

# ASA Philadelphia Newsletter - March 2006

## President's Message - Susan Golashovsky, ASA

Dear Colleagues:

The Philadelphia Chapter is celebrating the coming of Spring with two seminars for our membership.

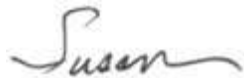
The first in April targets BV and will be held at the Double Tree Guest Suites in Plymouth meeting. This event is co-sponsored by the ASA Philadelphia Chapter and PICPA. See the "Events" section of our website for more information

The second seminar is the "Identification of Silver" given by our own Shirley Sue Swaab. This seminar has been given at the Smithsonian Institute and received very good reviews in Silver Magazine. The details for this May 12th seminar can also be found in the "Events" section of this website. Another interesting bit of news for personal property is that the Board of Governors has approved a Folk Art specialty for which a test is currently being written.

Of course, the Board of Governors has been working to secure nominations due to the new distribution of regions and make up of the BoG . Region one has had one name submitted and it is anticipated that other names shall be thrown into the hat shortly.

Gary Friendlander has put together some really impressive speakers this year. If you have not been to a meeting you really do not know what you are missing. I invite you all to attend and I look forward to seeing you there!

With Sincere Best Wishes



## **American Society of Appraisers 2006 International Elections**

Please log into the system using your last name and ASA member ID, review your choices and cast your vote. You will vote in the following categories:

International Officers  
ASA Region Governors  
Discipline Governors and Committee Members

Once you have picked all the candidates you wish to vote for, you will have one final opportunity to edit your ballot. If you are satisfied with your choices, click the green "VOTE" button at the bottom of the page. Once your vote is cast, you have the option of printing your voter's receipt for that particular election. You may print this receipt for your records.

Once you have voted in one election, you will be instructed to cast your ballot in any remaining elections for which you are eligible to vote. Please cast ballots in all elections in which you are allowed to vote.

If you have any trouble opening this ballot via the link provided below, please contact Rod Aguas via telephone - 800-272-8258 ext. 104 or via email - [rod@appraisers.org](mailto:rod@appraisers.org). **POLLS CLOSE MAY 31, 2006**

## **Events/Education of Interest**

### **May 12, 2006**

Silver Seminar given by Shirley Swaab, ASA at Joseph Ambler Inn in Montgomeryville. Please contact Shirley for more info ([shirleysuetoo@aol.com](mailto:shirleysuetoo@aol.com))

## **Committee News**

### **Education Committee, Andrew Wilusz, ASA**

### **Advancements Committee, Bob Ardinger, ASA**

Alan M. Gochman, ASA received his senior designation November 11, 2005. Mr. Gochman is a senior valuation consultant with Klaris, Thomson & Schroeder Inc of Havertown, PA. Mr. Gochman has been with his present firm for 5 years and is also a CPA and a Drexel grad. Congratulations, Alan!

### **Public Relations Committee, Susan Golashovsky, ASA**

## **Ask George...**

**Dedicated to the late George D. Sinclair, MAI, FASA, this column answers questions relating to the appraisal industry.**

#### **Question**

I live and work just outside the area recently devastated by Hurricane Katrina. My market area is experiencing sudden changes in supply and demand, and real estate sales prices have climbed rapidly. Does USPAP provide advice to real estate appraisers on how to handle sudden market changes brought about by such catastrophic events?

#### **Answer**

Although USPAP does not directly address the appraisal issues associated with catastrophic events, the following passages may be especially important in appraisals involving properties in markets that are changing rapidly, for any reason. Standards Rule 1-2(e) requires an appraiser to identify economic attributes relevant to the subject property. Standards Rule 1-3(a) specifically requires analysis of supply and demand.

For Self-Contained and Summary Appraisal Reports, USPAP requires disclosure of "economic property characteristics relevant to the assignment." Market conditions (including sudden market changes related to catastrophic events) are economic property characteristics, and so should be identified in the development of an appraisal and disclosed in the appraisal report.

Standards Rules 2-2(a)(v) and 2-2(b)(v) address the type and definition of value used in an assignment. The Comments to these Standards Rules state, in part: Stating the definition of value also requires any comments needed to clearly indicate to intended users how the definition is being applied.

In cases of sudden market change, it would be necessary to specifically disclose such things as how the appraisal has addressed the motivation of buyers and sellers, supply and demand, the conditions of the sale (e.g. exposure in a competitive market), etc. As noted in STANDARD 2, the content of all real property appraisal reports, "must be consistent with the intended use of the appraisal." In the case of a rapidly changing market, the report must have enough information to allow intended users to understand the market conditions and to use that information in their decision making.

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#### **Question**

I have been asked to review three appraisal reports and to report my findings in one appraisal review report. Does USPAP permit this?

#### **Answer**

A single appraisal review assignment can include the review of several appraisal reports, with the assignment results presented in one appraisal review report. Similarly, a single appraisal report can provide assignment results for an appraisal that includes several properties.

## **Chapter News**

### **Robert W. Maher, Esq.**

For those of you not able to attend our December meeting, there was an introduction of Robert W. Maher, Esq. by Charles "Chuck" Basch, Esq. Bob Maher will be assisting Chuck in his work with ASA Philadelphia Chapter and the introduction included the open offer of assistance and availability to all members of the Philadelphia Chapter of ASA.

Bob is a partner in the law firm of Dyer & Maher with a Juris Doctor degree from Temple University School of Law and an Estate Planning Certificate from Temple University School of Law Graduate Tax Program. Bob is a member of the Pennsylvania Bar Association and the Montgomery County Estate Planning Council. He also served as an adjunct faculty instructor at St. Joseph's University for business law and real estate law and volunteers as a lecturer for retirement planning seminars.

The organization would like to warmly welcome Bob to our future meetings and, of course, we always look forward to Chuck's company. Both Bob and Chuck have an office at 400 Greenwood Avenue, Wyncote, PA 19195. Bob can be reached at 215-886-3588 (fax 215-884-9025) and, of course, Chuck can be reached at 215-887-9000.

### **November meeting of the Philadelphia Chapter ASA**

At the November meeting of the Philadelphia Chapter ASA, the featured speaker was Gordon Mair, Esq. Mr. Mair is an Equitable Distribution Conciliator for Montgomery County and presented several insightful tips for appraisers when they appear before a divorce master.

1. Do not assume that your complete report has been completely read or completely understood. Always start from that perspective. You can always refine your presentation if you think a lot of what you have prepared has been absorbed.
2. Start out by explaining the scope of your assignment. Explain the appraisal date or dates that you used and where you got them. Was the date or dates provided by the attorney, the client or did you come up with it? If there is an increase in value issue and you or the other side only used one valuation date, instead of date of marriage, date of gift or inheritance, date of separation and the present, that may be the end of you or the other side right from the beginning. The corollary of this is to find out your valuation date or dates at the inception of the assignment and if they are contested have the attorneys or the court sort these issues out and resolve them before you spend time that might be wasted.
3. Explain any issues having to do with ownership percentage such as the value of a purchase, inheritance or gift of a partial

ownership interest during coverture and how you reached those conclusions and what documentation you relied on. Have the documentation available.

4. Define the terminology that appears in your report: fair market value, investment value, intrinsic value, liquidation value, book value, net asset value, goodwill, capitalization rate, discounted future returns, capitalized returns, excess earnings, reasonable compensation, and other arcane terms that you use. Many fact finders don't know some or all of this language and if you are going to be understood and accepted, the words you use need to have meaning.

5. Explain the different methodologies you used. The income approach, the market approach, the asset based approach. Again, this is a matter of making your language understood as well as the formulae that you apply.

6. Explain what is based on hard numbers and what is within the bounds of your discretion: you often exercise a very large element of discretion in determining factors such as gross income, net income, reasonable compensation, discount rate, capitalization rate, minority discount, and marketability discount. Fact finders do not always know what you do has that degree of personal discretion. They know it is not completely science but they do not always know why and to what extent. Teach them. Explain what resources you used to reach your conclusions so that factors decided within your discretion can appear to have some empirical basis other than you merely creating a number.

7. Do not be afraid to speak about what may seem to you to be very simple concepts which you are sure the fact finder understands. Not only may what you say reinforce the fact finder's understanding, it may give the fact finder the opportunity to pinpoint the real issues and compare and contrast the two competing reports. Often while testimony is taking place I am listening and confirming with my ears and searching out the reports for the real discrepancies with my eyes. If you jump right to the differences between the appraisals you do not always allow for the basic structure of your work to sink in. Do not be afraid to repeat your lesson plan over and over. That is how we learn from you.

#### **January meeting of the Philadelphia Chapter ASA**

Daniel Ronca, Esquire

Some highlights from the talk:

Â· Attorneys ask other attorneys for recommendations (similar style and needs)

Â· Physically meet or phone ahead of time before testimony

Â· Ease of accessibility: is the appraiser too busy to be personally available, i.e., is an associate or secretary the communicator on the assignment

Â· Reasonable time frame to return calls from attorney (24-48 hours)

Â· How prepared is the appraiser when meeting face to face: have the documents been reviewed fairly thoroughly by the expert

Â· Are the expert's qualifications reflective of him or her

Â· An expert needs the ability to express him/herself in court: courtroom performance/appearance

Â· Prior courtroom experience

Â· Be an advocate for your position

In conclusion, APPEARANCE, VOICE, PRESENCE -- ACCESSIBILITY IS KEY!