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JANUARY 2023 QUARTERLY NEWSLETTER

Upcoming Events



February 28, 2023 – USPAP
Bethlehem - Greater Lehigh Valley Association
of Realtors

March 14th, 2023 - Inconsistency: It's Hiding In
Plain Sight In Your Commercial Appraisal -
Lancaster – LCAR

March 21st, 2023 – Rapid Response - Market
Analysis in Volatile Markets
Members 1st Community Room!!
5000 Marketplace Way
Enola, Pennsylvania

April 27, 2023 - PA - Laws & Regulations
Members 1st Community Room!!
5000 Marketplace Way
Enola, Pennsylvania

April 27, 2023 -1st Annual Keystone Chapter
Appraisal Symposium!
Approved for 5 CE Credits

Even more to come!!
See Website to Enroll in Classes



Education, Education, Education!! We Have Your Renewal Education Covered!!!

We are coming up on a renewal year in Pennsylvania – June 30, 2023
We have all 28 hours of CE available with new Classes and Events!

Happy New Year to all as 2023 is upon us!

This year is an 'odd' year which means we must renew our certifications and licenses by June 30, 2023.

To renew our certs and licenses we need to take 28 hours of continuing education between July 1, 2021 and June 30, 2023.

Of the 28 Hours:

- 7 Hours - USPAP
- 2 Hours - Board Regulations
- 19 Hours – State Approved Continuing Education

Click on this link to find the PA State Approved Education list which is listed by Education Provider:

List of Approved Education

We have designed our upcoming classes so that all 28 hours can be taken from our Keystone Appraisal Institute Chapter.

Along with USPAP, we are offering the 2 hour PA Appraisal Law & Regulations class at the **brand new Members 1st Headquarters in Enola**. We are excited for this new education venue! Immediately following the PA Regs class our Chapter is holding a **first Annual Appraisal Symposium!** This symposium offers several speakers addressing topics related to changes and opportunities in the Appraisal Profession today. A separate email will be sent to membership outlining the topics and speakers at the symposium.

Besides those listed to the left under upcoming events we will soon be publishing other approved educational offerings that will satisfy all CE needs. Hoping you join us and socialize - it will be great to re-connect after the past few years!

Thank you,
Judy Striewig, MAI

Appraiser News and Notes

45 Day Notice

The appraisal institute has issued a 45-day notice that will be voted at the San Antonio Regional Meeting held on February 22 – 23rd.

[Click here to review the changes to the ByLaws](#)

Newly Formed Finance Committee

We have formed a finance committee lead by our 'treasured' Treasurer - **Jeff Leogrande**

Committee members include **Chuck Freedman and Sean Monighan**. The current President, Vice President and Education Chair will also be part of the committee.

The committee's responsibilities include:

- Annual budget development
- Quarterly review of where we are
- Analysis and monitoring of areas for improvement.

Appraiser News and Notes

Keystone Chapter Installation Meeting

On January 23rd, our Chapter held a 7-hour USPAP class and Chapter Meeting at LCAR

After class we held our annual installation meeting and social. Josh Garrettson, Region VI Chair attended our meeting and installed the new officers. We all got to socialize and enjoy some beverages and snacks. Thanks Josh for joining us!

Below is a picture during Installation of Officers



The Psychology of Real Estate Market Cycles



The following blog was written by one of our members, Mike Rohm, and provides a perspective of what drives a market cycle, which in turn drives value.

Thanks Mike for your contribution!!

The Psychology of Real Estate Market Cycles

By Michael J. Rohm, MAI, CCIIm

Implicit in the term “cycle” is that the real estate market is constantly in a state of flux. Real estate market cycles are specific to a submarket and property type. They are also specific to classification (A, B, C, or D) within a property type within a submarket. So, in most cases, it is out of context to simply state that industrial pricing is increasing, or office pricing is decreasing. Office demand could be increasing in a suburban submarket and decreasing in an urban submarket, for instance. Furthermore, within a suburban submarket, Class A office may be in a completely different phase of the cycle relative to Class B. National trends rarely perfectly reflect what is happening in a given submarket, thus it's important to be critical of the information we consume and apply to the markets we serve.

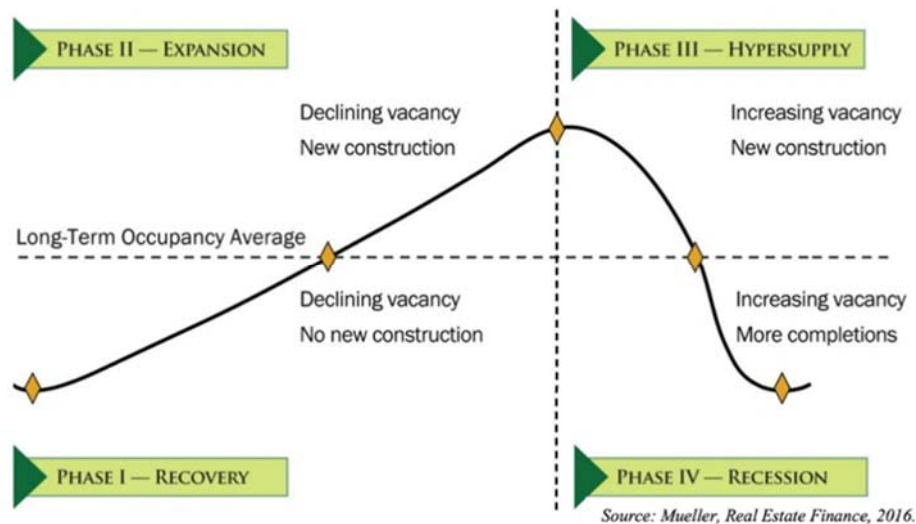
Why is it important to know where a submarket property type is in the real estate market cycle? As appraisers, our job primarily includes market analysis. Therefore, identifying where we are in the cycle is at the crux of our profession. Other reasons why identifying where a market is at in the cycle include:

- How long a valuation may be relevant or reliable
- Absorption rate for new or currently vacant supply
- Where future competition may come from
- What capitalization rate may be applicable to current income
- What yield rate may be applicable in discounted cash flow
- What rent growth (or decline) to expect during holding period

There are many external influences on property value included, but not limited to: changes in interest rates, overbuilding or underbuilding, changes in tax laws, changes in construction costs, population shifts, job creation or loss in a local or regional economy, changes in effective buying power, and market participant psychology.

Market psychology is arguably the most impactful on commercial pricing and it is essentially what drives markets through the four phases of the cycle. Unlike bond and stock investments, however, commercial property owners can force appreciation through their operating expertise. Therefore, the exception is that market psychology influences these participants less as they are always in the market searching for value-add deals. Nevertheless, a buyer or sellers' perception of the market – whether rational or irrational – will positively or negatively influence their decision-making calculus. Most influential based on the way we now consume media, is that one's perception may be materially influenced by national trends that have little or no applicability to the participants property type or submarket.

The Psychology of Real Estate Market Cycles



There are two markets that influence the cycle: the physical market and the capital market. The physical market analysis answers the question: *How much demand is there for space among users?* The capital market analysis answers the question: *How much demand is there for investment properties among investors?*

The physical market is influenced by changes in employment, population growth, and effective buying power. It is the interaction between users (demand for space) and developers/owners (supply of space) in an individual market. With exception to residential property types, the physical market is influenced by demand among businesses. An individual business space requirement may or may not be consistent with the overall market trend for that property type in that submarket. For instance, office may be overbuilt in a submarket in which multiple companies are breaking ground on an office development during a recessionary or recovery period whereby building is not financially feasible.

The physical market for most commercial real estate asset classes is incredibly inefficient as a lack of transactional data precludes our ability to discern the state of the market cycle in real time - also known as *inefficient price discovery*. Simply put, with most commercial real estate property types, there are typically not an abundance of sales of a particular property type in a given submarket during a short period of time to assert with a high degree of certainty where the property type is trending in pricing. In this way, market psychology arguably influences commercial pricing more than any other factor. Furthermore, shifts in CRE pricing generally occur over a long period of time as buyers and prospective tenants are typically accustomed to benchmark values or metrics in a given submarket. These benchmarks are reimagined over time given outlier transactions which are retroactively understood as the beginning of market shifts. Only in hindsight can we recognize these once outlier transactions were the start of a larger market trend.

Conversely, identifying market pricing within the residential market cycle is typically more distinguishable in real time as there are more transactions of similar properties in a submarket during a short period of time. This may also be referred to as *efficient price discovery* and is analogous to the stock market where transactions are plentiful and up-to-the-second data is readily available. Thus, stock pricing is updated frequently and there is no disagreement as to what the price of a given stock is at any particular time.

The Psychology of Real Estate Market Cycles

Real estate investment competes with bonds, stocks, mutual funds, venture debt, hedge funds, among other vehicles. It uniquely benefits from depreciation write-off and is uniquely diversified in that the return *of* and *on* capital can come from increasing net operating income (physical market) or price appreciation (capital market), respectively. The capital markets are typically more volatile and unpredictable than the physical market for real estate. We have seen this recently with the rapid increase in interest rates. On the contrary, physical supply sometimes takes years to develop.

Ultimately, many commercial real estate transactions are prompted by 1) personal or collective investment criteria, 2) tax implications, or 3) individual space requirements. Any of these factors is incredibly specific to each buyer or seller making the purchase or sale decision. These individual transactions are defined as *investment value* which is a separate and distinct concept from *market value* which is what appraisers, for instance, are tasked with analyzing in most circumstances. *Market value* in practical application within CRE can be loosely defined as a range of potential sale prices evidenced by at least two similar transactions. Identifying properties that have recently transacted and have similar economic and physical characteristics as your subject are many times few and far between. Furthermore, the buyers and sellers of these transactions are typically motivated by completely different factors which is why pricing for most commercial property types can widely vary. In this way, pricing is more of a reaction to consumer confidence or individual space or investment needs at a specific point in time rather than robust data in support of a list or sale price. Therefore, a more appropriate way to analyze most commercial real estate markets may be to characterize patterns as "behavioral cycles" rather than "market cycles".

Whether analyzing the physical or capital markets, it is important to remember that pricing for most commercial real estate assets is relatively inconsistent due to nuance of building characteristics and location, individual buyer or seller motivation, and lack of available information regarding supply and demand in real time. Therefore, consumer confidence is a factor to be considered. If enough market participants believe there is going to be a 20% increase or decline in value for a certain property type – whether rational or irrational – it is very likely that trend will occur (a concept known as groupthink). Real estate markets are driven by emotion and the fear of missing out. Therefore, in times when the economy is good, it follows that optimism will influence negotiations to result in higher sale prices. In poor or volatile economic times, pessimism will influence negotiations to result in lower sale prices. *If fundamental analysis reveals that anticipated pricing expectations are irrational, real estate professionals can advise clients accordingly to capitalize on irrational market behavior.*

Differences of opinion make the market. Perceived value is sometimes more important than the fundamental relationship between supply and demand. As appraisers, we are trying to measure human behavior which is often times unpredictable and is always uniquely motivated. Nevertheless, it is important to examine consumer behavior to provide more sound counsel to our clients – even in the face of the most chaotic markets.

Michael J. Rohm, MAI, CCIM



Email: mrohrm@commonwealthappraiser.com

Website: <https://commonwealthappraiser.com/>

Meet Your Peers

New Members, New Candidates, New Designations

Board Members

*Thank you to **Ted Janney** whose term as Board member has ended. We appreciate your time and work on the Board! It has been a true pleasure serving the Institute with you!*

Welcome to our new Board members:

***Nathan White** – Served a half term and has agreed to serve another 3-year term*

***Jonathon Barboase** – Will be serving a 3-year term.*

A fellow appraiser passed away late in 2022, Robert "Bob" M. Walker, of Conyngham. Although not a part of AI, many in our Chapter knew and respected Bob. Here is a link to his obituary:

Obituary



Search the National Appraisal Institute Educational Offerings

www.appraisalinstitute.org/education

Closing Thoughts

We first make our habits, then our habits make us.

John Dryden

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Executive Administrator

Tracy Matroni

Chapter Leadership

President – Judy Striewig
Vice President – Mike Rohm
Secretary – Justin Reis
Treasurer – Jeff Leogrande
Past President – Bill Stoerle

Education Chair

Scott Hartman

Government Relations

Justin Reis

Board of Directors

Nathan White
Jonathon Barbose
Tyler Satterfield
Tyler Weiss
Joseph Elhajj
Kathleen Zogorski

Finance Committee

Chair – Jeff Leogrande
Chuck Freedman
Sean Monighan

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- Appraiser News and Notes
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- Meet Your Peers / Member Information



DECEMBER 2022 QUARTERLY NEWSLETTER

Upcoming Events



January 23, 2023

**USPAP and Chapter Installation Meeting
Lancaster County Association of Realtors**

February 28, 2023

**USPAP
Greater Lehigh Valley Association of
Realtors**

**MANY more exciting classes coming in the
VERY NEAR FUTURE. Get all your CE
credits through our Chapter for the
upcoming renewal period!**

**Please see the Keystone Chapter website
for enrollment links**

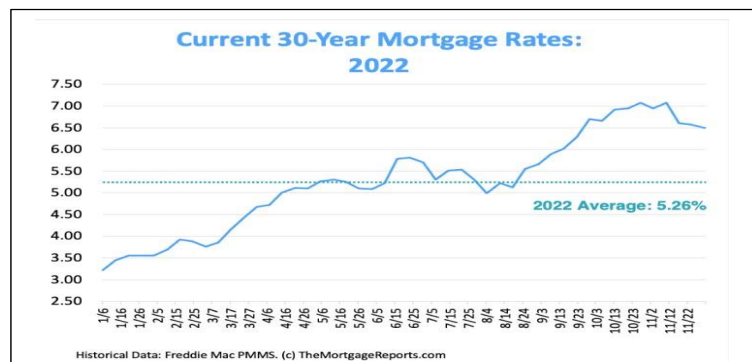


End of Another Year Filled with Changes

We are coming to the close of 2022. The year brought many changes to real estate conditions. The biggest impact was the hike in interest rates, meant to curb inflation. Here's a glance back on interest rates and other changes that impact the profession.

The year started with remarkably low interest rates and climbing inflation, setting the stage for the Federal Reserve to take action to stabilize the economy. Meanwhile, we as appraisers were inundated with work trying to keep up with demand because of the 'buying' frenzy in both the residential and commercial real estate market.

To date in 2022 the Federal Funds Rate increased six times (March 0.25%, May 0.50%, June 0.75%, July 0.75%, September 0.75% and November 0.75%). The following chart shows the average 30-year mortgage rate over the course of 2022.



The increase of interest rates significantly slowed real estate purchases towards the second half of 2022, and in turn slowed appraiser's workload (however most appraisers remain quite busy). The Federal Reserve is keeping an open door to more rate hikes, however indicates they may slow the pace of increases because of the lagging impact of the changes.

Other changes included the roll-out of measuring standards and the requirement of using the Square-Footage Method (ANSI Z765-2021). This change went into effect in April 2022.

On August 11, 2022, The Appraisal Foundation's Appraisal Standards Board (ASB) announced that the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) would be extended by one additional year. The 2020-2021 USPAP will now be effective until December 31, 2023 - *Actually not a change, but worth a mention.*

Appraiser News and Notes

Regional Conference In Puerto Rico

A regional meeting was held in Puerto Rico on October 20-21 and was attended by several regions, including Region VI.

Morning meetings focused on the State of AI and highlighted guest speaker Mr. Rafael Rojo - 'Development after Disaster', who presented development conditions in Puerto Rico.

Each region had afternoon break-out sessions that included selecting members for the nominating committee for officer selection.

7 Hour USPAP and Chapter Installation

**Please join us at Lancaster (LCAR) for the 7-hour CE USPAP Class
And
Installation Meeting
Snacks and Social after the Meeting
January 23, 2023**

A 'First' for our Chapter

**Save the Date
April 27, 2023**

We are in the planning stages for the 1st Annual Keystone Chapter Appraisal Symposium. More details are coming very soon!

Appraisal Institute Announces Resignation of CEO Jim Amarin

CHICAGO (Nov. 17, 2022) – The Appraisal Institute announced today that CEO Jim Amarin, MAI, SRA, AI-GRS, will resign effective Feb. 14, 2023. He will conclude five years of service as the organization's CEO and is moving on to pursue other opportunities.

"It's been a tremendous privilege to serve the Appraisal Institute as its CEO, and while I'll miss this great organization and its people, I'm excited to have the opportunity to take the next steps in my career," Amarin said.

"On behalf of our Board of Directors, region and chapter leaders, and AI professionals, I'd like to express my sincere gratitude to Jim for his outstanding work during a critical time for our organization and profession," said Appraisal Institute President Jody Bishop, MAI, SRA, AI-GRS.

The Board of Directors will immediately begin a search for the Appraisal Institute's next CEO.

Appraiser News and Notes

Upcoming for 2023 Find out More on the Appraisal Institute Website

Changes to the Candidate for Designation Program Effective January 1, 2023

Effective January 1, 2023, any education needed to earn an AI designation (a.k.a. designation education) ***will no longer be a component but instead a prerequisite*** to the Candidate for Designation program.

As such, individuals seeking AI Designated membership who ***are not already*** Candidates for Designation must complete all required education to be eligible to enter the **Candidate for Designation** program. AI Admissions recommends that these individuals join AI as a Practicing Affiliate, complete all required education, then become a Candidate for Designation.

AI Admissions, with the permission of the ADQC chair, recently granted timeline extensions (12/31/2023) to Candidates whose timelines end either this year or sometime in 2023. These Candidates must complete all required education prior to the expiration of this timeline extension date (12/31/2023) to remain in the **Candidate for Designation** program.

Candidates who ***do not*** complete the required education (**on the most current designation path**) by this timeline extension date of 12/31/2023 may not remain Candidates, however, they may transition to the Practicing Affiliate category until they can complete the outstanding education requirements and retransition into the Candidate for Designation program. This policy also applies to Designated members earning additional designations. (Designated members would remain Designated members but would no longer be enrolled in a Candidate for Designation program.)

Individuals may retain credit for any previously completed designation requirements (if applicable) if the completion date is no older than 20 years at the time of entry into the **Candidate for Designation** program or upon approval of an additional four-year extension.

Note: Effective immediately, Annual Minimum Progress is no longer a condition of the Candidate for Designation program.

Appraisal Bias: Taking Action, Leading the Conversation

The following article was published by the Appraisal Institute and discusses how the Institute is addressing the issue of Bias. It is better to be part of the solution than to ignore the issue and wait for changes without our input.

Appraisal Bias

As AI membership, and likely all appraisers are aware, the past couple of years have found us facing the issue of appraisal bias. Even the words are difficult to hear and against what appraisers stand for in our work. Yet, this challenging issue also provides an excellent opportunity to educate the public about the role of the appraiser, a chance to look at how we can take additional steps to help consumers and focus on making our profession more diverse and inclusive now and in the future. Here are some of the ways the Appraisal Institute is addressing the issues.

Collaboration

- AI is collaborating with other valuation-focused organizations such as The Appraisal Foundation, American Society of Appraisers, American Society of Farm Managers and Rural Appraisers, International Association of Assessing Officers, National Society of Real Estate Appraisers and MBREA | The Association for Valuation Professionals.
- Through collaboration, we have hosted webinars to share the value appraisers bring to real estate transactions and clarify how we fit into the broader home appraisal ecosystem.

Media

- AI's president is often interviewed, sharing salient points during lengthy Q&A. Unfortunately, only a few important points are covered and sometimes they are taken out of context.
- AI is nurturing relationships with current media contacts, establishing new connections, and telling our story as often as possible.
- AI has enjoyed coverage in many high-profile national and local media outlets, including Bloomberg, The Washington Post, NBC.com, HousingWire, National Mortgage News and National Public Radio.
- AI chapters and members are urged to send media inquiries to our national Director of Communications, Brent Roberts, broberts@appraisalinsitute.org.

Legislators and Regulators

- AI's representatives have testified before Congress.
- AI has provided input to the Biden administration's Property Appraisal and Valuation Equity Task Force (PAVE).
- AI has provided input to advance model state legislation on valuation bias and fair housing.
- AI has driven numerous discussions that focus on protecting consumers AND advocating for appraisers.
- AI is giving a consistent and balanced public message, earning us a seat at the table.
- AI's consistent message allows legislators and regulators to find our message firm in advocating for appraisers, yet open to conversations on solving complex challenges.
- Questions about the efforts in Washington and in state capitals should be directed to Bill Garber, director of government and external relations, bgarber@appraisalinsitute.org.

Appraiser Diversity Initiative

- AI has a leading role in the ADI, which is a partnership with Fannie Mae, Freddie Mac and the National Urban League.
- AI received a \$3 million commitment from Chase Bank to fund scholarships for diverse aspiring appraisers. These scholarship recipients are taking our education and buying our books.
- The ADI program is providing opportunities to aspiring appraisers and exposing new appraisers to the AI Body of Knowledge and the profession's best education.
- To learn more about this program go to: <https://www.appraisalinsitute.org/the-appraisal-profession/appraiser-diversity-initiative/>.

Appraisal Bias: Taking Action, Leading the Conversation

PAREA

- The AI Board of Directors has invested in the future of appraisal experience opportunities by developing a Practical Application of Real Estate Appraisal program. AI was awarded a \$500,000 grant from TAF to supplement this investment.
- This program will attract aspiring appraisers and give AI a first touch for education and mentors that guide them to successful completion.
- To date, more than 30 states have accepted the PAREA program as an alternative to the experience requirement. This eliminates the challenge of finding a supervisor.
- AI Board of Directors committed \$2 million to seeing this program completed. This is a commitment to growing the residential appraiser population and potentially AI membership.
- Learn more about PAREA: <https://www.appraisalinstitute.org/service/faq/#572>

AI's Bias Research Solutions Project Team

- AI's Bias Research Solutions Project Team was created to review several studies that address the topic of appraisal bias.
- During the past 1 ½ years, the Project Team has carefully analyzed studies published by government sponsored enterprises, university researchers and others, and have developed initial findings.
- The Project Team hopes to publish its final report in the next couple of months.
- Once the Project Team's report is finalized, it will be shared with the national Board of Directors, as well as AI's membership.
- National leadership also will be prepared to address the studies, if asked, by the media, legislators or other interested parties.

Going Forward

- The Appraisal Institute continues to be a voice for professional appraisers and an active thought leader in education, guidance and policy.
- AI must be a part of the ongoing conversations with the media, legislators and regulators.
- AI must work with other organizations to protect the future of the profession.
- AI must encourage new, and diverse, individuals to join our organization.
- AI must stand with other organizations in defense of appraisers.
- AI must continue to acknowledge and seek opportunities for growth and change.

Appraisers are a proud, dedicated, hard-working group of professionals, and together, no challenge is too big. Is AI a great organization now? Yes! Could we be even better in the future? Absolutely!

Meet Your Peers – Appraiser Spotlight



Meet Theodore (Ted) Janey, SRA

Ted is a Certified Residential Real Property Appraiser, currently working at Univest. Originally from Horsham, PA he moved to Coopersburg soon after college and has resided there ever since. Ted is currently a Board member for our Chapter.

How did you get into the Appraisal Profession?

Ted is one of a minority of appraisers that didn't come from an appraiser family. He attended and graduated from Temple University, where after switching majors several times, ended up in Real Estate Studies. While in college he applied for a co-op job working for an appraisal firm. After graduation that is where he landed.

Ted has worked in the appraisal profession since 1984, starting as a fee appraiser. Since 1988 he has worked in the profession for a lending institution. Ted currently does all review work for both residential and commercial assignment.

With the experience of doing appraisal assignments, Ted can review with empathy and understanding of what we face in 'the field'. He works towards building a relationship with the appraisers whose work he reviews.

Tell us Something About Yourself other than Being and Appraiser

Ted and his wife have seven (yes 7) children, aged 14 to 32! That's a big family! He and his crew enjoy camping and kayaking in various State Parks.

Ted has been in the appraisal profession for a long time and in his opinion the best part of the job is being surrounded by good people.

At times we are forced to do the right thing, even if it isn't easy or there may be push back. However keeping the right thing in the fore-front always pays off.

New Members, New Candidates, New Designations

Huge Congratulations to our Newest Designees

Kathleen P. Zogorski, MAI

Derek R. Molen, SRA

Welcome to our Newest Members Who Have Joined us Since September 2022

Marie Scibilia, Practicing Affiliate

Kevin Sidella, Practicing Affiliate

Qinyun Cai, Student Affiliate

Mathew Manganillo, Student Affiliate

Vito Mastromonaco, Student Affiliate

Cole Nicolson, Student Affiliate

Ethan Snyder, Student Affiliate

Zherui Zhang, Student Affiliate

Nicholas Giustria, Practicing Affiliate

Bailey Raye Wilson Briggs, Student Affiliate

Hemangi Dharmal, Student Affiliate

Jermaine Marshall, Student Affiliate

Maxwell Ashwin Mehta, Student Affiliate

Ben Ozga, Student Affiliate

Udeshna Srimal, Student Affiliate

Elin Emory Smith, SRA – New to Our Chapter

Are you Retiring?

If you are retiring, please let me know, we'd love to know more about you and honor your achievements!



Search the National Appraisal Institute Educational Offerings

www.appraisalinstitute.org/education

Closing Thoughts

Integrity is doing the right thing...

Even when no one is watching.

C.S. Lewis

Keystone Chapter Contact Information

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Website: www.aikeystone.com

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Treasurer – Jeff Leogrande
Past President – Bill Stoerle

Education Chair

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Justin Reis

Board of Directors

Nathan White
Theodore Janney
Tyler Satterfield
Tyler Weiss
Joseph Elhajj
Kathleen Zogorski

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- Appraiser News and Notes
- Market Value: Back to the Future?
By Dr. Kenneth Lusht, MAI
- Meet Your Peers / Member Information



LATE SUMMER 2022 QUARTERLY NEWSLETTER

Upcoming Events



**September 26-30: General Review Theory
In Bethlehem (Lehigh Valley Association of
Realtors)**

**October 12: Zoom Chapter Meeting
More Info Coming**

**November 15: Valuation of Accessory
Dwelling Units in Lancaster (Lancaster
County Association of Realtors)**

USPAP Classes Coming Soon

**Please see the Keystone Chapter website
for enrollment links**



A Reminder on Appraisal Institute Benefits

Many of us look to the Institute for education, but little else. Here's a reminder of some of the benefits that are provided to Appraisal Institute members.

The Institute offers several different types of scholarships that are available for education and other professional advancement. These scholarships are sometimes overlooked and go unused. We all know that scholarships are offered, but often forget about this perk. So, please remember these are available to you or your employees. The link to see the different scholarships that are available is listed below:

<https://www.appraisalinstitute.org/education/education-resources/scholarships/>

The Appraisal Institute publishes several publications, journals and Guide notes on various topics related to our profession. If you don't receive the **Appraisal Journal** and/or the **Valuation Magazine**, you are missing a tremendous opportunity to learn about appraisal theories and practices that are critical in keeping up with changes in our profession. **Guide Notes** are accessible from the website and provide guidance as to how the requirements of Standards may apply in specific situations.

The Institute AIERF – Appraisal Institute Education and Relief Foundation is a program that offers emergency assistance, among other things, “to those who have experienced a disaster or emergency that has left a Recipient in a state of financial, physical, or emotional distress”.

<https://ai erf.org/>

The Institute offers a monthly Podcast called *Face Value* that provides insight into trends and updates on different topics. See the following link to learn more:

<https://www.appraisalinstitute.org/ai-podcast/>

Ask a Professional Practice Question: Members, Candidates, Practicing Affiliates and Affiliates can direct inquiries concerning professional practice and application of the Code of Ethics and Standards to:

Stephanie Coleman, MAI, SRA, AI-GRS, AI-RRS, Senior Manager, Ethics and Standards, Director of Screening
Phone: 312-244-9368 (direct number)
E-mail: scoleman@appraisalinstitute.org

Thank you,
Judy Striewig, MAI

Appraiser News and Notes

August 2nd-4th – Appraisal Institute National Conference

The Appraisal Institute National Conference was held in Las Vegas.

Break-out Sessions provided excellent discussion and insights on current appraisal topics.

There are significant changes coming to the National Website and Educational Areas.

There will not be a National Conference in 2023.

General Review Theory

If you have your MAI designation, the only class needed to obtain the AI-GRS designation is General Review Theory.

Appraisal Institute News

AI tracks articles and industry topics impacting our profession. Click on the link below to read articles on various appraisal topics.

<https://www.appraisalinstitute.org/news/>

The Appraisal Institute Mission

As a Reminder, the AI Mission is:

Our Mission is to empower valuation professionals through community, credentialing, education, body of knowledge, and ethical standards.

Market Value: Back to the Future?

Dr. Kenneth Lusht, MAI is an Appraisal Institute Keystone Chapter member with a deep wealth of knowledge related to many aspects of the Appraisal practice. Dr. Lusht has agreed to share a historical look at 'market value' and some interesting points on the fundamental meaning of 'market value'.
Dr. Lusht – Thank you for your contribution and insight!



Value is perhaps the central idea in economics, and it is the estimation of market value that dominates real estate appraisal practice. The challenge has long been to define market value in a way that properly communicates what the appraiser's "number" is intended to mean. There has been no shortage of attempts, generating a vast literature devoted to the market value definition and its interpretation.

Despite the large number of writers who have offered their opinions, the market value issues discussed by Frederick Babcock in the 1930's are much the same as were discussed by Paul Wendt in the 1950's, and by most writers in the modern period. And, they share a common thread: that is, all of the truly important market value issues have their genesis in the relationship of price to value. The price to value relationship is critical in real estate markets which tend toward cycles of under or over supply, an environment economists describe as disequilibrium. In disequilibrium, market prices differ from "true" values, which in the appraisal literature have been described a number of ways, such as "fair" or "intrinsic" or "warranted" value. The question then becomes whether the appraiser's task is to estimate the likely price—his or her opinion of what the price *will be*, or to estimate the "warranted" price—his or her opinion of what the price *should be*? Most of us who have grown up in the appraisal environment of the last half century or so, take it as a given that the answer to this question is that the proper task of the appraiser is to provide an opinion of the expected market price--what *will be*-- which is typically defined as the most probable selling price.

Though the appraisal community understands that estimating what *will be* is the appraiser's task (though not all agree it is the proper task) much of the public, including politicians and often regulators, do not share that understanding. That is why when markets behave badly (think of the office market collapse of the late 1980s, or the housing market collapse of the 2000s), some of the finger-pointing is aimed squarely at the appraiser. The accusation is that appraisers were at least partly at fault because they failed to provide estimates of "warranted" prices, and instead estimated most probable selling prices that simply mirrored the misbehavior of the market. This perspective clearly reflects an understanding of the appraiser's role to be one of providing "warranted" (*should be*) values. Thus there is a disconnect between what the public and the appraisal community believe to be the appraiser's task.

Market Value?

The disconnect is not new—it has persisted for much of the life of the appraisal profession. That being the case, it is useful to ask “why”. The answer is found in the early literature, which, unlike what is presumed today, was much more sympathetic to the notion the appraiser’s task was in fact to estimate “warranted” values (what *should be*). Observed prices were considered at best only part of the evidence of market value, and often considered effectively irrelevant. Underlying this position was the assumption (sometimes explicit, often implicit) that the appraiser’s task is grounded in fundamental supply/demand market analysis, not simply the reporting of adjusted prices. For example, the FHA manual of the 1930s -1950s defined value as “a price which a purchaser is *warranted* in paying for a property rather than a price for which a property may be sold”, and further “Inasmuch as valuation for mortgage insurance necessarily deals with the long-term aspect of the usefulness of a property, the discovery of only the price that may be obtained at the time the valuation is made would be inadequate as the sole conclusion on which to base the ‘worth’ of anticipated benefits.” (1) (emphasis added). Not only is this clearly a what “*should be*” description of the appraiser’s number, it warns against today’s what “*will be*” orientation.

How and why the market value definition evolved to arrive at today’s “most probable selling price” is itself an interesting topic, but one beyond the scope of this discussion. However, certainly two important catalysts were an increased trust in prices produced by the strong post WWII real estate market, and the subsequent FNMA- led standardization of residential appraisal forms which clearly lead the appraiser down the what “*will be*” path.

Enter Technology

Advances in technology are again prompting some to revisit the market value definition. Today there is access to more data (often of higher quality), the computing power to analyze that data, and a growing mountain of software available to expedite the analysis. This enables appraisers to do fundamental market analysis previously much less accessible. As a result, appraiser/analysts can provide more informed estimates and interpretations of where markets are, and perhaps more importantly in the present context, where they *should be*. Put differently, appraisers today are in better position to provide numbers that are consistent with earlier definitions of market value and associated institutional (eg FHA) guidelines that led to an estimate of “warranted” price.

There is of course a darker side to the new technology. In many markets the availability of automated valuation models (AVMs) is encouraging the replacement of residential appraisers with statistically driven value estimates. Objections that those kinds of estimates can never compete with “live” appraisals with respect to quality may or may not be agreed upon, but regardless, from the appraisal consumers’ perspective (think lenders) any difference in appraisal quality is offset by savings in cost, including time. It is helpful here to think of an appraisal fee as analogous to an insurance premium. Many lenders are now self-insuring, believing saved appraisal fees will offset the costs of under performing loans.

Whether or not one agrees with that perspective, if the appraiser’s task is redefined to estimate “warranted” prices (what *should be*), the threat of AVMs is somewhat diminished. It may also be the case some consumers would find the resulting number more useful than the probable price. This scenario is being discussed today more frequently than at any time in the past few decades.

Market Value?

Obstacles

As of now, a move back to the future is certainly not imminent. And, such a change would carry with it some non-trivial obstacles. These come immediately to mind:

- . Do appraisers (or anyone other group) have the knowledge and skills to actually produce credible estimates of “warranted” (*should be*) values? Many would argue no, and if they could, they would already be on Fortune’s list of wealthiest people and no longer appraising.

- . The appraisers’ mantra for decades has been that they report values, not determine them. Is the profession ready to assume at least partial responsibility for value determination?

- . Despite public posturing, particularly after unhappy markets, would most consumers of appraisal reports really appreciate the new kind of number? For example, how would lenders have reacted to “warranted” value estimates in the late 2000s that were higher than the prices properties would then bring. Conversely, in today’s market, would estimates of “warranted” value below current prices be equally appreciated?

Finally, notice this is not necessarily an either/or choice. A hybrid outcome would have appraisers estimate both the most probable price (what *will be*), and their opinion of the “warranted” price (what *should be*). Some believe this would add significant value to an appraisal report, while others, for reasons including those discussed above, believe it would be an exercise in futility. It is an interesting time to be an appraiser.

(1). Reference to and quotes from the FHA manual are from Ed Pinto’s interview on “The History of Appraisal”, **Appraisal Buzz**, July 11, 2018. For those interested in further reading on this topic, I suggest accessing articles and commentaries by George Mann.

Dr. Kenneth Lusht, MAI, is Professor and Associate Dean Emeritus, Penn State University, and is currently a Professor of Real Estate at Florida Gulf Coast University. He has authored or co-authored more than forty papers and three texts, and he is a Past President of the American Real Estate and Urban Economics Association. Dr. Lusht can be reached at klusht@fgcu.edu. The historical materials in this column were first developed while coauthoring (with Austin Jaffe) a monograph, “The Concept of Market Value: Its Origin and Development”, 1985. The monograph was funded by the Appraisal Institute, but is not published. The author also benefited from discussions with Matt Simmons, of Maxwell, Hendry and Simmons, Ft. Myers, Florida, and with Mike Jonas, of Carlton Norris and Associates, Ft. Myers, Florida.

Meet Your Peers

New Members, New Candidates, New Designations

Welcome to our Newest Members Who Have Joined us Since April 2022

***Thomas Capezio – Affiliate
Vanshika Agarwal – Student Affiliate
Justin Lee Hower – Student Affiliate
Christopher Ryan Velez – Student Affiliate***

Are you Retiring?

If you are retiring, please let me know, we'd love to know more about you and honor your achievements!

***Think about getting involved in the AI Chapter
as an officer, committee member or serving as a Board Director.***

Officers and Directors serve a two-year term and meet quarterly to lead the Chapter.

We are looking for members to assist with Education and other Committees.

***If you have an interest in getting involved,
please contact Judy Striewig at 717 802-0648***



Search the National Appraisal Institute Educational Offerings

www.appraisalinstitute.org/education

Closing Thoughts

*“The strength of the team is each individual member.
The strength of each member is the team.”*

Phil Jackson

Keystone Chapter Contact Information

Email: admin@aikeystone.com

Phone Number: **717 569-4625**

Website: www.aikeystone.com

Executive Administrator

Tracy Matroni

Chapter Leadership

President – Judy Striewig
Vice President – Mike Rohm
Secretary – Justin Reis
Treasurer – Jeff Leogrande
Past President – Bill Stoerle

Education Chair

Scott Hartman

Government Relations

Justin Reis

Board of Directors

Nathan White
Theodore Janney
Tyler Satterfield
Tyler Weiss
Joseph Elhajj
Kathleen Zogorski

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- Appraiser News and Notes
- Solar Panels – A Valuation Puzzle
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- Meet Your Peers / Member Information



SPRING 2022 QUARTERLY NEWSLETTER

Upcoming Events



**May 12th – In Person Chapter Meeting
With Social Mixer
3:00 – 4:00 Meeting
4:00 – 6:00 Social Mixer
2250 Kohn Road Harrisburg
Residence Inn Marriott
More Details Below**

**Keystone Chapter Volunteer Opportunity
Habitat for Humanity – July 16th
More Details Below**

**Within the next few weeks expect an email
with upcoming Educational Classes. We've
got some good stuff in the works!**



GroupME - New Message App for Members

We have created a Chapter Group (AI Keystone Chapter) on the GroupMe App where members can send messages to Chapter Members for Appraisal-Related questions, assignments, employment, etc.

Hello all and Happy Spring! We are rolling out a Group Messaging system using GroupMe. This is a simple and free messaging app that allows members to communicate to other Chapter members (similar to WhatsApp).

This platform will allow messaging to to all members within the Chapter. The Group consists of the Keystone Chapter membership that choose to participate (I hope a lot!).

To join and use the app:

-Click on the link sent in this email from Tracy or [CLICK HERE](#)

-You will be prompted to create an account. **PLEASE** use your **actual name** as Tracy will be monitoring to ensure only Chapter members have joined.

-Our Group Name is: **AI Keystone Chapter**

-Once you've joined, feel free to message members with appraisal related information or just introduce yourself to other Chapter members.

Here are some reasons to use the app:

-If asked to do an assignment outside your geographic area or property type, message the Chapter to see if anyone is interested in the assignment.

-Someone is looking for a supervisor and gets in touch with a member – we could message the group to see if any members are looking for an apprentice. I have had several reach out to me within the past few months.

-Searching for comps or questions on a specific property type or area of expertise.

-To share appraisal news or information to Chapter members.

Now, what the app is NOT intended for is any political, religious or illegal use. It is not meant to vent grievances or criticize.

I am urging you all to join the App and share information and conversation with our Chapter members! Any questions, please call Tracy or myself.

Thank you,
Judy Striewig, MAI

Appraiser News and Notes

May 12th – In person Meeting and Mixer

**Where: Residence Inn by Marriott Harrisburg North
2250 Kohn Road, Harrisburg (Just off Exit 69 of Interstate 81)**

When: Thursday May 12th, 2022

Chapter Meeting 3:00 to 4:00

Followed by a Social Mixer from 4:00 to 6:00

**There will be light snacks provided and a cash bar available
for beverages during the social mixer**

Appraisal Institute Reinstated as a Sponsor of the Appraisal Foundation

The Appraisal Foundation announced on Wednesday March 30th, that the Appraisal Institute was reinstated as a Sponsor of The Appraisal Foundation.

[Click here](#) To Read More

Director Positions for 2023

We are soliciting members to become Directors for our Chapter

The position is a three (3) year term

If you have an interest please contact Bill by Friday 5/6/2022

Bill Stoerle at appraisals_keyrealty@verizon.net / 610-248-9819

Appraiser News and Notes

Keystone Chapter Gives Back!!

The Keystone Chapter of the Appraisal Institute will be holding a volunteer day On July 16th, 2022 with

Habitat for Humanity

No skills required! We will be working with the ReStore for a 4-hour shift located at 800 Paxton Street, Harrisburg. Work includes light painting, assembling furniture, loading vehicles, etc.

If interested please email me: Judy@JSRAppraisal.com

45-Day Notice


When the Appraisal Institute proposes changes or amendments to the Code of Professional Ethics, a 45-day notice is provided for members to comment.

At its May 12-13, 2022, meeting, the Appraisal Institute Board of Directors will consider proposed amendments to the Appraisal Institute Bylaws, Regulation Nos. 1, 2, 3, and 8 and the Code of Professional Ethics.

CLICK HERE to view the 45-Day Notice

If you have any comments on the proposed changes in the 45-Day Notice, please contact your elected Directors and/or send your comments via email to 45daynotice@appraisalinstitute.org

Value Considerations for Solar Panels



With rising energy costs, more and more property owners are moving towards the use of solar panels and other ‘green’ measures for both residential and commercial properties.

So, what do appraisers need to know about solar panels?

We’ve reached out to SRA and LEED green Assoc, Sandra K. Adomatis, to provide our chapter with some tips and leads on key points for consideration when appraising properties with solar panels.

A HUGE thank you to Sandra for your contribution!!!

Residential and Commercial Solar Photovoltaic Systems – A Valuation Puzzle?

By Sandra K. Adomatis, SRA, LEED Green Assoc., GREEN

Solar photovoltaic (PV) systems are a growing trend across the United States. While they currently may not be a large part of your market, it doesn’t mean you won’t be surprised on your next property inspection when you are faced with one. It is a common occurrence to receive a call from an appraiser asking for help on how to value a solar PV system. The answer is not a quick 15-minute response. For instance there are certain details needed to understand the benefit or value of the system. How many kilowatts is the system? How many arrays? What is the tilt and azimuth of each array? How old is the system? Is it owned, leased, or a power purchase agreement? Does it have a UCC filing? Now, you understand why this article can’t possibly address everything you need to know about solar valuation.

Solar PV systems may be owned, leased, or a power purchase agreement. These are important facts to know if appraising the property for lending purposes. Fannie Mae, Freddie Mac, FHA/HUD, and VA only allows an owned system to be included in the market value of the property. If the system is leased or a power purchase agreement, they are considered personal property and NOT part of the real estate. If the system is leased or a power purchase agreement it creates even more work to identify the terms of the contract and analysis on if and how much it might affect the marketability of the property.

Commercial properties have an advantage over the residential properties. Commercial systems receive a 5-year accelerated depreciation and the Investment Tax Credit (ITC). In December 2020, Congress passed an extension of the ITC, which provides a **26%** tax credit for systems installed in 2020-2022, and 22% for systems installed in 2023. (Systems installed before December 31, 2019, were eligible for a 30% tax credit.) The tax credit expires starting in 2024 unless Congress renews it. These facts are part of an investors’ decision to buy a system. So, don’t think because your kilowatt hour cost is low the system is a super-adequacy until you understand the true net cost of the system. (Gross cost per watt less the incentives, rebates, and depreciation factors that commercial properties are allowed.)

Value Considerations for Solar Panels

Homeowners can also take advantage of the Federal Solar Tax credit if they purchase the system. If the homeowner finances the solar system through a solar financing company, they typically file a Uniform Commercial Code (UCC) filing on the property to identify the property as personal property. If a UCC filing is placed on the property, it is considered personal property and that means it cannot be included in the real estate value because it is not part of the real estate. The solar financing company is protecting their interest and most property owners sign these financing contracts stating they will not mortgage over them until the loan is paid off. That is why a system with a UCC filing cannot be included in the real estate value for mortgage lending purposes. The title insurance company should search UCC filings, and the appraiser should be made aware of this prior to completing an appraisal.

The Appraisal Institute was well ahead of the market by providing solar PV valuation education and resources. They offer two good checklists for gathering solar information from property owners on the solar pages of the two Appraisal Institute documents, “[Residential Green and Energy Efficient Addendum](#)” and “[Commercial Green and Energy Efficient Addendum](#).” It is a good idea to provide the solar page from the Addendum to the property owner before the inspection and ask them to complete them for you to allow an appropriate valuation of the solar photovoltaic system. Without the information from the solar pages, it is difficult to develop a credible value opinion. Even if you are not developing an income approach of the energy produced, this information is necessary to compare to other properties with solar. A 10-kW system will produce much more energy than a property with a 2-kW system. A newer system will produce more energy than a 10-year-old system. It is hard to compare systems without knowing their size, age, and ownership status. These details are rarely made available in the MLS or commercial databases.

[PV Value®](#) is a free discounted cash flow and cost approach program that was designed specifically for appraisers’ use in valuing solar photovoltaic systems as well as other related professionals. The program requires specific inputs based on the solar system and inverter size in watts, age and of system, azimuth and tilt of panels, discount rate, warranty term of the system and inverter(s), current net and gross cost of the system, and verification of utility and utility escalation rate. PV Value® gives some defaults but allows the user to input actual numbers. It is important that the user understand the discounted cash flow and importance of accuracy to arrive at a credible value opinion.

PV Value® is used in the classroom setting through the Appraisal Institute’s [Residential and Commercial Valuation of Solar](#). This class provides appraisers, lenders, real estate agents, builders, and energy raters with a better understanding of solar photovoltaic systems and how they can be valued. Prior to taking this course, a 4-hour class, [Valuation Resources for Solar Photovoltaic Systems](#), is strongly advised. It provides a good overview on establishing the appropriate kilowatt hour cost and gives a variety of resources that are most helpful in valuing solar.

Consider visiting the [Valuation of Sustainable Buildings Professional Development Program](#) and registering for the courses to be the first in your market to be on the Green Appraiser Registry. There are only 9 appraisers in Pennsylvania on the residential registry and only 3 on the commercial registry. Don’t be surprised if solar PV isn’t your next challenge. Be ready and armed with education!

Sandra K. Adomatis, SRA, LEED Green Assoc., GREEN
Adomatis Appraisal Service
Punta Gorda, FL
adomatis@hotmail.com

Value Considerations for Solar Panels

Fannie Mae has developed several publications that provide guidance on value in relation to solar panels for residential dwellings. Below is a snip-it of one of 'cheat sheets' provided by Fannie Mae related to solar panel value.



Fannie Mae

Appraising properties with solar panels

The ownership and debt financing structures commonly found with solar panels are key to determining whether the panels are third-party owned, personal property of the homeowner, or a fixture to the real estate. Common ownership or financing structures include:

- borrower-owned panels,
- separately financed solar panels (where the panels serve as collateral for debt distinct from any existing mortgage),
- leasing agreements, or
- power purchase agreements.

The following table summarizes some of the specific underwriting criteria for appraisals that include solar panels.

If the solar panels are...	Then the appraiser...
Owned (Cash purchase, consumer debt not collateralized by solar panels or debt paid-off)	<ul style="list-style-type: none">• May include the solar panel value based on standard appraisal requirements.
Financed (Panels as Fixture to Real Estate)	<ul style="list-style-type: none">• May consider the solar panels in the value of the property (based on standard appraisal requirements), provided that the panels may not be repossessed for default on the financing terms.
Financed (Panels as Personal Property)	<ul style="list-style-type: none">• May not provide contributory value of the solar panels towards the appraised value, because the panels are collateral for another debt.
Leased or Covered by a Power Purchase Agreement	<ul style="list-style-type: none">• May not include the value of the solar panels in the appraised value of the property.

Click on the following tab to see the full 'cheat sheet' published by Fannie Mae

[CLICK HERE](#)

Meet Your Peers – Appraiser Spotlight



Meet Raymond C. Geiger, Jr.

Ray is a Certified General Appraiser and works at Raymond C. Geiger Real Estate. He is a native of the Lehigh Valley and is a Practicing Affiliate in the Allentown area. Ray has been engaged in real-estate related activities since graduating from Penn State in 1973.

Can you tell us a little about yourself personally?

Ray is a self-taught computer geek since the days of the original DOS circa 1983. He feels compelled to keep up to date because of his two grown sons, and four grandchildren, ages between 14 and 21.

In his spare time he and his wife Colleen enjoy vacationing on Lake Erie in the summers, and watching old movies on the TCM channel in the winter.

Ray believes “the best appraisal services begin with an open and curious mind and a blank piece of paper to say what you did and didn’t do.”

I spoke with Ray for a while about his long tenure in the appraisal profession, but he told me I couldn’t divulge his secrets 😊

How did you get into the Appraisal Profession?

Ray comes from four generations of real estate professionals. He started his professional career in the banking world upon graduating from Penn State and ultimately ended up at his family’s appraisal business.

Ray has provided appraisal and consulting services to Counties, school districts, municipalities, lending institutions, and individuals throughout his career.

He has rendered testimony in several Counties and much of his career has focused on assessment and eminent domain.

New Members, New Candidates, New Designations

Welcome our Newest Members Who Have Joined us Since January 2022

Geoffrey Anderson – Candidate for Designation

Cameron Sprenkle – Candidate for Designation

Stefanie Weikert – Practicing Affiliate

Jie Li – Student Affiliate

Derek Molan – Candidate for Designation

J R Kem – Practicing Affiliate

Retiring Member

Let’s all send a warm and thankful send-off to *Linda Heddleson*, MAI who is retiring this year!



Search the National Appraisal Institute Educational Offerings

www.appraisalinstitute.org/education

Closing Thoughts

If you can't fly then run, if you can't run then walk, if you can't walk then crawl, but whatever you do you have to keep moving forward.

" Martin Luther King Jr.

Keystone Chapter Contact Information

Email: admin@aikeystone.com

Phone Number: **717 569-4625**

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Tracy Matroni

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Vice President – Mike Rohm
Secretary – Justin Reis
Treasurer – Jeff Leogrande
Past President – Bill Stoerle

Education Chair

Scott Hartman

Government Relations

Justin Reis

Board of Directors

Nathan White
Theodore Janney
Tyler Satterfield
Tyler Weiss
Joseph Elhajj
Kathleen Zogorski

In This Issue

- Upcoming Events
- Let Me Introduce Myself
- Appraiser News and Notes
- Featured Article - Quick Facts About Our Chapter
- Meet Your Peers / Member Information



JANUARY 2022 QUARTERLY NEWSLETTER

Upcoming Events



February 8th, 2022

7-Hour National USPAP

Lancaster – 8:30 – 4:30

Click to enroll [Registration Link](#)

March 8th, 2022

7-Hour National USPAP

Bethlehem – 8:30 – 4:30

Click to enroll [Registration Link](#)

March 9th, 2022

Chapter Meeting 1:00

Join us on-line via Zoom

Link will be coming

April 26th, 2022

Cost Approach: Unnecessary or Vital to a

Healthy Practice

Lancaster

Click to enroll [Registration Link](#)

**Other Education Classes to Be Announced
in Coming Months**

Let Me Introduce Myself

I sincerely appreciate the opportunity to serve our Chapter and hope to bring 'value' to our organization. **Judy Striewig**

Before I introduce myself, I'd like to send a BIG thank you to Bill Stoerle who served as our Chapter President from 2020 through 2021. Bill resides in Bethlehem Pennsylvania, and has been appraising residential real estate for many years. He has been active with the Appraisal Institute since its merger with the Appraisal Society. Bill was just appointed to sit on the PA State Appraisal Board. He has contributed to our association in so many ways! Thank you Bill for your contribution to the Appraisal Institute!

Now, let me introduce myself. My name is Judy Striewig and I will be serving as the 2022-2023 Appraisal Institute Keystone Chapter President. I grew up and continue to reside in the Harrisburg area, where myself, my husband, and our team appraise commercial real estate.

I am truly honored to serve in this role, however I must admit I was very reluctant to get involved. Like most of you, between work, kids, and life, there is little time for much else.

I was approached on becoming active in our Chapter and I almost said no. However the more I thought about it, I do really enjoy this profession (most of the time), and the more I interact with peers and associates, I feel I walk away with some piece of knowledge that betters me. So, I got involved! I attended my first National Conference in August of 2021 and can honestly say I was pleasantly surprised by the content, knowledge and comradery that was present.

I enthusiastically start my term and will work hard for our Chapter. My goal and 'theme' as Chapter President is to **engage** our membership and to provide value to the membership. I would love to get more of you involved, even if in little ways, or by attending events, seminars and education, and I welcome any input, ideas or thoughts from you!

Thank you,
Judy Striewig, MAI

Appraiser News and Notes

USPAP Update

The current version of USPAP (2020-2021) is extended by one year and remains in effect until December 31, 2022. **However** the 7-hour USPAP educational requirement **remains in effect**.

The class has been revised and revamped by the Appraisal Foundation. Our chapter will be offering the 7-hour requirement course (see upcoming events above), so get your USPAP education with AI!

Act 93 of 2021 - New Bill Passed Changing PA Statute of Limitations for Appraisal Damages

The government relations committee worked hard to promote and get a bill passed that imposes a statute of limitations on claims against appraisal reports within five years. This timeframe now matches the Records Keeping Rule in USPAP. There was no previous limitation and an appraiser could be sued for appraisal reports completed at any time in the past.

Thank you to the Government Relations Committee!

Click here to read the actual bill:

[CLICK TO READ](#)

What is PAREA?

PAREA (Practical applications of real estate appraisal)- provides another pathway for aspiring appraisers to fulfill their experience requirements by taking advantage of innovative technology. PAREA is designed to offer practical experience in a virtual environment combining appraisal theory and methodology in real-world simulations. This experience can be provided through a wide range of online and virtual reality technologies. For more info:

www.appraisalfoundation.org/TAF/TAF/PAREA.aspx

The Appraisal Qualifications Board created the program as an alternative to the traditional supervisor/trainee model for gaining appraisal experience. To meet the experience requirements for the Licensed Residential and the Certified Residential credential level, a participant can now choose between PAREA OR the supervisor/trainee model.

Appraiser News and Notes

45-Day Notice

When the Appraisal Institute proposes changes or amendments to the Code of Professional Ethics, a 45-day notice is provided for members to comment.

A change is being proposed to revise Ethical Rule 1-6

[Click here](#) to view the 45-Day Notice

If you have any comments on the proposed changes in the 45-Day Notice, please contact your elected Directors and/or send your comments via email to 45daynotice@appraisalinstitute.org

Residential Measurement Standards

Appraisers will be required to use the Square Footage-Method for Calculating ANSI® Z765-2021 (American National Standards Institute®) Measuring Standard for measuring, calculating, and reporting gross living area (GLA) and non-GLA areas of subject properties for appraisals requiring interior and exterior inspections with effective dates of April 1, 2022 or later on loans sold to Fannie Mae.

Click below to read more:

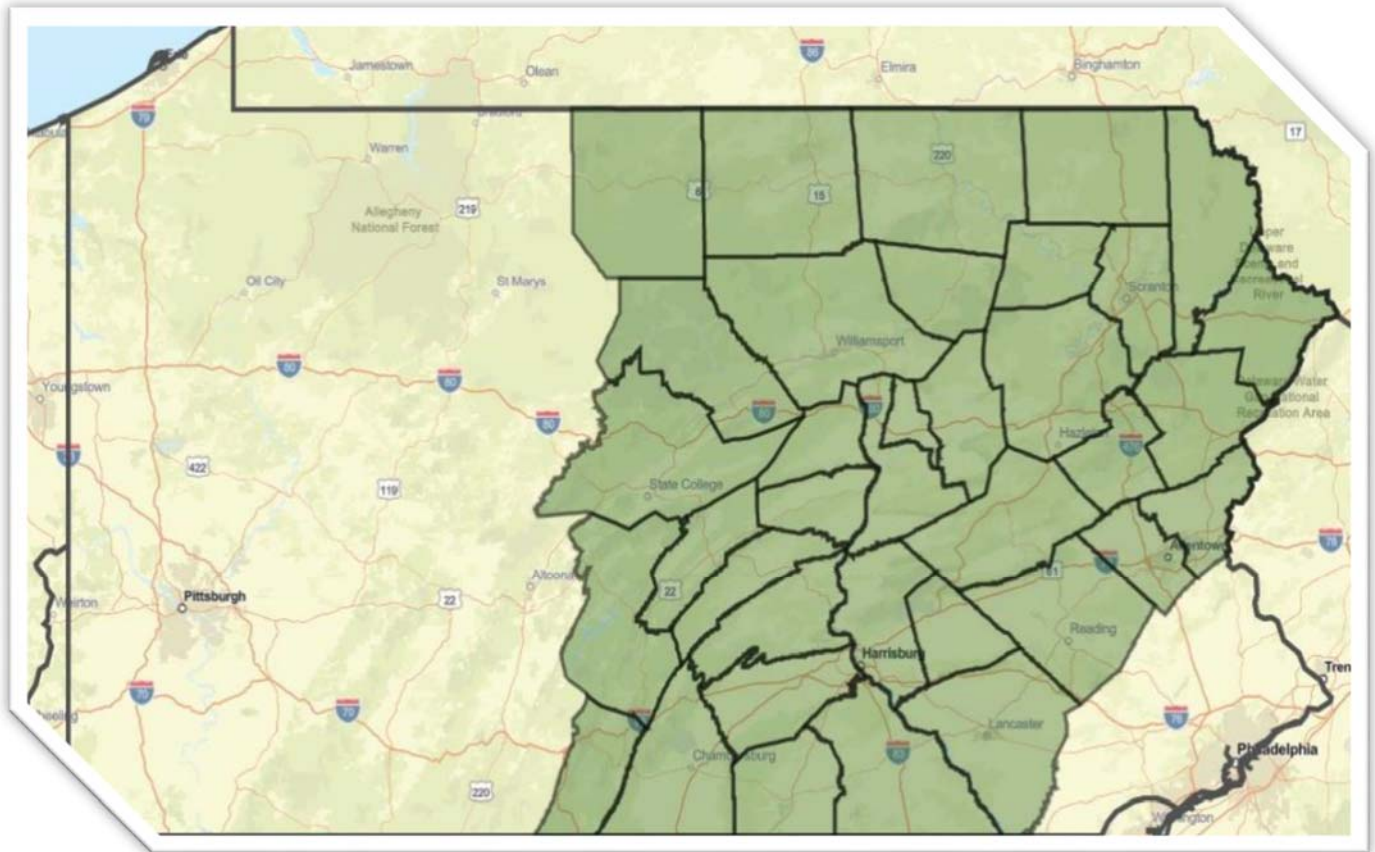
[CLICK](#)

<https://singlefamily.fanniemae.com/media/30266/display>

Picture from the Installation Luncheon – Swearing In



Quick Facts About Our Chapter



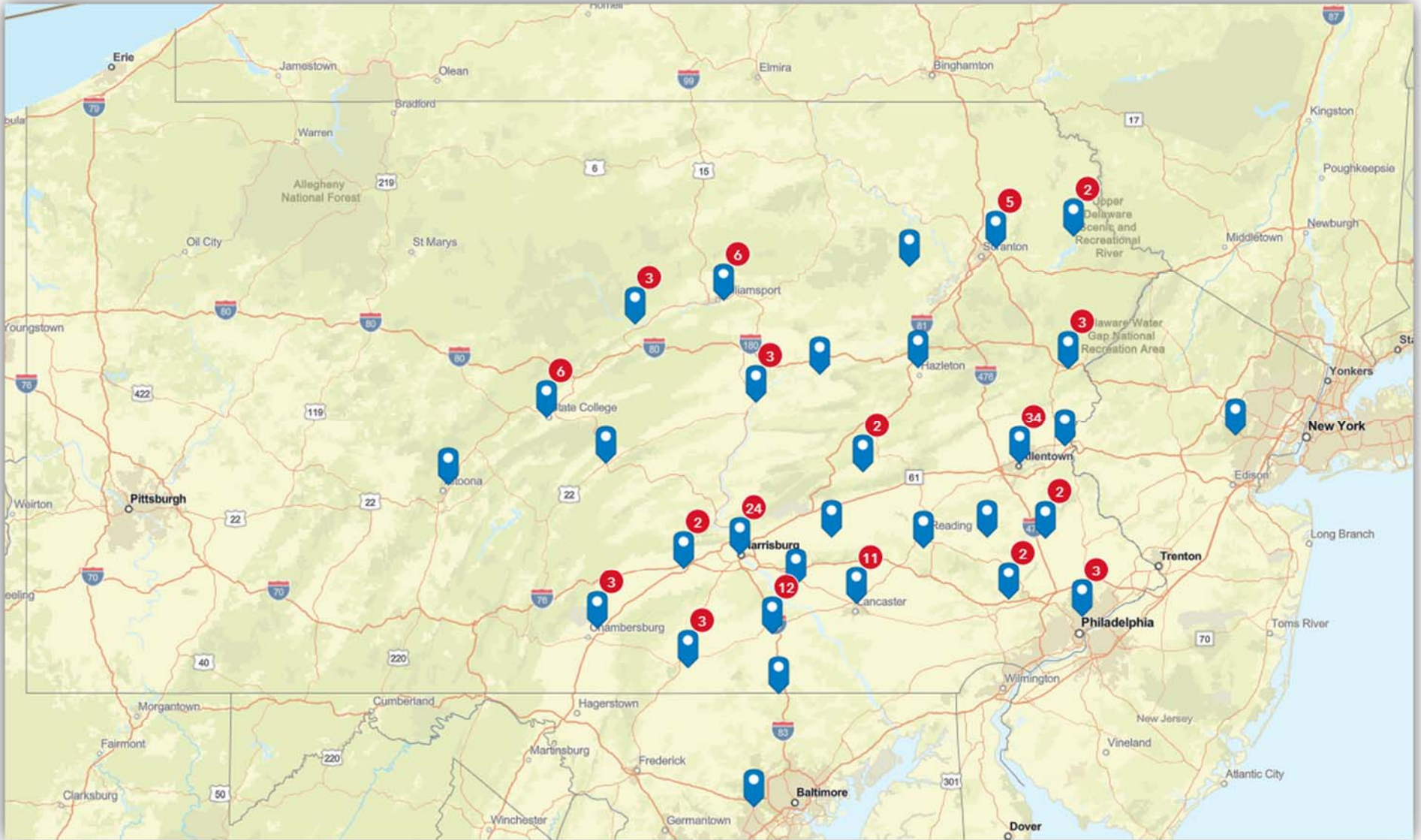
- **The Keystone Chapter and the Northeast Chapter merged in 2016**
- **Our Chapter comprises 34 Counties from New York State to Maryland**
 - **The Chapter has 143 total members**
 - **65 Designated Members**
 - **18 Candidates for Designation**
 - **26 Retired or Semi-Retired Designated Members**
 - **34 Affiliate and/or Practicing Affiliate Members**
- **Tracy Matroni, located in Lancaster is the Chapter Executive Administrator and provides excellent service to our Chapter**

The Keystone Chapter holds an installation luncheon and four meetings each year

In 2021 a new website was launched

<https://www.aikeystone.com>

Where are our members?



Legend

- **The blue markers represent clusters of members; the red circle is the number of members in this area.**
 - **Flag with no number indicates one (1) member at this location**
 - **Not Shown on the Map is: 1 Member based out of Cleveland Ohio; 3 Members based out of Florida**

Meet Your Peers – Appraiser Spotlight



Meet Kathleen P. Zogorski

Katie, as she is known, is a Certified General Appraiser and works at RealPro Valuation in Lancaster Pennsylvania. Katie appraises commercial real estate. She started her 'official' appraisal career in 2015 after graduating from Franklin & Marshall College with a degree in Economics. She is a Candidate for Designation (MAI).

How did you get into the Appraisal Profession?

Katie has 'appraising' in her blood; both of her parents are appraisers. During high school and college she would help her parents with appraisal tasks. She wasn't sure this is the field she would enter, however made the decision to become an appraiser after college. She is happy with her decision and is enjoying her career.

Can you tell us a little about yourself personally?

Katie played softball in college and continues to play recreational slow-pitch. She recently took up skiing and plans to continue this new-found hobby.

I asked Katie what she likes best about the appraisal profession and she said that each assignment offers a unique and new learning experience. She has an opportunity to learn a little about a wide range of property types and businesses. Her least favorite are the limitations that sometimes occur with keeping the hectic pace of delivering reports on-time.

New Members, New Candidates, New Designations

Here is a list of the Candidates for Designation in the Keystone Chapter

*Gabrielle N. Amodeo Ream
Hunter E. Brown
Jeffrey A. Gorman
Howard L. Mantle
Carl R. Nolan
Christopher J. Rell*

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Kathleen P. Zogorski*

Welcome our Newest Members

*Derek Molan – Candidate for Designation
J R Kem – Practicing Affiliate*



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Closing Thoughts

*If you really look closely, most overnight
successes took a long time.*

- Steve Jobs

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