



STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
BOARD OF REAL ESTATE APPRAISERS  
35 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0035

Janet T. Mills  
Governor

Anne L. Head  
Commissioner

**Public Board Meeting**  
**Tuesday, May 7, 2024**  
**AGENDA**

**Location:** 76 Northern Ave Gardiner, ME 04345  
**Room:** Central Conference Room  
**Time:** 9:00 a.m.  
**Contact:** Kaleigh Kennedy- 207-624-8522 or [Kaleigh.Kennedy@maine.gov](mailto:Kaleigh.Kennedy@maine.gov)

**Option for Virtual Attendance by the Public:**

In addition, though not required by law, this meeting is being made virtually available using the Zoom platform to members of the public who do not attend in-person. A link for the public to access the Board of Real Estate Appraisers meeting virtually will be posted on the Real Estate Appraisers Board website at:

<https://www.maine.gov/pfr/professionallicensing/professions/board-real-estate-appraisers/home/board-meeting-information>

The Board of Real Estate Appraisers expects that members of the public who attend the meeting virtually will be able to provide public comment to the same extent as members of the public who attend in-person.

**I. CALL TO ORDER**

**II. AGENDA MODIFICATIONS**

**III. MINUTES REVIEW AND APPROVAL**

Review and approval of April 2, 2024 Minutes

**IV. ADJUDICATORY HEARING**

2023- REA-19186 Thomas A. Siegel

**V. COMPLAINT PRESENTATIONS**

2024-REA-19831  
2024-REA-19832  
2024-REA-19787  
2024-REA-19792  
2024-REA-19934

## **VI. ADMINISTRATOR'S REPORT**

- Short Term Rental Valuation Question
- Association of Appraiser Regulatory Officials (AARO) Conference

## **VII. PUBLIC COMMENT**

*Under this item, the Board will offer an opportunity to members of the public in attendance to comment on any public matter under the jurisdiction of the Board, except for any open application or complaint. While the Board cannot take action on any issues presented, the Board will listen to comments and may ask staff to place the issue on a subsequent agenda. At the discretion of the Board Chair, a time limit on comments may be set.*

## **VIII. MEETING SCHEDULE**

Next meeting scheduled for Tuesday, June 4, 2024.

## **IX. ADJOURNMENT**

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION  
OFFICE OF PROFESSIONAL AND OCCUPATIONAL REGULATION  
76 Northern Ave, Gardiner, Maine

MAINE BOARD OF REAL ESTATE APPRAISERS  
**PUBLIC MEETING**  
April 2, 2024  
MINUTES

<b><u>MEMBERS PRESENT</u></b>	<b><u>STAFF PRESENT</u></b>
Wendy Boston, Chair	Cathy Pendergast, Administrator
Nathan Shipley, Complaint Officer	John Belisle, Assistant Attorney General
Alan Johnson, Vice-Chair	Regina Ritchie, Licensing Supervisor
Russell Barrows	Kaleigh Kennedy, Office Specialist I
Jacques Weinstein	Shara Chesley, Office Specialist I
<b><u>MEMBERS ABSENT</u></b>	<b><u>OTHERS PRESENT</u></b>
	<u>None</u>

**Location:** 76 Northern Ave. Gardiner ME

**Start:** 9:07 a.m.

**Adjourn:** 10:31 a.m.

**I. CALL TO ORDER**

The meeting was called to order by the Chair at 9:07 a.m.

**I. AGENDA MODIFICATIONS & MINUTES REVIEW AND APPROVAL**

A motion was made by Barrows and seconded by Shipley to add complaint presentation 2024-REA-19901 and an update to the Administrator's Report regarding an update of the ASC Compliance Review to the agenda and approve the March 13, 2024 minutes as presented. Unanimous.

**II. ADJUDICATORY HEARING**

2022- REA-18817 and 2023-REA-18887 Seth A. Tompkins

Hearing officer- Rebekah Smith opened a status conference with the Board to consider a Consent Agreement prior to the scheduled hearing at 9:12 a.m. Seth A. Tompkins was present, represented by Scott Lynch. AAG Timothy Steigelman and AAG Jennifer Willis represented the Board.

Weinstein and Johnson recused and left the meeting.

Attorneys Lynch and Steigelman presented the proposed Consent Agreement.

The Board discussed amending the Agreement to include a 15-Hour National USPAP Course with examination and revision of certain duties from the Chair to the complaint officer.

A motion was made by Barrows and seconded by Shipley to adopt the proposed revised Consent Agreement with amendments. Boston, Barrows, and Shipley voted in the affirmative. Motion carried.

Recording was stopped at 9:44 a.m.

Weinstein and Johnson re-joined the meeting.

### **III. COMPLAINT PRESENTATIONS**

2023-REA-19474- A motion was made by Barrows and seconded by Weinstein to dismiss with a letter of guidance. Boston, Barrows, Johnson, and Weinstein voted in the affirmative. Shipley abstained. Motion carried.

2023-REA-19608- A motion was made by Johnson and seconded by Barrows to dismiss. Boston, Barrows, Johnson, and Weinstein voted in the affirmative. Shipley abstained. Motion carried.

2023-REA-19620- Boston recused. A motion was made by Barrows and seconded by Weinstein to dismiss with a letter of guidance. Barrows, Johnson, and Weinstein voted in the affirmative. Shipley abstained. Motion carried.

2024-REA-19793- A motion was made by Barrows and seconded by Weinstein to dismiss with a letter of guidance. Boston, Barrows, Johnson, and Weinstein voted in the affirmative. Shipley abstained. Motion carried.

2024-REA-19901- A motion was made by Barrows and seconded by Shipley to dismiss with a letter of guidance. Unanimous.

### **IV. PUBLIC COMMENT**

None.

### **V. ADMINISTRATOR'S REPORT**

The Board discussed the Solar Panel Inquiry.

The Administrator informed the Board that the Appraisal Subcommittee (ASC) will be conducting its bi-annual compliance review June 11-13, 2024.

### **VI. METING SCHEDULE**

The next meeting is currently scheduled for Tuesday, May 7, 2024.

### **VIII. ADJOURN**

A motion was made by Weinstein and seconded by Barrows to adjourn the meeting. Unanimous. Being no further board business, the meeting was adjourned at 10:31 a.m.

Maine Board of Real Estate Appraisers  
35 State House Station  
Augusta, ME 04333  
Phone: (207) 624-8518  
Email: catherine.pendergast@maine.gov

**Department of  
Professional &  
Financial Regulation**

To: Board Members  
From: Catherine E. Pendergast  
Date: April 30, 2024  
Subject: Short Term Rental Valuation Question

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The following inquiry regarding short term rental valuation was received April 17, 2024 for Board review and discussion.

The topic was brought up at an Appraisal Foundation State Regulatory Advisory Group meeting I attended on April 18, 2024. A member of the panel mentioned an article on appraisals and AirBnb income that she thought included good information on the subject and offered to share it with attendees.

The article is attached for your information.

## Pendergast, Catherine

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**From:** rketch22@affappraisals.com  
**Sent:** Wednesday, April 17, 2024 1:41 PM  
**To:** board, rlestateappr  
**Subject:** Short Term Rentals

**EXTERNAL: This email originated from outside of the State of Maine Mail System. Do not click links or open attachments unless you recognize the sender and know the content is safe.**

Good afternoon,

I have a question regarding valuation and the use of Short Term Rentals. We the popularity of AirBNB, VRBO and others, we appraisers are seeing an influx of requests to include rental data in appraisal reports, specifically on the Fannie Mae/Freddie Mac 1007/1000 form. That form is designed to report market rent, not going concern rent. I have spoken with Fannie Mae and their response was that using that form to report Short Term Rental income is a violation of Fannie Mae policy and may result in disciplinary action from them. Though the forms do not have to be USPAP compliant, the appraiser does and modifying a form to suit the needs of a client is a violation of the reporting requirements of the form and, in turn, a possible USPAP violation. I personally will not participate nor accept assignments in which short term rental income is required by the client for this reason. In my opinion, short term rental income is no different than a hotel and the rental income from short term rentals, in a sense, is a going-concern and/or a business valuation. My appraisal software does not have a specific form for short term rentals, though I know other appraisal software systems do.

All of this leads up to my question that I am hoping can be considered at the next board meeting; or, if already discussed at a prior meeting that I may not be aware of, would it be possible for my question to be answered here? My question is, since Maine is a mandatory licensing state, is the valuation of a residential property with short term rental income covered under a licensed residential or certified residential license or would it be something that only certified general licenses are authorized/licensed to complete? Thank you for your time in helping to clear this matter up for me as well as all Maine appraisers.

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## Residential Appraisals and AirBnb Income?

**Residential Appraisals and AirBnb Income? Both the real estate and the business must be appraised, similar to a hotel.**



**By Julie Friess SRA, AI-RRS, MA**

*Don't get caught like a deer in the headlights! State appraisal boards ARE disciplining appraisers across the country for improperly using the business income (Short term Rental – STR) from AirBnBs on the residential 1007 Fannie Mae form.*

*Lenders and AMCs want residential appraisers to value these properties as both the real estate and the business values of these properties – Wrong!!*

*Editor's Note (Ann O'Rourke): Julie Friess has lived in Sedona, AZ, a popular vacation town, for many years. Sedona has been transformed from owner occupied homes to investor owned AirBnBs. She appraises them regularly for lenders and knows a lot from personal experience, including having an AirBnB in one of her bedrooms.*

*She only appraises the real estate, not the AirBnB business, as she is a residential appraiser, not a commercial appraiser. I really like her map of Sedona with all the pink dots showing AirBnBs everywhere, including the house next door to her. See below.*

*Sedona has been a popular vacation destination for many years. Arizona state law does not allow cities to regulate AirBnBs. What will happen to investor AirBnBs when there are few travelers because of economic downturns, which always happens eventually. What will lenders do when the owners can't pay their mortgages? Look to appraisers who used AirBnB income on an SFR Fannie Form?*

[Sedona's housing inventory is down to 15% 3-18-22](#)

[Homeowners say AirBnB ruined Sedona Arizona 8-30-19](#)

More info on Julie's company and contact info at:

[Sedona Appraisal Research Associates LLC](#)

### Some of the issues discussed below

- *GRM is an Income Approach that applies to homes with long term tenants, not homes with many STRs.*
- *Highest and Best Use of STRs*
- *What the residential appraiser does not consider when valuing an income property:*
- *Highest and Best Use of STRs*
- *Residential appraisers traditionally are not competent in developing Going-Concern or Use Value. This is what Commercial real estate appraisers do.*
- *Covid-19 Pandemic and AirBnb's*
- *Where Julie got her appraisal ideas for appraising AirBnBs*

**AirBnB Rentals – NOTE: red dots are AirBnBs in Sedona, AZ**



The neighbor next door purchased their house which is zoned Single Family Residential, for a sale price a few years ago of \$345,000. The neighbor renovated the home and installed exterior doors in every bedroom, keyless entries, a small kitchen in each one (which is not legal in this subdivision), added three bathrooms and three bedrooms without a permit and gave each bedroom its own bathroom.



**The homeowners of this subdivision filed a lawsuit against the HOA in 2017 so they could essentially use their homes as commercial hotels, and the formal HOA was been disbanded. Today, more than 85% of this subdivision's homes are vacation rentals only. ALL the homes in this subdivision have conventional septic systems that permit 2-3 bedrooms per house.**

**My neighbor now has at least 6 bedrooms and advertises the house sleeps 14 people. When this house was sold recently for \$1,100,000, it was marketed as a business and the sale included every single thing on-site, inside and outside, and "the business."**

**Lenders and AMCs want residential appraisers to value these properties as both the real estate and the business values of these properties – Wrong!!**

**In my office we have named this, "Business in a Box", and when the repeated requests to appraise the residential houses in my market area (purchases and refinances) from Lenders and AMCs alike, including the 1007 and 216 forms come in, we explain what USPAP SR1-4g says, which is that I am qualified to appraise the house but not the business or personal property. They will need a business and personal property appraiser to complete that part of the assignment. Naturally, they re-assign the order to a residential appraiser that will complete it improperly.**

**They wanted it completed using the transient daily room rental income on the 1007, applying the gross rent multiplier (GRM). When residential appraisers violate USPAP's Competency Rule and *create markets and data that do not reflect ONLY the real estate*, it is disastrous and dangerous to the economy and welfare of the public.**

### **Different types of value than Fannie's Mae's definition**

**There are different kinds of Value and residential real estate appraisers are most familiar with determining and using Fannie Mae's definition of Market Value. Many residential real estate appraisers appraise solely for lending purposes, and Market Value, and occasionally Liquidation Value, applying these values only to the Real Property, are the only types of value the appraisers are competent and familiar with. Until very recently, a residential appraiser was rarely asked to develop the income approach.**

**On occasion, the Single Family Rent Survey and Operating Income Approach (known to appraisers as the 1007 and 216 forms) were requested by a client if the house was an investment property. USPAP has always required appraisers to develop an approach if it were applicable, but historically, the AMCs and lenders do not ever enforce the development of the Cost or Income Approaches, even when they are applicable if a client does not request them. Until an appraisal reaches default, random quality control (by a competent reviewer), or becomes a repurchase demand, the USPAP compliance of the appraisal and the "applicability" of the missed possible approaches that were not developed but may have been applicable, is not scrutinized.**

***Residential appraisers as a group have never truly understood the purpose and use of the income approach or when it was applicable. Now they are being asked to develop the income approach daily in an improper way, and this is causing a huge competency problem in the industry.***



*Photo above shows an exterior entrance to a bedroom, typical for an AirBnB remodeling.*

**I was taught to appraise each house I see as if it were empty and the lender was taking the house tomorrow.**

**Please envision that with me: You walk into an empty house, which happens all the time to appraisers. You look around and what do you see? Only the real estate and nothing else.**

**What can be done with this house TODAY? Right now? It can be rented to someone long-term for them to live in and it can be sold, “as is.”)**

**What has to happen for me to use the house as an Short Term Rental (STR? It has to be cleaned, fixed up, furnished, decorated, marketed, and managed, to name just a few things. What will that cost? Who can do that? How many other houses are STRs in the area? Does the house accommodate disabled people and is it safe for children and pets? The list of things related to managing this STR goes on, and on.**

**What happens if it doesn't rent, if someone gets injured at the property and what kind of insurance do you need? Who will clean the house, turn over the rooms, communicate with the visitors, and write online reviews? Do you have a handyman (person), plumber, electrician, etc., “on call”? If you hire a property management company are you confident you will be able to cover all these additional expenses plus the mortgage, interest, taxes, utilities, repairs, landscaping, etc.?**

**When calculating the INCOME on this property, are all THESE THINGS being considered along with the number of homes in the area being bought and sold as STRs, the number of hotels, and motels you are competing with, the number being constructed as STR's, hotels, motels, inflation, and the current economy and vacancy rates?**

**If this business fails, what is left for the Lender?**

**Just the house you are standing in. The *REAL ESTATE*. It's what you are being asked to appraise and market value of, as residential appraisers. Not the summary of a type of a business with many other variables that have just been described above.**

**What is an Appraisal?**

**In 1989 the definition of an Appraisal was, “A determination of value based on facts which have been judiciously interpreted to arrive at a sound conclusion about the property. It is a written statement that identifies the property, adequately describes it, and expresses an opinion as to its value. The dependability of the opinion is based on the thoroughness and accuracy with which facts are gathered and examined as well as the skill and experience of the person who interprets them. The appraiser finds value based on facts but NOT CREATE IT.” (National Assoc. of R.E. Appraisers, 1989, US Dept of Agriculture Farmers Home Administration.)**

1989 may ‘feel’ like it was a long-time ago, but 1989 was an important year for appraisers. Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (FIRREA), created the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC). Title XI requires federally regulated financial institutions, such as federally insured banks, thrifts, and credit unions, to use certified or licensed real estate appraisers to perform appraisal assignments in federally related transactions.

**USPAP defines an Appraisal as an opinion of value.**

The Appraisal Foundation in their USPAP update course taught that this ‘opinion of value’ is NOT a subjective one, but is an objective conclusion based on relevant facts, data, research, and analysis completed by a geographically competent appraiser using appropriate appraisal methodology. It is not formulaic. It is a credible outcome an appraiser develops using a specifically learned and practiced process that is based on economic appraisal theory.

**Residential appraisers *traditionally* are not competent in developing Going-Concern or Use Value. This is what Commercial real estate appraisers do.**

The Dictionary of Real Estate Appraisal, p. 383, published by the Appraisal Institute defines “*Use Value: The value a specific property has for a specific use.*” In the AI’s course on Special-Purpose Properties: The Challenges of Real Estate Appraising in Limited Markets (10/95), it is explained that when determining Use Value, the focus is on a particular use. The concept of Use Value is not transaction-based, and if a client needs to know what a property is worth on a transaction basis, this definition is inappropriate.

Many special-use or purpose properties can have both a ‘value-in-use’ *and* a market value in exchange that may be very different. Transient Daily Room Rentals/STRs are considered to be a Value-in-Use or a Going-Concern Value. Residential real estate appraisals on single-family residential homes for mortgage lending purposes determine the market value of the subject property of only the real property. Although the Value-in-Use and Market Value may at times be the same numerical result, the appraiser should never lead the client or others to believe that they *mean* the same thing. This would be misleading.

**What does it mean to be Competent?**

USPAP says that being competent, the appraiser must have the knowledge and experience to complete an assignment competently and the ability to recognize if what they are appraising is in compliance with laws and regulations that are applicable to the assignment. The appraiser must also be familiar with each specific type of property, the market area, and geographic area, understand the intended use, understand and know specific laws and regulations, or an analytical method if this is necessary to develop credible assignment results.

**What are credible assignment results?**

The appraisal must be “*worthy of belief.*” What this means is that the Intended User(s) must read the report from beginning to end and believe the report is trustworthy and has confidence that its conclusions are reliable and reasonable.

**When long-term, residential rental income is not available for use within the Uniform Residential Appraisal Report (URAR), 1007 Form because there *are no* long-term rental homes within the subject property's neighborhood for the appraiser to use to form an opinion of market rent with, *the income approach does not apply*. STR and vacation rental income is NOT residential income that belongs on the 1007 form on the URAR. A residential mortgage loan is for the real property, and not to be used for personal property and business valuations.**

**What the residential appraiser does *NOT* consider when valuing an income property:**

- 1. The value of the personal property, trade fixtures, and tangible assets that are being included in the appraisal.**
- 2. Any appraiser analyzing the effect on the value of such non-real property assets must be competent in personal property appraisal (Standard 7) or business appraisal (Standard 9).**
- 3. An appraiser must analyze the effect on the value, if any, of the TERMS and CONDITIONS of the lease(s), when developing an opinion of the value of a leased fee estate or a leasehold estate. ( Note; STRs do not result in a transfer of the bundle of rights, and the appraiser has no leased fee estate or leasehold estate to value when using this income for the GRM and 1007. If they did, people would be squatting in STRs all over the country and the courthouses would be filled with landlords trying to get the people out of the homes through the eviction process. There are no leases signed, credit checks completed, etc.)**
- 4. The appraiser must weigh historical information and trends, the current supply and demand factors affecting such trends, and anticipated events such as competition from developments under construction, when developing income statements and cash flow projections, when completing the income approach for STRs.**
- 5. When personal property, trade fixtures, or tangible assets are included in the appraisal, the appraiser must analyze the effect on the value of such non-real property assets as well.**

**GRM is an Income Approach that applies to homes with long term tenants, not homes with many STRs.**

**The gross rent multiplier (GRM) is applicable in residential appraising when long-term rental homes are common and typical in a market area and they are being bought and sold as investments. This multiplier can be developed using the sales of these investment rental homes and their historic rental income information as it is reliable market data. There are other ways as well to develop the GRM and residential income approach, but this is the most common.**

**This is considered to be “residential income” because not everyone wants to own the house they live in, and a portion of the bundle of rights has transferred to the tenant when a lease is signed. Many people enjoy leasing a house and the freedom that comes with it. Other people enjoy purchasing homes as investment properties and renting them to families that want and need a home to live in as a reliable way to invest their money long-term.**

**Temporarily (in my opinion), residential zoning throughout the country has been “hi-jacked” in an odd way. Business enterprises are being allowed to operate out of residential houses when in the past commercial businesses were not allowed, specifically in residentially zoned areas. There is no reason to have any Planning and Zoning Departments anywhere in the country if the “Zoning Plans” created by these departments that are paid for by the local taxpayers are going to be considered null and void the minute investment groups and corporations find a way to capitalize on the commercial usage of residential homes.**

**Most people have rented or purchased a home, and understand what it means to search for and find the right home to live in. People also know and understand what and where they would prefer NOT to live near. All of these former residentially zoned homes where families used to live and raise their children are now being turned into commercial entities. These homes are causing the neighboring residential homes to**

experience external obsolescence. When valuing the market value of either the STR house or the neighbor, what is the impact of all of these STRs and vacation rentals on the real estate?

## Functional Obsolescence

And what about functional obsolescence? These houses are being modified so their layouts have no interior access between bedrooms and bathrooms, many of the houses are not in compliance with current zoning laws, have too many bathrooms for their septic systems, and more kitchens than allowed by law. They are health and safety hazards to entire subdivisions.

Residents that live in homes adjacent to STRs are filing *nuisance* complaints because they did not purchase their homes with the desire to live adjacent to commercial hotels where daily noise, traffic, and parties are occurring, and it is a fact that pornography is being filmed at STRs all over the world. Is this where you would want to raise your children and live?

To maximize business, STR owners do something that is not allowed at hotels. They put as many people as they can into each vacant house they can purchase on the block. From a real estate valuation perspective, nuisances are external obsolescence that is “*something that interferes with the use and enjoyment of property or is a source of discomfort and annoyance to others*” (AI Dictionary of RE Appraisal, 7th Ed, 2022.) These homes are clearly nuisances and do not create value for anyone but themselves.

## External Obsolescence

When valuing the residential homes in the areas where many STRs (or hotels) are now dominating the residential home markets, are you as a residential real estate appraiser considering the external obsolescence and/or continued ongoing pressure, that is being placed on every resident in these areas to move out and sell their once peaceful home, and get away from the noise and annoyances that have invaded their neighborhoods?

Have you as an appraiser, considered what it is like to live with Motel 6 right next door, across the street, and behind you? Are you keeping up with the local City Council meetings and neighborhood protests, regulatory actions being proposed, and Bills being dropped in the State congress where you live to prevent and reduce the STRs in your areas? *How does all of this affect the market value of the homes?*

How long will the STR income continue?

When considering the business income from the real estate agent or seller that they so readily provide to the appraiser as ‘proof’ that *this house can produce so much income*, consider this; this income and these ‘disturbances’ will only continue until people have had enough of it and take back their residential communities. They will start forcing enforcement of zoning regulations, which is exactly what happened in the City of Santa Monica in California.

They instituted the toughest regulations on STRs in the United States and by doing so, effectively wiped out the majority of the STR listings in their city. These regulations went into effect in 2015 and it took until 2019 for the City of Santa Monica to reach an agreement with Airbnb in which the company agreed to remove illegal STR listings from its website. Throughout the country, residents are standing up and fighting for their residential communities, their housing, and the enforcement of their zoning laws.

## Highest and Best Use of STRs

This brings us to the Highest and Best Use of these residential properties that being used as STRs.

**The Highest and Best Use of a residential property cannot be whatever business a person can run out of their house just because “running a business out of your house has basically become trendy.” Real estate appraisers do not value real property for lenders on trendy businesses. They appraise the real property only.**

**Always remember that history will most certainly repeat itself. Creative financing was one of the things that destroyed the housing market in the 2008 Great Recession. Using mortgage loans to finance home businesses is no different and it is irresponsible, but if someone can find an appraiser to take the liability and responsibility for the loan off of them, they most certainly will try to!**

**Zoning law violations (outright non-compliance with the zoning laws in effect) result in functionally obsolete homes. Creating economic and external obsolescence within residential communities is not constructive uses of residential properties. Short-term real estate investment groups and corporations are purchasing houses (at exorbitant prices).**

**These sale prices are not market value either. These are real estate investment groups and corporations that are manipulating the residential real estate markets by using hard money lenders to outbid residential buyers with their cash, so they can turn the homes into hotels everywhere in the country.**

**These “Uses” are customarily not legal, physically allowed, and although it may appear to be, the most profitable use of the property”, they are not in the long-term. Depreciation (physical, functional, and external), and wear on the structures, infrastructures, and residential sectors will eventually destroy the neighborhoods, and residential neighborhoods with no one living in them cannot sustain communities over time.**

## **Covid-19 Pandemic and AirBnb’s**

**STRs became a great business to be in during and right after the pandemic years (2020-2022) because many employers had no choice but to allow their employees to work remotely and it did not take long for those newly “remote” employees to figure out that “remote” could literally mean working and living ANYWHERE!**

**The massive amount of random people traveling all over the United States and Globe for the past two years that were once shackled to a desk and were now freed took advantage of their newfound freedoms. STRs also made it possible for people to avoid other people while the pandemic was in full swing. All these factors fueled the Vacation Rental industry.**

**But now we are back to reality. People cannot be continuously living in Vacation Rentals, and traveling around the country. Gas prices are through the roof and inflation is higher than it has been in over 40 years. The reality of this situation is that there was no housing shortage before the pandemic hit. Houses that began to sell during the pandemic at exorbitant prices had been listed on their local MLS for half of what they sold for just prior to the pandemic unsold for extended periods of time. If there had been a housing shortage when we went into the pandemic, the massive amount of inventory that existed when it started that would not sell would not have existed... But it did and we all know that.**

**Come join us in the Appraisal Questions Virtual “Clubhouse” every Thursday at 2 pm Arizona time,**

**We discuss and ponder the questions and answers to the real estate appraisal topics and industry events going on, and hang out with other appraisal professionals and appraisal professionals in training! It’s like going to a conference and meeting new people every week, but better. It costs absolutely nothing and the instruction is FREE. You can just listen, send messages in the chat room, or join in the conversation. We want you there! I look forward to meeting you in our Clubhouse and having you become a part of our**

**group of friends. Airbnbs are a regular topic. You can listen to all the previous sessions. The May 12, 2022 session was Residential 1004/1007 form Appraising and Air BnB Income.**

**Thanks for reading and I always end our Clubhouse meeting with something from the book, “Whatever you are, be a Good One!” so here it is:**

**“Talent is cheaper than table salt.**

**What separates the talented individual from the successful one is a lot hard work.”**

**(Stephen King)**

## **Where Julie Friess obtained appraisal information related to her AirBnB appraisals**

Every few years I have the special honor of going to lunch and talking “shop” with a colleague who lives in Sedona, Arizona, and has worked here almost since it was Homesteaded. He has retired more times than I can count, and I just adore him. Each time I see him he endows me with historical appraisal-related gifts. He once gave me all the original plats and plans of every subdivision in our City. Next was a consortium of books, workshops, case studies, and data that he had accumulated throughout his career. It was with these supporting research materials that I found the appraiser “goldmine” for this article specifically.

In 1994 the Appraisal Institute published a Special-Purpose Properties Seminar developed by R. Roddewig, MAI, CRE, and G. Papke, AICP’s. The large looseleaf workbook also acknowledges its project coordinator, Mark Ratterman, MAI, SRA, and a Seminar reviewer, Stephanie Coleman, MAI, SRA. (There are eight more contributing appraisers who assisted with writing this seminar as well.) This Seminar, along with two others, one from 1973 and one from 1995, published by the Institute of Advanced Appraisal Studies, are used along with many others, as reference material.

**Links:**

**[Tales of a Trainee at Appraisal Camp Sedona](#)**

**More info on Julie’s company and contact info at:**

**[Sedona Appraisal Research Associates LLC](#)**



## **About the author – Julie Friess SRA, AI-RRS, MA**

**Julie’s qualifications include: Appraisal Institute (AI) Designated SRA and AI-RRS Member, AQB Certified USPAP Instructor, Loss Mitigation Appraisal Analyst, Qualified Federal & State Expert Witness, Litigation Compliance Expert and Support, past President-Coalition of Arizona Appraisers (CoAA), Collateral Risk Network Group (CRN), Certified Residential Real Estate Appraiser in FL and AZ, Certified Residential Real Estate Appraiser with 32 years of experience appraising, NADA Certified to appraise both Title I & II Manufactured Homes.**

**Her Specialties Include: Loss mitigation, Repurchase demand analysis , rebuttal and negotiation, USPAP compliance reviews for litigation, lending, appraisal board complaint assistance. Litigation, compliance and regulatory related issues for lenders, AMC's & mortgage brokers/loan originators and appraisers**

**AI Appraisal Journal Editorial Board(2017-present); was awarded AI Service Award by the AI Editorial Board in 2018; AI National Diversity Panel; served on AI Region X Committee(2017-2019); served on the AI South Florida Board (2014-2019) ; AZ DFI Mentor; NAR Realtor; 2020 City of Sedona Small Grants Committee.**

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