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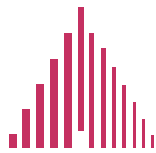
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# MetroNewYork Quarterly

The Metropolitan New York Chapter

Volume 8, Number Two

Fall 2009

### Metro NY Chapter 2009 Officers

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## The Metro NY Chapter

Invites you to attend the Annual September Conference

this year's topic.. **The Road to Recovery: Are We There Yet?**

The conference will focus on the New York real estate and financial markets with a program designed to explore current market conditions and when the anticipated recovery could occur from a development, investment, sales, and leasing points of view.

**THURSDAY, SEPTEMBER 24, 2009**

**Club 101, 101 Park Avenue at E. 40th St., NYC**

**Registration & Breakfast: 8am – 9am**

**Program & Luncheon: 9am – 2pm**

**Cost: \$250**

#### Moderator:

Steven Spinola, President, Real Estate Board of New York (REBNY)

#### Guest Speakers:

**Stephen M. Ross, Chairman & CEO**  
Related Companies

**David R. Greenbaum, President**  
NY Office Division  
Vornado Realty Trust

**Anthony E. Malkin, President**  
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**Francis Greenburger, Chairman**  
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Executive Managing Director  
Studley

**Peter Riguardi, President**  
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**David Arena, President**  
Grubb & Ellis New York, Inc.

The keynote speaker will be **Michael Cembalest**, the Chief Investment Officer and Global Head of Investment Strategy for J.P. Morgan's Private Bank and J.P. Morgan's Private Client Services.

**5 Hours of CE Credits for Real Estate Appraisers are being applied for to the States of NY and NJ as well as the Appraisal Institute**

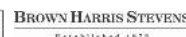
To register, please log on to [aimetryn.com](http://aimetryn.com) then click on Education/Events and follow the prompts. If paying by check, please contact the chapter office at 866-966-3710.

**WE WOULD LIKE TO THANK THE FOLLOWING SPONSORS OF THIS YEAR'S CONFERENCE:**

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## President's Message

Woody Allen once said

**"Eighty percent of success is showing up"**

As our economy improves, albeit slowly and not as widespread as we had hoped since this recession's start in December 2007, we have to give thanks for the wisdom which led us to simply show up. This is and has been a uniquely painful recession, capped by the financial meltdown after Lehman Brother's bankruptcy last September, and is indeed prophetic that our businesses remain intact and our investments have indeed rebounded, at least partially, since this past "run up" in March. We indeed had to simply show up every day and grind it out for at least some good fortune to materialize.

It is clear to us however, that our rebound will be more modest by historic standards. According to Bill Gross of PIMCO, economists of late no longer project 5-7 % annual growth in GDP. As Mr. Gross writes in his most recent investment letter, things have changed and it is apparent that there is massive over capacity in the U.S. and indeed in the global economy. Massive deleverage has turned GDP negative, at least for the time being and realistic forecasts of future stabilized GDP growth may be more in the 3 % per annum range than the historical averages of 5-7% over the last 15 years.

This will mean continued over capacity both domestically and globally since our economy needs, according to Mr. Gross, 5 % growth to maintain its long term balance. Otherwise employment levels become unsustainable; retail centers



unservicable, automobile production facilities unprofitable and office buildings more vacant than occupied.

An economy based upon levered financing and asset appreciation cannot thrive if its "return on capital" continues to suffer such a shock to its core. In my judgment, we will continue to face trouble ahead as massive deficits loom large and resulting tax increases and inflationary pressures increase our interest rates, likely making our investments in all products but particularly commercial real estate, potentially less attractive and less valuable.

So my friends, we all need to continue to "show up" because as Warren Buffet said several years ago:

**"In the business world, the rearview mirror is always clearer than the windshield"**

We will begin the Fall 2009 year at the Metropolitan Chapter with our annual September Conference which will be held on Thursday September 24, 2009, from 8 am until 2 pm, this is our chapter's "event of the year", to be held at Club 101, located at 101 Park Avenue, New York City.

Our theme this year, ironically one year after the bankruptcy of Lehman Brothers, is entitled:

**"THE ROAD TO RECOVERY: ARE WE THERE YET?"**

The conference this year will be a veritable who's who of New York real estate beginning with our moderator, Steven Spinola, President of the Real Estate Board of New York. I hope to see you all on September 24.

Matthew C. Mondanile, MAI  
2009 Chapter President

## SAVE THE DATE: ANNUAL INSTALLATION OF OFFICERS AND HOLIDAY PARTY WEDNESDAY, DECEMBER 2ND AT TAVERN ON THE GREEN

## EDUCATION SCHEDULE

To register for any of the below courses or seminars, please contact the chapter office at 866-966-3710.

### SEPTEMBER:

#### Advanced Applications (Course 550)

September 11 – October 16

Fridays from 8:30am – 5:30pm (9/11, 18, 25, 10/2, 9, 16-exam)

Location: The Real Estate Board of NY, 570 Lexington Ave., NYC

Tuition: \$595

Instructors: Fred DePascale, SRPA and David Scribner Jr., Ph.D.

#### 7 Hour USPAP Update-Course 400

Wednesday, September 16

Time: 9am – 5pm

Location: The Real Estate Board of NY, 570 Lexington Ave., NYC

Tuition: \$195

Instructor: David Scribner Jr., Ph.D., MAI

### OCTOBER:

#### Business Practices & Ethics (Course 420)

Thursday, October 8

Time: 9am – 5pm

Location: The Real Estate Board of NY, 570 Lexington Ave., NYC

Tuition: \$195

Instructor: Paula Konikoff, MAI

### TENTATIVELY SCHEDULED:

#### Using the HP12C Financial Calculator (GE3)

October 22 & 29

This is a 2 day course which is one of the electives for licensing

Time: 9am – 5pm (2 consecutive Thursdays)

Location: The Real Estate Board of NY, 570 Lexington Ave., NYC

Instructor: Fred DePascale, SRPA

Tuition: \$295

### SEMINARS:

#### Commercial Appraisal Engagement & Review for Bankers and Appraisers

Thursday, November 5th

Time: 9am – 5pm

Location: The Real Estate Board of NY, 570 Lexington Ave., NYC

Instructor: Robert Smith, MAI

Tuition: \$225

7 Hours CE Credits

#### Litigation Skills for the Appraiser

Monday, December 7th

Time: 9am – 5pm

Location: The Real Estate Board of NY, 570 Lexington Ave., NYC

Instructor: Paula K. Konikoff, MAI

Tuition: \$225

7 Hours CE Credits



The April 2nd luncheon and program entitled "Appraisers Answer 'What is it Worth?': The Valuation Puzzle in a Distressed Market" discussed the challenges of determining worth in uncertain market conditions.

Panelists included Brian R. Corcoran, Global Head of Valuation Services, Cushman & Wakefield, who addressed declines in market values of Class A office buildings; Dan Sciannameo, President, Albert Valuation Group NY who addressed the early cessation of land sales and projects that are being mothballed; Marilyn Weitzman, President, The Weitzman Group, who discussed declines in rent range, occupancy and market value of retail properties; and Steven J. Schleider, President, Metropolitan Valuation Services, who discussed fallout in sales and reductions in values in the residential market sector.



May 13th Luncheon Meeting "The Federal Stimulus Package: Impact on Real Estate and NYC's Future". Photo features Chapter President Matthew Mondanile, MAI and Chief Operating Officer of the New York City Economic Development Corp. Tokumbo Shobowale.

### JUNE 25TH CHAPTER OUTING



This year the chapter's June outing was held at Citifield. Member and friends of the Metro New York Chapter, as well as the Long Island Chapter attended.

### Nominating Committee Results

The following is the 2010 list of officers, board of directors and regional representatives which have been voted on and approved by the membership:

President: Kenneth Wong, MAI  
 1st Vice President: Steven Schleider, MAI  
 2nd Vice President: Theresa Nygard, MAI  
 Secretary: Eric Lewis, MAI  
 Treasurer: Eric Haims, MAI

#### New Board of Directors:

Kevin Brennan, MAI  
 Arthur Chiaramonte, MAI  
 John Cicero, MAI  
 Steven Gottlieb, MAI  
 Sharon Locatell, MAI  
 Daniel Sciannameo, MAI

#### New Regional Representatives:

Ruth Agnese, MAI  
 Elinor Brunswick, MAI  
 Daniel Houlihan, MAI  
 Joel Leitner, MAI  
 Steven Schleider, MAI  
 Kenneth Wong, MAI

#### Alternates:

Kevin Brennan, MAI  
 Alexander Hesterberg, MAI  
 Sharon Locatell, MAI  
 Joan Marlow, SRA  
 William Picoli, MAI



### Leadership Development Advisory Council Meeting Report

Chapter member Michael Neal, MAI represented the Metro NY Chapter at the LDAC Meetings in Washington this past April. His full report is attached with this newsletter and is also available on the chapter website at [aimetryny.com](http://aimetryny.com)

## LDAC Addresses Mortgage Reform and Appraisal Regulatory Modernization

Michael Neal, MAI

Appraisal Institute (AI) chapter representatives from across the country convened in Washington, D.C. in late April for the annual Leadership Development Advisory Council (LDAC). The LDAC's purpose this year was, once again, twofold: first to lobby Capitol Hill with an aim to be part of the solution to the current economic crisis, presenting ourselves as a long-term resource for policymakers and their legislative correspondents; and second to gather enthusiastic appraisal professionals to discuss some of the most relevant issues facing our industry today and report back to the Appraisal Institute's Strategic Planning Committee with recommendations and potential solutions to these issues.

The LDAC met this spring against the backdrop of a severe global credit crunch. In late 2008 the stock markets plunged, interbank lending froze and currencies fluctuated drastically. The Federal Reserve and Treasury invested hundreds of billions of dollars in troubled banks with an assurance that this measure would get at the root cause of the crisis by removing toxic assets from banks' books. How we got to this point will be debated by policymakers and academics for decades. Certainly negligent mortgage lending practices, the formation of the housing bubble, the expansion of securitization and derivatives, deregulation, and the rating agencies all played their role in the financial crisis, but countless other players also had a hand in the downturn. To that end, 2009 will, in all likelihood, usher in a new era of regulation in the mortgage sector, including potential changes to the appraisal regulatory structure.

When the LDAC met, a number of bills had recently been introduced to the 111th Congress that address the real estate market, some of which are critical to appraisers, such as appraisal regulatory reform and appraisal independence. The most significant bill in this regard is House Resolution 1728 (H.R. 1728), The Mortgage Reform and Anti-Predatory Lending Act of 2009, which has also been dubbed the "Back to Basics" bill. HR 1728 represents a solution to predatory lending/mortgage fraud.

As Congress continues to attempt to stabilize financial markets, Jim Amarin, President of the AI, was invited to testify on H.R. 1728 before the House Financial Services Committee on April 23, 2009. Mr. Amarin stated in his testimony that "it is imperative that we return to the fundamentals of mortgage lending with the focus being on the capacity to repay the loan, credit worthiness of the borrower and underlying collateral value. These are the basic tenets of sound lending practices. Today, inadequate attention is paid to the collateral held in support of a loan. This oversight combined with loose credit policies and poor underwriting produced economic disaster. We believe this bill will go a long way in restoring confidence in mortgage lending." H.R. 1728 is expected to enact the following provisions: require lenders to put some of their own capital

into deals; add consumer protection clauses; give the Appraisal Sub-Committee rulemaking authority (particularly in the enforcement process); limit the use of Broker Price Opinions (BPO's) in the mortgage origination process for non-GSE loans; clarify that professional designations can in fact be considered in evaluating appraiser's qualifications. H.R. 1728 passed in the House on May 7, 2009 and is now expected to go before the Senate.

Our lobbying efforts on Capitol Hill were flanked by several meetings in the Washington Court Hotel. Discussion groups were formed to discuss a myriad of topics falling under the following broad categories:

1. Appraisal Institute: What Do Members Really Want?
2. Its Just Business... Diversification Within The Appraisal Institute
3. Improving Our Profession From The Ground Up
4. Keeping AI Alive - Flexibility, Change, Survival

As the AI is trying to identify and offer certain services and products to its members at reduced costs, the first discussion group addressed the 31 benefits currently available to AI members. These benefits include: discounts on software and publications (The Appraisal Journal, Louise Lee Lum Library, and on software/books/reports); business development and professional advancement (Appraiser Directory, education discounts, designations, career center); government affairs, education, and other miscellaneous benefits (insurance coverage, representation in Washington D.C., discounts on classroom education). Discussions were geared toward determining our familiarity with each of these benefits and deciding which are the most important and useful to our industry. Potential benefits the AI could offer that it currently does not were also discussed. Some notable ideas that arose included: more help with business development and diversification; more hands-on training for associates; webinar hosting; improvements to the website's search engine.

The second discussion group largely focused on weighing the pros and cons of AI expansion into other appraisal fields- such as business, machinery, and personal property valuation. Potential benefits that were noted included membership diversification, increased market share and increased business volume. A substantial number of real estate appraisal assignments are collateral with larger assignments, e.g., the valuation of entire businesses. The purchase and sale of businesses, loans to businesses, and many other financial transactions require valuations in which real estate is just one of the listed assets. The question then becomes, should the Appraisal Institute become involved in the valuation of those other assets? If the answer is yes, the Appraisal Institute will need to determine a plan of action to diversify in order to meet those needs.

The issue of Mentoring – Trainee oversight and supervision was addressed in the third discussion group. Discussion leader Dennis Key, SRA noted the currently substandard mentoring process, resulting in numerous violations at state appraisal boards countrywide. The discussion group recommended various ways for the Appraisal Institute to assist appraisal boards in regulatory enforcement. One suggestion called for the establishment of an Appraisal Board Professional Assistance Program which would offer informal peer/desk reviews and provide educational webinar courses with an interactive instructor on specific topic weaknesses identified as most common violations in the appraisal board review process. In order to reduce the number of violations at the state level and thereby improve the public's perception of our industry, it is crucial for the Appraisal Institute and state appraisal boards to work together in order to identify mentors who aren't teaching

basic skills to trainees and get them help under appraisal board volunteer programs to enhance their areas of weakness.

The fourth discussion group focused on the future of the Appraisal Institute and suggested changes in order for it to survive and thrive. The group discussed core competencies required for the designations and whether it is reasonable to explore additional paths in order to achieve them. Other potential changes addressed the effectiveness of certificate programs and international core competencies in encouraging new membership. The Appraisal Institute's Valuation Insights & Perspectives: 2nd Quarter 2009 newsletter will contain material from the discussion leaders and expand on the general findings and recommendations of the discussion groups.