the Financial District is at 11.9%. The Back Bay reflected negative absorption in 2012 of just under 400,000 square feet. Mr. Crean noted that the Boston investment sales market was active with approximately 48 sales totaling \$1.8B in 2012. He forecasts that rents will continue to rise in the Seaport District, an area that is benefitting from several major relocations, including Vertex Pharmaceuticals from Cambridge and State Street Bank and Goodwin Procter from the CBD.

Jeff Rhuda, a market expert from Symes Development, presented the state of residential development in suburban Massachusetts. Mr. Rhuda stated that there are various notable signs of recovery in the housing market, including 2013 upward pressure on pricing; single-family inventory and condominium inventory being at their lowest levels since 2005; and 2012 being the largest closing year since 2005. In terms of demographics and demand factors, Mr. Rhuda pointed out that the "Echo-Boom" Generation is even larger than the "Baby Boom" generation was at similar ages. He concluded with a number of observations on the market: housing affordability is good at present due to low interest rates; there is pent-up demand and relatively low inventory levels, as well as improved consumer confidence. However, these factors are offset somewhat by stricter underwriting standards, slow unemployment growth, and uncertainty surrounding the deficit and debt ceiling.

Vivian Li, President of the Boston Harbor Association, wrapped up the program with a pictorial "walking tour" of the City of Boston's waterfront and a long-term overview of development that has taken place around Boston Harbor. Ms. Li took the group on a virtual tour of the now clean Boston Harbor and skyline, pointing out the billions in commerce that the area supports and a growing cruise ship business. Among the many new changes in the "Innovation District" are the renovation of the Northern Avenue Bridge, several notable tenant relocations and the development of Pier 4. Ms. Li's presentation was a reminder of how far the great city of Boston has come in terms of longer term development goals.