

# Southern NJ Chapter of the Appraisal Institute

**March 2006 Edition**

*Bonnie L. Longo, MAI, Editor*

## **Jones Receives Olasin Award; Chapter Inducts Officers**

The Southern New Jersey Chapter of the Appraisal Institute held its Annual Holiday Dinner and Installation of Officers on Tuesday, January 24, 2006, at the Adelphia Grand Ballroom in Deptford.

The evening's special dinner speaker was Richard D. Powers, MAI, SRA, 2006 National President of the Appraisal Institute. Powers has been a member of the Appraisal Institute's Board of Directors since 1999 and a member of its Executive Committee since 2001. He also has been assigned to a number of project teams during his six years on the Board including serving as Project Leader for the Governance Restructure Project Team, chairing the Chapter Operations Working Group and the Certified and Licensed Membership Category Project Team. In addition to his national service, he served for several years as chair of Region IV and in 1995 was president of the New Hampshire Chapter of the Appraisal Institute. He is president and owner of Powers & Associates, Inc. in Keene, New Hampshire.

This meeting installed the 2006 officers and board members for the organization, which includes 2006 President J. Paul Bainbridge, MAI, owner of J.P. Bainbridge & Associates, Inc., in Cape May Court House. Past chapter presidents attending the meeting were recognized by President Powers, including Pat Conover, MAI (2005), Michael S. Sapio, MAI (2004), Ed Molinari, SRA (2002), Tim Sheehan, MAI, SRA (2000), Mary Fox, MAI (1999), Mike Jones, MAI (1996), Steve Bartelt, MAI, SRA (1995), Lee Romm, MAI, SRA (1985), E. Guy Elzey, Jr., SRA (1980), Allen Black, MAI, SRA (1978), Richard Sheldon, MAI, SRA (1974), and Norm LeGore, MAI, SRA (1968). Special guests in attendance included 2005 Philadelphia Metro Chapter President Elaine H. Lynn, MAI, and 2005 Delaware Chapter President Thomas C. Reynolds, III, SRPA.

Michael D. Jones, MAI, was presented the 2005 George Olasin Award. This is a special honor given to a member of the chapter who has given years of dedicated service to the chapter and exhibited a high standard of ethics and professionalism in their appraisal practice. Jones is the eighth recipient of the award. Past recipients in attendance were Allen Black, MAI, SRA (1998), Richard Sheldon, MAI, SRA (1999), and Norm LeGore, MAI, SRA (2000). Jones is owner of LeGore & Jones Appraisal Services in Vineland. He also serves as tax assessor for the City of Cape May in Cape May County.



*2005 Chapter President Pat Conover, MAI, (left) presents the George Olasin Award to Mike Jones, MAI.*

## **Chapter Honored with National Awards**

Each year, the Appraisal Institute honors a select group of individuals, chapters, and regions in recognition of a variety of endeavors, all exemplifying a high degree of service and commitment to the appraisal profession. The chapter and region awards range from saluting the top education provider and the most active in government relations in their state to the best in communication through newsletters and Web sites. Other chapter accomplishments recognized included leadership in

associate member guidance and setting the standard for membership recruitment and meeting attendance.

In a September 30 ceremony in Chicago, Appraisal Institute President Bruce A. Kellogg, MAI, presented the awards. "The awards program is designed not only to recognize the accomplishments of individual members, chapters, and regions but also to encourage excellence and dedication throughout the organization," Kellogg said. "Through the awards program we seek to promote greater participation in Appraisal Institute programs and activities and to focus public attention on these achievements."

**The Southern New Jersey Chapter of the Appraisal Institute** was presented with two special awards at the ceremony: one for the chapter's newsletter and one for an outstanding individual.

Communication to members and the public is key to many of the overall goals of the Institute, and so each year AI presents awards for best chapter newsletter and Web site. The newsletter awards – based on publications that provide the best source of information regarding: 1) chapter, regional and national issues; 2) member recognition; 3) editorials; 4) education offerings; and 5) appearance and presentation, including compliance with the Appraisal Institute's graphics standards – are awarded in hardcopy, Web-based and e-mailed categories, and in accordance with the chapter's size. This year, our chapter won for Hardcopy Newsletter (less than 150 members) for its "good mix of local and national news and editorial/opinion; clean, crisp type; not overcrowded, nor too much dead space; and reminders/notification on upcoming meetings/education offerings," according to newsletter judge, and *Valuation Insights & Perspectives* managing editor Adam Webster.

The Anglyn Outstanding Participant Award limited to first-time Leadership Development and Advisory Council Conference participants, went to Bonnie L. Longo, MAI, for her outstanding participation in all four breakout sessions in the March 9-11, 2005, LDAC program in Washington, D.C. The award was established to recognize the enormous amount of time, energy and money that Ted Anglyn, MAI, has spent over the years to promote LDAC. Congratulations, Bonnie!!!

## **Past President's Message By Patrick K. Conover, MAI**

It's hard to believe that my year as President of the Southern New Jersey Chapter of the Appraisal Institute is over. As my term ends, I would like to thank the Chapter

Officers, Board of Directors and our Membership for all of their time and effort working on behalf of the Chapter. I would also personally like to thank Lisa Weiss, our Chapter's Executive Director, for her time and commitment to the Chapter. We never could have done all we did without her help. I think this year's theme was TEAMWORK! The following are some of the highlights from my year as the Chapter's 2005 President.

**Membership** – The chapter added 14 new members in 2005 and our membership is up to 126. Congratulations to Chapter Vice President Bonnie Longo earned her MAI this summer. It takes a lot of work, but is worth being recognized as being the Best in your Profession!

**Recognition from National** – Two national awards were presented at the Chicago Leadership Meeting in September. The chapter was awarded Best Hardcopy Newsletter (less than 150 members.) Additionally, Bonnie Longo, MAI, received the Ted Anglyn Outstanding Participant Award for the Leadership Development Advisory Council Spring meetings in Washington.

**Dinner Programs** – The Annual Joint Dinner Meeting with the Tax Assessors held on March 10<sup>th</sup>, 2005 was one of the best attended in years, with over 100 assessors and appraisers in attendance. The Chapter donated \$30 per person to the Tax Assessors Education Fund. This year's Meeting with the Tax Assessors is scheduled for April 6<sup>th</sup>, 2006. Our other dinner meetings have also been successful with average attendance of over 60 people (members and non-members) over the year, which is about half of our total membership. The Chapter continues to provide quality seminars as a part of each dinner meeting, which provides a minimum of three Continuing Education Credits per meeting. So, attend a Chapter dinner meeting and get your CE requirements taken care of too!

**Charity** – A 50/50 was held at the Annual Meeting with the Tax Assessors and the Chapter donated \$341 to Save the Children for Tsunami relief. The winner also donated his share!! The Chapter heard the call for help from Hurricane Katrina and donated \$1,000 to the American Red Cross for their relief efforts.

**Finances** – Overall, the chapter has done well financially, as in past years, most of the Chapter's revenue is from our educational offerings. Due to the Chapter's financial health, we've been able to provide quality dinner meetings at rock-bottom prices. We have also launched our own "Visibility Campaign" to piggyback on Nationals Program.

**Education** – The Chapter again offered the introductory series of Appraisal Institute courses. The Seminars at the Shore offered three-days of Continuing Education at the

Atlantic City Hilton, featuring two prominent valuation experts: Ted Whitmer, MAI, and Steve Rushmore, MAI, CHA. These fabulous classes brought 120 people to the Jersey Shore from as far away as Tennessee and Georgia! During the Spring Regional Conference in the Bahamas, I had many people congratulate me on the outstanding Seminars at the Shore program. Many are looking forward to the 2006 Seminars at the Shore. One of last year's attendees, Peter F. Korpacz, MAI, will be "headlining" this year's event, at the Tropicana on May 31 – June 1st. Many of last year's attendees overwhelmingly raved about the Tropicana and "The Quarter". So plan on attending now!

**Government Relations** – As a member of the New Jersey Coalition of Valuation Consultants, I represented the Chapter at a Public Hearing concerning changes to the Open Public Records Act (OPRA), which would have limited appraisers access to certain property documents. The changes were intended to improve "Homeland Security" in New Jersey. Thanks to my testimony and other members of the Coalition (we were the largest group there), the measure was abandoned due to "opposition from public interest groups". We are working in your best interests.

**Long Range Planning** – As part of the Chapter's Long Range Planning, in 2005 we embarked on a program to promote the Membership and the Appraisal Institute Designations. Our financial health allowed us to launch our own "Visibility Campaign" to piggyback on National's Program. Appraisal Institute and Chapter promotions included both print and radio media advertising, in cooperation with the Metro Philadelphia Chapter. We are working on a "Mid Atlantic" region Appraisal Institute web site to direct responses from media inquiries directly to the participating Chapters. Mary Fox, MAI once again promoted the Appraisal Institute and the Southern New Jersey Chapter at the New Jersey State League of Municipalities and the National Association of Realtors Triple-Play conventions in Atlantic City. Thanks to Mary for her tireless efforts promoting our Chapter.

**Highlights for 2006** – The Second Annual Seminars at the Shore, the upcoming Assessor meeting and Long Range planning goals. The biggest reason these will be successful is because of the sense of "Teamwork" we developed in 2005, which means 2006 should be even better for the Chapter. I am sure Paul Bainbridge, MAI the incoming 2006 President and the Chapter Officers and Directors will continue the Chapter's promotion & progress.

In closing, I would like to thank the Chapter Membership for allowing me the privilege of serving as the 2005 President of the Southern New Jersey Chapter of the

Appraisal Institute. Our Chapter prospers because of the "volunteer members" who donate so much time and effort to our goals. So, please get involved in YOUR CHAPTER, it doesn't happen without you!



## **Seminars at the Shore Scheduled for May 31 & June 1 Pete Korpacz a Featured Instructor!**

On May 31 and June 1<sup>st</sup>, **Seminars at the Shore** will be held at the Tropicana Casino and Resort in Atlantic City. Last year's event was well attended and highly informative and enjoyable; this year looks to be even better!

Peter F. Korpacz, MAI, and Steven Laposa present "Real Estate Valuation: A Mosaic of Science and Art" on Wednesday, May 31<sup>st</sup>. This 8-hour seminar gives a practical look at the forces driving real estate performance. This includes how appraisers can identify & analyze them, and use creativity, insight, & market-supported reasoning to forecast their impact on real estate income streams and values. The seminar's format is purposely simple, with each of the four forces (economic, demographic, capital market & public policy) presented in a similar fashion. However, the impact of each of the forces & their component parts impacts real estate performance in different & often subtle ways. A key learning experience is case study discussions, allowing you to use knowledge of each force & your own deductive reasoning & creativity to predict the future real estate performance of each case study property. The goal of the seminar is to teach how to predict future real estate performance using an appropriate mix of science and art. You will not only be better appraisers, but you will see how to use this new knowledge & skill to differentiate yourself from your competitors.

Richard Marchitelli, MAI, CRE, FRICS, presents the 4-hour seminar "Taking Appraisal to the Next Level: New Frontiers and Opportunities in Litigation" on Thursday, June 1<sup>st</sup>, from 8 am – 12 pm. Many appraisers are like under-earning assets. They have a highly defined body of knowledge, excellent education and classroom training, and extraordinary practical experience but then do not use these resources to their full potential. So much more can be done! This seminar explores different types of business opportunities that most appraisers do not know exist. Also detailed in this seminar is the importance to learn and

effectively use helpful aids such as statistics, GIS applications, mapping and exhibits, other technologies, etc.

Robert M. White, Jr., CRA, rounds out Thursday with a 4-hour seminar: "Current Trends in the Real Estate Capital Market", held from 1 – 4 pm. The investment market has never been so liquid and the capital markets have been driven to new lows. Where is all of this capital coming from, and more importantly, how long will it last? The course explores the influence of capital flows on property prices.

Registration materials have been mailed to you, or look for it on our website: [www.ai-snj.org](http://www.ai-snj.org). (Bios for each presenter can also be found on the website.) Registration for members is \$190 a day, which includes continental breakfast, buffet lunch & afternoon snack breaks. Rooms are available at the Tropicana; specify you are attending the SNJAI Conference for the special rates. CE credits are pending with the NJ & PA Boards of Real Estate Appraisers, the NJ Division of Taxation, & the Appraisal Institute.

We want to see you there! Plan now for joining us on the Boardwalk for two full days of interesting topics and interesting people!

## **Site's Alluring Facade Is Built on Shaky Foundation** **By Leslie Walker** **The Washington Post, February 16, 2006**

When I saw a demo of the Zillow.com real estate service last month, it struck me as so obvious I wondered why no one had done it before. Then when Zillow launched on the Web last week, I realized why.

Offering automated property valuations via the Internet turns out to be much harder than it seems — especially if you expect them to be accurate. But after running extensive tests on this ambitious national real estate service, I found it to be so inaccurate that it's not useful.

It's hard to quibble with the company's goal — "free, instant valuations and data for 60,000,000+ homes." You type in any address, and in most cases Zillow will spit out a free estimate of the property's market value.

But appraisers questioned whether consumers will have any idea how off-base Zillow's free valuations can be.

"What scares me is the consumer who goes out there and makes a decision based on that data," said Richard Powers, president of the Appraisal Institute, the nation's largest appraiser association with 21,000 members. "Consumers really have no way to judge the accuracy of the estimate — that really is the problem."

Powers said his board members have had mixed results on tests they've been running since Zillow's public beta test went live. "In some areas, we found the results were fairly accurate to the value of the home. In others, we found results that were at least 40 percent wrong."

Zillow president and co-founder Lloyd Frink said the free, advertising-supported site doesn't aim to replace home appraisers or real estate agents. "It is meant as something to help buyers and sellers start a conversation."

How does Zillow work? It starts by buying massive amounts of real estate information from commercial data collectors — home addresses, tax assessments, square footage, lot sizes, number of bedrooms, prior sales prices and the like. Then its computers identify similar homes that recently sold in the same neighborhoods and use mathematical models to compare their traits and create a "Zestimate," or "estimated market value."

Below its estimate, Zillow shows a mesmerizing array of other data, including features describing the house, a chart of estimated value over the past year and list of similar houses sold recently. You can call up scrollable neighborhood maps with images of the homes, with their values superimposed.

So far, Zillow has identified about 60 million homes and collected enough data to offer estimates on slightly more than 40 million, with more being added daily. Coverage is spotty to nonexistent for the District, Alexandria and Arlington, but plentiful for the Maryland suburbs and Fairfax, Loudoun and Prince William counties.

Trouble is, because Zillow is loaded with dirty data in some places and missing key factoids in others, its Zestimates often miss the mark — sometimes so widely that I fear that anyone trying to buy or sell a home could get burned by relying on Zillow.

In my own random tests of dozens of local properties, I found about half of the estimates to be sharply off — more than 10 percent off the actual recent sales price or what someone knowledgeable about the property deemed its market value to be. Many were off by 20 percent or more.

I asked a Virginia title company to randomly pick houses that went to settlement in the past week — too soon for Zillow to have picked up those market prices — and asked an agent to identify recently listed homes, along with comparable recent transactions, using the multiple listing

system run by the Washington area's Metropolitan Regional Information System.

I found Zillow sharply undervalued one home in Fairfax Station that had sold twice in the past two years, first for \$560,000 and then for \$630,000. Zillow pegged its value at \$499,206. Oddly, Zillow not only had the first sales price in its database but also showed it right below the flawed estimate. Zillow made the same error on a Lorton home, pegging its value at \$784,793 while noting it had sold last summer for \$900,000.

Those estimates were likely due to a glitch in Zillow's valuation formula, which has been overriding actual sales data too frequently, according to Stan Humphries, Zillow's director of advanced analytics. He said the formula is being adjusted to give greater weight to sale prices.

Other flawed Zestimates may have been caused by stale data on the size, age and other characteristics of houses, several of which had been remodeled. For instance, a new Lorton home on the market for \$899,900 was valued by Zillow at only \$394,240. I'm guessing it was because Zillow's description was missing one bathroom and two bedrooms.

Zillow offers a tweaking tool called My Zestimator that allows you to fine-tune estimates by adding data about a home, such as the size and cost of renovation work – and then view, but not save, the modified value. I was able to boost the value of remodeled homes that way, though not enough to match the sale prices.

Zillow runs extensive analyses to calculate its own accuracy rate by comparing actual transactions as they occur with the automated estimates provided by its computerized valuation system. Nationwide, 62 percent of all Zestimates fall within 10 percent of the selling price, according to Zillow. That means 38 percent are more than 10 percent off the mark, which strikes me as significant.

Accuracy runs higher in urban areas where Zillow has more sales data and drops in rural areas where the data tends to be sparser. But the company's track record can be dismal in some metro areas, such as Baltimore, where the company's own accuracy chart shows more than half its Zestimates are 17.7 percent or more off the selling price.

Frink said he considers Zillow's national accuracy rate strong and isn't troubled by its misses. Zestimates, he said, shouldn't be considered replacements for appraisals, which

are created by trained, certified professionals who go to a home to verify traits & physically view comparable homes.

Frink predicted that Zillow, which received plenty of media hoopla when it debuted, will improve gradually as the company adds housing data and tweaks its algorithm for automated value calls. But until Zillow gets a lot smarter, I don't recommend making it a trusted bookmark.

## **Upcoming Meetings**

### **Joint Meeting with the Assoc. of Municipal Assessors of NJ**

Thursday, April 6, 2006

3:00 – 8:00 pm Board Meeting at 1:30 p.m.

Adelphia's Restaurant & Conference Center, Deptford

**Seminar Presenters:** Richard Carabelli, Jr., MAI, CTA, of Martin Appraisal Associates, Hugh McGuire, MAI, CTA, of McGuire Associates, Burlington Co. Tax Administrator Ozzie Vituscka, CTA, Lawrenceville Township Tax Assessor Geoffrey Acolia, MAI, CTA, John Lloyd, Esquire, of Rosenblum & Lloyd, PA, and Jeffrey Gordon, Esquire, of Archer & Greiner, PC.

**Moderator:** Neptune Tax Assessor & AMANJ President Bernard C. Haney, CTA

**Topic:** Highest and Best Use In Revaluation

**Dinner Speaker:** The Honorable Joseph C. Small, Presiding Judge, NJ Tax Court. His topic is: A View From The Bench: Reviewing Tax Court Issues and Cases.

**Fee: \$30 CE Credits: 3 (pending)**

**Check out the website for more info and to register!**

## **SNJAI in the Media!**

If you subscribe to the NJPA Real Estate Journal, don't miss our full two-page ad on Pages 26C & 27C in the February 24th issue. The pages feature our latest officer induction in January, as well as our most recent National awards. Our upcoming events are also listed. We will have pages in this publication throughout the year in the following issues: 3/10, 3/24, 4/28, 5/26, 6/23, 7/28, 8/25, 9/22, 10/27, 11/24, 12/22.

The NJPA Real Estate Journal (circulation: 25,000) is the fastest growing commercial real estate publication in the country & has tremendous influence with investors, developers, commercial brokers, appraisers, corporate real estate executives, tenant reps & many others who rely on commercial real estate for their livelihood.

Also in the ad world, we will be advertising in the NJ

Lawyer Weekly Newspaper in the following issues:

- April 3<sup>rd</sup> Developments in Real Estate
- May 8<sup>th</sup> NJ State Bar Assoc. Annual Meeting
- Nov. 6<sup>th</sup> Environment and Land Use
- Nov. 20<sup>th</sup> Hard Copy Guide for the League of Municipalities Convention

The NJ Lawyer is distributed throughout the state, with over 9,000 paid subscribers.

We hope this exposure will help get the chapter on the minds and mouths of our past, present and future clients, and help others to know how important it is to work with chapter members. We hope you like the ads! (If you want the ads emailed to you, email [lisamayweiss@hotmail.com](mailto:lisamayweiss@hotmail.com).)

### **Name and Address Changes**

**Please note that all name & address changes should be made through the Appraisal Institute, rather than the chapter. The AI generates regular updates, which are used to update membership information for our directory, email notices, mailings, etc. Please go to the Members Only section of the national website to make the changes. Thanks for keeping your info current!!!**

### **2006 OFFICERS AND DIRECTORS**

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