



# Columbia Society News and Views

January 2009  
Volume 3 Issue 1

Website: [www.ColumbiaSociety.org](http://www.ColumbiaSociety.org)

Email: [News@ColumbiaSociety.org](mailto:News@ColumbiaSociety.org)

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## Fannie Mae Requires Market Conditions Addendum to Appraisal Reports

By Linda J. Fusco

Effective April 1, 2009, Fannie Mae will require a *Market Conditions Addendum* (Form 1004MC) to any appraisal report involving one-to-four unit properties. The addendum will be required for both manually underwritten mortgage loans and those underwritten with Desktop Underwriter, including forms 1004, 1004C, 1004D, 2055, 1073, 1075, 2090, 2095, and 1025.

The new addendum will hopefully capture additional information needed to enhance the transparency of the mortgage transaction. With it appraisers will have a structured format in which to report certain data needed to identify market trends and conditions.

Fannie Mae indicates that it will NOT be enough for appraisers to state "not applicable" or "N/A" on the form due to lack of available data. In such instances, the appraiser must provide an explanation of his or her efforts to obtain such data and explain why the data is not available.

The new addendum will address such considerations as inventory analysis and absorption rate, median sale and list prices, days on market, list/sale ratio, over- and under-supply, rising or declining prices, average marketing time, sales concessions, the effect of property condition on value, what constitutes an inspection of the subject property, "as is" versus "as repaired" considerations, and foreclosure sales and summary.

The appraiser's "scope of work" must be clearly defined in the addendum, including his/her inspection of the subject property, neighborhood, and comparable sales. Appraisers will be required to research, verify, and analyze data from reliable public and private sources. Fannie further requires that the lender provide the sales contract to the appraiser.

For an in-depth discussion of the new form, join our March 16, 2009 three-hour seminar at Koenig's Restaurant in Floral Park, NY. Check our website for details.



### Columbia Society News and Views

A Publication of  
Columbia Society of Real  
Estate Appraisers Inc.

Linda J. Fusco, Editor  
Send Questions or Comments  
to [Linda@columbiasociety.org](mailto:Linda@columbiasociety.org)

## Calendar of Events

**Tuesday, January 6, 2009**  
Hofstra R-9 Classes Begin  
6:00 - 10:00 PM

**Monday, January 26, 2009**  
*Rent Stabilization in New York State*  
3-Hour C.E. Seminar  
Koenig's Restaurant  
Floral Park, NY  
3:30 - 6:30 PM

**Thursday, January 29, 2009**  
Hofstra R-10 Classes Begin  
6:00 - 10:00 PM

**Tuesday, February 10, 2009**  
Hofstra R-5 Classes Begin  
6:00 - 10:00 PM

**Tuesday, March 10, 2009**  
Hofstra R-6 Classes Begin  
6:00 - 10:00 PM

**Monday, March 16, 2009**  
*New 1004MC Addendum for Appraisers*  
3-Hour C.E. Seminar  
Koenig's Restaurant  
Floral Park, NY  
3:30 - 6:30 PM

**Friday, March 20, 2009**  
*Supervising Beginning Appraisers*  
7-Hour C.E. Seminar  
SIBOR, Staten Island, NY  
8:30 AM – 5:00 PM



For Full Schedule,  
Check  
Calendar of Events at  
[www.columbiasociety.org](http://www.columbiasociety.org)

## Society Sets Target Date for Online Courses

The Columbia Society is in negotiation with Henry Harrison, Burton Lee, and Van Education Center to become the exclusive marketer of online appraiser courses in New York State. Target date for delivery is April 1, 2009.

Harrison is a long-time associate of the Society and author of many books, including qualifying and continuing education books for real estate appraisers. Lee is a real estate broker, MAI appraiser, and expert real estate witness in both district and US bankruptcy courts. Van Education Center is one of the oldest and largest providers of online real estate, appraiser and mortgage broker courses.

The arrangement will allow Columbia Society to give online continuing education courses through our website, to teach Harrison classroom courses, and to market classroom and online courses to other New York based schools.

Under the terms of the contract, the Society will be the sole marketer of online real estate appraiser courses to other schools in New York.

Credit for the alliance goes primarily to retiring 2008 President, Arleen Goscinski, Director of Education Richard C. Berntsen, and 2009 Programs Chairman Jeffrey J. Beal.

## Society, Hofstra Offer Scholarships to Students Completing Appraiser Assistant Program

The Society and Hofstra University will jointly offer a \$500 scholarship to any student completing the Appraiser Assistant program at Hofstra. The program was started in September, 2008, and pertains to programs completed in 2009. It is hoped that the give-back will encourage students to complete all courses in the program, a process that is substantially more costly and time consuming since Department of State implemented new regulations in 2008.

The traditional scholarship program that involved donations to law and business students at Hofstra, Nassau Community, and Queens colleges has been temporarily suspended in light of the new program targeted at appraisers.

The Society urges members and other interested parties to donate to the Scholarship Fund. Please visit [www.columbiasociety.org](http://www.columbiasociety.org) for details.

## Fannie Mae, Freddie Mac Agree to Revised Code of Conduct Effective May 1, 2009

Fannie Mae and Freddie Mac have finally agreed upon a revised Home Valuation Code of Conduct (HVCC). The revised code is aimed at improving the reliability of appraisals on mortgage loans purchased by the two funding giants. Among the main changes, lenders will be able to use in-house appraisers, who were to be banned in the original draft; however, banks have to ensure that the views of their appraisers are truly independent. The intent of the new code is to prevent improper influence by the banks in the appraisal process.

The amended agreement among Fannie Mae, Freddie Mac, their regulator the Federal Housing Finance Authority, and New York Attorney General Andrew Cuomo, was just struck. In a statement released 12/23/2008, Cuomo stated that the revised code is “a step forward: it preserves the core goals of ensuring appraiser independence and eliminating systemic conflicts of interest.” He went on to state that “Erecting and enforcing meaningful firewalls between appraisers and lenders, and forcing Fannie and Freddie to stop working with unscrupulous lenders and brokers, are key steps in cleaning up the mortgage industry.”

The new program will be implemented for single-family mortgages delivered to Fannie Mae and Freddie Mac starting May 1, 2009.

In early 2008, Cuomo’s investigation into the cause of the mortgage crisis began, in part, to determine if appraisers were responsible for inflating home values. The investigation uncovered the unscrupulous practice of some lenders to provide appraisers with target values for some properties or specific loan amounts requested by some borrowers.

Fannie and Freddie were taken over by the federal government in September, 2008, as their losses threatened to further weaken the housing market.

### In Memory Of

In November, 2008, the Society lost long-time member and appraiser John McCauley. His death came in an untimely manner to a man much too young to die.

John was forever an optimist. Columbia Society member and fellow appraiser Alana Pellegrino called him “the world’s tallest leprechaun.” He was funny and friendly. He always saw the glass as half full, not half empty.

He leaves behind many friends who miss him. In memory of John, the Columbia Society made a \$100 donation to The Nature Conservancy, Long Island Chapter in December, 2008.

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## From the Desk of...

### A Farewell from Arleen E. Goscinski

For appraisers, 2009 promises to be another challenging year. The subprime market, it turns out, was only the beginning of the mortgage meltdown. Still to come will be the fallout from risky ALT-A (*Alternative A-paper*) loans and option ARMs (*Adjustable Rate Mortgages*) when they reset. The problem appears so pervasive that government intervention may be the only recourse. If the Treasury Department buys the defaulted mortgages, they can be

refinanced at lower interest rates, saving tens of thousands of homeowners from foreclosure. At least, that's the idea.

In the spotlight will also be the feared HVCC (*Home Valuation Code of Conduct*). The final version will be implemented starting May 1, 2009. How it addresses appraiser independence and the role of AMCs (*Appraiser Management Companies*) is critical to all of us.

Now for some good news: the Columbia Society recently signed an exclusive contract with Henry Harrison. We will soon be offering online courses in addition to our traditional classroom education. Please look for upcoming announcements on our website. Special thanks to Jeff Beal and Dick Berntsen for their efforts.

My term as President is ending. I wish to extend my sincere appreciation to all the officers and board members who have dedicated countless hours in service to the Society, and to our Executive Secretary, Linda Fusco, who expertly manages our day to day business. The Columbia Society succeeds and prospers due to the support and participation of our members. Thank you all!

**Columbia Society of Real  
Estate Appraisers Inc.**



**We Are On the Web**  
[www.columbiasociety.org](http://www.columbiasociety.org)

*Arleen E. Goscinski,*  
President 2008

## Career Development Team Looks for Mentors

The Career Development Committee, headed by Board of Governors member and Past President Mike Palermo, is looking for mentors.

In these tough economic times, no one is going to want to invest in courses or start a career in a profession that is faltering. Recently implemented new Department of State licensing regulations have made it ever more difficult to become an appraiser, thereby driving away young, vibrant students. The profession is becoming one of old men and women.

The Society wants to be able to help our students (and our members) by giving them counseling and job opportunities not offered by other appraiser groups. Jobs are nowhere to be found, as evidenced by the lack of ads on our web site.

If you have ideas, suggestions, or other comments, or if you can donate some time in this effort, please let us know. Remember, even something as small as making yourself available to speak by phone to a student or member with a question can be a great help. Join our team!

**Contact Us Today to Volunteer!**

Mike Palermo: [MikeP@columbiasociety.org](mailto:MikeP@columbiasociety.org)

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