



# COLORADO CHAPTER APPRAISAL NEWS

## Appraisal Institute®

Professionals Providing  
Real Estate Solutions

Volume 18, No. 4 — August, 2008



Editor: Steven E. Miller, SRA

www.colorado-ai.org

Publisher: Sherry Engleberg

## Colorado Chapter of the Appraisal Institute Presents

# Potpourri Seminars

## Thursday, August 7, 2008

**Location:** Courtyard by Marriott Denver Cherry Creek  
1475 South Colorado Blvd.  
Denver, CO 80222

**Schedule:** 7:30 a.m. – 8:00 a.m. Registration and Continental Breakfast  
8:00 a.m. – 10:00 a.m.  
**Real Estate Appraiser Liability**  
Presenter: Roger S. Bowers, Attorney, Kennedy, Childs & Fogg, P.C.  
Dan McCune, Attorney, Kennedy, Childs & Fogg, P.C.  
10:00 a.m. – Noon  
**Raw Land to Subdivision Process**  
Presenter: Harold McCloud, MAI  
Noon – 1:00 p.m. Lunch, Chapter Meeting  
Presentation of New MAI  
Presentation to Honor Ron Collins  
1:00 p.m. – 3:00 p.m.  
**Basics of Affordable Workforce Housing**  
Presenter: Judy Richtel, Nat'l View, Colorado View, Market Needs, Economics  
3:00 p.m. – 5:00 p.m.  
**Affordable Workforce Housing Practitioner's Views**  
Presenters: Moderator: Aaron Miripol, Urban Land Conservancy  
Panelists: Susan Powers, Urban Ventures; Chris Parr, Denver Housing Authority, Melinda Pollack, Enterprise Community Partners. Nuts & bolts of how it really works, Market side, Large National Intermediary, not-for-profit side, Public housing side, Local, not-for-profit, workforce housing providers.

**Continuing Education:** Appraisal Institute –  
A.M. – Two 2-Hour Seminars  
P.M. – Four Hours  
(8 hours CE if you attend all 3 seminars)  
State of Colorado Pending  
Chapter Generated Seminar by the Colorado Chapter of the Appraisal Institute

**Fee:** Includes: Continental Breakfast  
Lunch!!! Chapter Meeting & Presentations  
Breaks Seminars  
\$50.00 – Members for all or any portion of the day (includes lunch)  
\$75.00 – All others (guests welcome)  
Includes lunch  
\$20.00 – Lunch only

**Registration:** See Page \_\_\_ for Registration Form or go to our web site: [www.colorado-ai.org](http://www.colorado-ai.org)

**Questions:** Call 303.691.0487  
(outside Denver – 1.800.571.0086)  
web site: [www.colorado-ai.org](http://www.colorado-ai.org)

Please note: This program was developed by the Colorado Chapter who is solely responsible for the contents.

The next Board of Directors Meeting and the 2009 Planning Meeting will be held Sept. 4, 2008 — Approximately 11:30 a.m. – 3:00 p.m. Location to be determined!

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**COLORADO CHAPTER'S  
2008 REGION II REPRESENTATIVES**

1-Year Term **J. Virginia Messick, MAI, Denver**  
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jnisley@qwest.net  
**Doug Nitzkowski, MAI, Englewood**  
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bonnie@coloradoappraiser.net  
**John A. Schwartz, MAI, Aurora**  
schwartz@qwestoffice.net

**Advertising Policy**

1. Advertisements must be camera-ready.
2. Advertisements must represent closely-related businesses or services to the real estate appraisal field.
3. All advertisements submitted for publication are subject to the Editor and Publisher's approval.
4. Appeals for rejections will be submitted to the Board of Directors and their decisions are final.
5. Fees are as follows:

		<b>Member</b>	<b>Non-Member</b>
<b>Full Page</b>	7" x 10"	\$165	\$175
<b>Half Page</b>	7" x 5" or 3 3/4" x 10"	\$ 90	\$100
<b>Quarter Page</b>	3 1/2" x 4 1/2"	\$ 50	\$ 60
<b>1/8 Page</b>	(Bus. Card size) 3 1/2" x 2"	\$ 30	\$ 40

Colorado Chapter does not endorse any product or service advertised in this newsletter.

Send camera-ready copy and check to:

Appraisal Institute, 1540 S. Holly, #5, Denver, CO 80222

**If you have questions, please call 303-691-0487**  
**Outside Denver metro area 1-800-571-0086**  
**www.colorado-ai.org**

**2008 Chapter Committee Chairs**

Admissions - Member Retention & Development

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Residential: Dorothy E. Kellogg, SRA

Appraisal News Editor

Steven E. Miller, SRA

Bylaws

Richard C. Mosier, MAI

Associates' Coordinating

General: John (Jack) W. Nisley, MAI, SRA

Residential: Diana L. Chilcutt

Associate Guidance

General: Janice N. Winkler, MAI

Residential: Louis J. Garone, SRA

Education/Program

William M. James, MAI

Government Relations

Karen L. Tool, SRA

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A. Louesa Maricle, MAI

Planning Committee for 2009

J. Virginia Messick, MAI

Public Relations

Donald E. Boyson, MAI, SRA

Richard G. Stahl, MAI, SRA

Website

Burton S. Lee, MAI



Here are three miscellaneous topics of interest to our profession.

1. HVCC update- Elizabeth Dole, on the Senate Finance Committee, has been working to incorporate legislation as an amendment regarding the HVCC. This amendment would instruct the Office of Federal Housing Enterprise and Oversight (OFHEO) to issue new rules that are consistent with current banking regulations that supersede the HVCC. Appraisers generally support this approach to the problem, but the amendment has been withdrawn in exchange for further public dialogue. This dialogue would include all public agencies that have an interest in the appraisal process (among other things). If any of you know Ed Perlmutter, he would be an important person to contact about this issue.
2. FHA Officials seek to ban Seller Assisted Down Payments. They have figured out that there are higher default rates on loans in which borrowers have little or no equity in a purchase.
3. Rating Agencies and the sub prime melt down. A recent article in the New York Times explained how rating agencies played such a large part in the "housing bubble". Thomas Friedman said once that "there are two super powers in the world- the United States and Moody's bond rating service- and it was sometimes unclear which was more powerful". Moody's went public a few years ago, and their stock increased six fold, as earnings went up 900%. Much of this was related to rating mortgage pools (mortgage volume in 2006 was over \$2.5 trillion).

The article was written by Roger Lowenstein, and contends that credit agencies became the de facto watchdog over the mortgage industry. He looked at a sample mortgage pool of 2,393 loans that were originated in 2006. They were sub prime loans, and were bundled into an investment vehicle called a Special Purpose Vehicle (SPV). Moody's didn't look at the loan files- "We aren't loan officers, our expertise is as statisticians on an aggregate basis", said Claire Robinson of Moody's. Three quarters of the loans were ARMs. The SPV financed itself by issuing bonds. They created 12 layers of bonds, with ratings from highest to lowest, the highest rated would get the cash payments first, and then on down the line. (Does this sound like Silverado to anyone else?)

The bonds were purchased by CDOs (Collateralized Debt Obligations). The CDOs didn't own the mortgages, they only owned bonds issued by the SPVs. In this particular pool, losses were forecast at 4.9% by the

credit agencies. Eighteen months later, 27% of the mortgages were delinquent. One factor that was important, but not considered in the initial analysis, was that the combined debt on the first and second mortgages on a property was an important factor in subsequent defaults (less equity, more likely to default). Homeowner's with no equity were defaulting at unprecedented rates. As we know, Appraisers have some responsibility here, in that over stated values over state equity.

In 2006 and 2007, banks created more than \$200 billion in CDOs that were purchased by investors. Moody's rated the CDOs without even knowing which mortgage pools they would buy from the SPVs. The CDOs buy and sell bonds based on their ratings, but the only restrictions were maximum percentages of sub prime loans. Very little was known about the underlying collateral or credit. Initial estimates of potential losses have gone from 2% up to 27%. Bond ratings have been lowered, and market value of the CDOs has plunged by as much as 50% or more.

This process was a vehicle to raise large sums of money for people to finance their homes. Unfortunately, this vehicle will be much more difficult to use in the future. Maybe it was obvious to the home town banker that loaning someone 100% or more of the purchase price or value of a home had substantial risk. This was not so apparent to the mavens of Wall Street, however (but I'm sure most of them will get to keep their commissions). Will the job of analyzing risk in mortgages remain with credit rating agencies? That is another question that remains to be answered.

THE APPRAISAL INSTITUTE CONTINUES TO KEEP IT'S MEMBERS INFORMED. UPDATES ARE LISTED ON THE AI WEBSITE AND MEMBERS ARE ENCOURAGED TO

VISIT THIS WEBSITE OFTEN.  
[www.appraisal institute.org](http://www.appraisal institute.org)

AS WITH ANYTHING THAT WE ENCOUNTER, THE MORE THAT A PERSON PARTICIPATES, THE MORE THAT PERSON RECEIVES!

YOUR COLORADO CHAPTER APPRECIATES ALL OF YOUR SUPPORT AND THANKS YOU.

YOUR CHAPTER USES "CONSTANT CONTACT" FOR E-MAILS TO INFORM OUR MEMBERS OF UPDATED INFORMATION AND EVENTS.

VISIT OUR WEB SITE [www.colorado-ai.org](http://www.colorado-ai.org) FOR INFORMATION ON UPCOMING OFFERINGS.

# PRESIDENT'S REMARKS

by Matthew E. George, SRA



## DECLARATION OF INDEPENDENCE:

Appraisers thrive on being independent. We make independent decisions. We work independently. We pride ourselves on thinking independently. We are independent people. And when it comes to value conclusions, we provide independent appraisals.

At the heart of the Home Valuation Code of Conduct (HVCC) is the attempt to guarantee appraiser independence. The appraiser must come to a value conclusion without undue pressure or collusion. The appraiser must come to a conclusion without the influence of an interested party. Though the HVCC proposal needs significant revisions, the basic requirement for appraiser independence is essential.

All of us appraisers know, that when we come in less than the client wants the value to be, we are in jeopardy of never being hired by that client again.

And so we have to ask, "Who is trying to take away our objectivity? Who stands the most to gain by influencing our integrity?" More importantly, "Why would any appraiser succumb to the pressure of a client or an interested party?" Is it fear? Fear of rejection? Fear of future income? Fear of job loss? Is it pride? Is it arrogance? Is it ignorance? Is it apathy?

We all know the story of the frog that gets thrown into the pot of boiling water. Because of the extreme heat, he jumps right out. But if you put the frog into a pot of lukewarm water, and then gradually turn up the heat, the frog will eventually die. Some appraisers fit into that category. Some appraisers have gradually conceded value principles by ignoring seller concessions, or by jumping subdivisions to come to a value, or by manipulating a cap rate to make a property seem better than reality. Some appraisers have compromised their independence. Being independent says, "I will give you my independent value conclusion based solely on facts and market evidence."

So, is it possible to keep appraiser independence and still have a successful appraisal practice? How can we appraisers manage to keep a client after telling them the value they want is not market value? Throughout the years, I have learned 3 key ways to keep a client and still keep my appraiser independence. Some clients will leave no matter what you say, but here are 3 tips that I have found helpful: 1) Talk with the client BEFORE you turn in the assignment. Allow the client to know you want what is best for everyone. (An over-inflated appraisal is not best for everyone!) 2) Educate your client: Sometimes the client needs to be brought up to date with the changes in the market and with the current underwriting requirements. 3) Allow your client to share ownership in the problem. Include the client in your thought process. Let them hear about the data. They will appreciate knowing what to say to their client. If it is "you vs. them", then "you" will lose. If it is "us vs. them," then "we" will win

or lose together. And together keeps the client. It is possible to keep appraiser independence with good communication.

Independence is essential. Communication brings freedom. May both be our beacons for the future.

*Happy July Birthday to our President, Matt George!*

## Hello Associates!

The Colorado Chapter would like to introduce a forum, within our quarterly newsletter, for Associates who are actively pursuing their SRA or MAI designation. The format is currently open ended. The Guidance Committee for the Colorado Chapter has considered a number of topics or sections that might be of interest to Associate members.

- Updates from National regarding surveys (sent out last fall) on Demo, Comp and how associates felt about them. I had asked for results when I sent it in, but no one answered me.
- Who's Who- Highlight specific Associates- their experience, specialty...
- Affiliate accomplishments- who passed comp, who passed experience review, finished demo or got awarded MAI
- Question/Answer section.
- Resource guide- who can I contact in our chapter if I have a question about some aspect of the designation process?

Since this is a forum specifically for Associate members, we want your feedback. If there is a topic that you are interested in learning more about, please contact us and it could be highlighted in the forum. You can reach me at [dana.larson@valuescape.com](mailto:dana.larson@valuescape.com) or at 303-953-6644.

***Discussion was held regarding this issue at the June 4th Board of Directors meeting...***

### **Appraiser Continuing Education**

Continuing education for real estate brokers is not automatically accepted for appraiser CE. Currently, it is possible that a course approved as continuing education for appraisers would not be accepted for real estate broker continuing education. It has to do with who teaches the course. However, I understand that there will be a proposed rule change for the Commission that would make a course approved as continuing education for appraisers automatically approved as continuing education for real estate brokers.

Mike Beery, Esq.

# Wednesday, June 4, 2008 Colorado Chapter Seminar "Transit Oriented Development"

Members and Guests were very well informed about the TOD and Integration with Blueprint Denver, Main Street Zoning and efforts to rewrite Zoning Code by Gideon Berger, Transit Oriented Development at this Chapter generated seminar June 4, 2008. Speakers also included Catherine Cox-Blair, Denver TOD Initiative Program Manager/ Principal City Planner and Monica Strobel, Transportation Solutions, Associate Director. Education was received regarding RTD's mission of

moving people efficiently, while providing a catalyst for TOD and "How does a Transportation Management Association manage the demand for transportation & parking & assist in development of TOD projects?"

Lynn Crist, MAI informed the audience about "Challenges for development of TOD projects" "How do developers meet these challenges?"

After an enjoyable dinner, Matthew E. George, President, Colorado Chapter presented the following designation certificates:



Moderator, **Bill James, Monica Strobel and Gideon Berger.**



**Lynn Crist, MAI, Mile High Development, Executive VP.**



**Matt George, SRA presents certificate to William Bush, MAI.**



*Congratulations, **Bill!***



**Matt George, SRA presents certificate to Jodi Sullivan, MAI**



*Well done, **Jodi!***

*The Chapter would like to thank the photographer, Jim Konzak and thank him for celebrating his birthday with us June 4th!*

**Colorado Chapter of the Appraisal Institute Presents**  
**Eighth Annual Fall Event**

**Beaver Run, Breckenridge, CO**

**“SAVE THE DATES” — September 12, 13, 14, 2008**

Committee: Claudia D. Klein, SRA, Arthur R. Alarcon, SRA, Richard D. Stahl, MAI, SRA, Millie Wilson

**\*\*\* PENDING PROGRAM WATCH FOR REGISTRATION SOON!!!!!!**

**Application must still be made to Appraisal Institute and State of Colorado for Continuing Education Credit.**

**Friday, September 12 — 1:00 p.m. – 5:00 p.m.**

TOPIC: Renewable Energy For All Uses, Residential, Commercial, Transportation.  
Presenters: Dr. Stan Bull, Former Director of NREL, NRES History, Research and Current Projects; Marty Smith, Excel Energy, Joint Project with NREL, on wind, solar and hydrogen along the front range between Golden & Boulder; Erin Whitney, NREL,  
*Arthur R. Alarcon, SRA, Moderator*

**Saturday, September 13 — 8:00 a.m. – Noon**

TOPIC: “Built Green”  
Commercial and Residential Tour Breckenridge!!  
Presenters to be announced.  
*Millie K. Wilson, Moderator*

**Sunday, September 14 — 8:00 a.m. – Noon**

TOPIC: Easements, Easements, Everywhere!  
Presenters: John A. Schwartz, MAI, Façade Easements; Bonnie D. Roerig, MAI, Preservation Easements; Robert O. Stevens, MAI, SRA, Conservation Easements; Doug Nitzkorski, MAI, Condemnation Easements; AND MORE.  
*Claudia D. Klein, SRA, Moderator*

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**\$50 FOR MEMBERS FOR ENTIRE EVENT OR ANY PART OF THE EVENT  
NON-MEMBERS - \$50.00 PER DAY**

**“OCTOBERFEST WEEK END IN BRECKENRIDGE!”**

Make your reservations directly with Beaver Run Resort, Breckenridge, CO — 1.800.525.2253. Ask for “Appraisal Institute”. Reservations must be made by August 22, 2008 to assure group rate. The group room rates are (tax not included):

Hotel Room	\$116	Deluxe Studio	\$125
One Bedroom Suite	\$150	Colorado Suite	\$149
Two Bedroom Suite	\$229	Premium Suites Available	\$185–\$240

# JAMES 4 RTD

**The Colorado Chapter wishes to thank Bret R. Poole, MAI for submitting this article.  
The Colorado Chapter of the Appraisal Institute does not endorse Bill James as a candidate for RTD**

Bill James, MAI, is running for the RTD Board of Directors. Bill is President of James Real Estate Services, Inc in Denver. An active member of the Appraisal Institute Bill has served as a Member or Chair of various committees and as a member of the National Board of Directors. He currently serves as the Colorado Chapter's Education Chair and is a member of the Admissions and Designation Qualifications Committee.

Following are some Questions and Answers to let you know where Bill stands on the issues:

**Question:** Why did you decide to run for the RTD Board of Directors position?

**Answer:** The short answer is I hope to improve the world around me and improve my ability to appraise transportation-oriented properties. My first exposure to the real estate industry was working part time in college as a land use analyst for the City of Seattle Planning Commission. My introduction to land planning then and transportation planning later made me interested in the integration of those two disciplines. I found that for most of the last century we have been seduced by the automobile to the exclusion of cleaner more cost effective transportation systems.

Now with higher fuel prices we are realizing the cost of poorly planned inefficient transportation systems and must now embark on some major changes. RTD is one of the most respected organizations of its type in the country and I think I have some background and experience that will ensure that RTD fulfills its mission to enable citizens of the Denver area to move around cost effectively.

**Question:** Tell us about your background and experiences that qualify you to become an RTD Board Member?

**Answer:** It just kind of snowballed. Many years ago I accepted an appointment to a citizens advisory committee for a parking and transit study in the Cherry Creek North area funded by the City of Denver. Then I was appointed to another citizens advisory committee for a transportation study in southeast Denver. With that background I was asked to help start a new transportation management association called Transportation Solutions. TMA's are public-private partnerships with missions much the same as RTD - to enable people to move around cost-effectively and with a "green" footprint. They typically promote the use of mass transit and other alternative transportation systems such as bicycles, streetcars, car sharing, etc. Transportation Solutions is also one of the most respected organizations of its type in the country and I have served on its Board of Directors since inception. Bill Elfenbein, the incumbent on the RTD BOD who

asked me to attempt to succeed him, was my successor as Chair of the TS BOD.

**Question:** What do you see as the biggest opportunity for RTD and what can the RTD Board do to maximize the opportunity?

**Answer:** When voters approved the funding of FasTracks a few years ago they gave RTD a huge opportunity to serve the public with a more efficient transportation system. Now increasing fuel prices are causing citizens to look for cost effective and "green" transportation alternatives such as FasTracks. Every time RTD opens a new light rail line, passenger volume exceeds projections.

Opportunities in RTD District A, which I want to represent, are likely with new and different mass transit systems. District A is bounded roughly by Broadway, Colfax, I-25/Hampden and Monaco/Quebec including the CBD/LoDo and the Golden Triangle. No FasTracks lines will serve District A, but the massive new Union Station redevelopment will provide a transit intermodal facility serving the entire metro area. With the help of Transportation Solutions, RTD integrated existing bus lines in the District A with T-Rex, now called Southeast Light Rail. Denver city planners and elected officials such as Council Members Jeanne Robb and Marcia Johnson are trying to find a way to develop a streetcar test line, likely along East Colfax Avenue. But because the area is well served by busses, it is difficult to justify the expense. Many old-timers know that much of Denver's growth in the early 20<sup>th</sup> Century was encouraged by an extensive privately developed streetcar system.

**Question:** What do you think is the biggest challenge facing RTD and what can you do about it?

**Answer:** Like many public organizations today, RTD's biggest short-term challenges are financial. Increased prices of fuel and building materials have wreaked havoc with the operating budget of the existing bus and rail lines, and with the construction budget of FasTracks. And the weak economy today has reduced RTD's primary source of revenue - sales taxes. Unfortunately, RTD fares had to be increased recently; but since they only contribute a small portion to the operating budget, other solutions are needed to make up the shortfall. Service cutbacks are being implemented at low-volume bus and light rail lines, but fortunately, in some cases recent increases in ridership have allowed proposed cutbacks to be eliminated.

Over the long term, RTD will continue to face challenges, which are also opportunities. A major bottleneck

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(continued)

## JAMES 4 RTD *(continued)*

at many RTD facilities is the intense use of Park-n-Ride lots, which experience strong demand because of the success of the bus and rail systems they serve. To manage the demand for parking spaces, RTD must continue to look at charging for parking at these lots, primarily to manage demand, but to create revenue as well. And RTD must continue to look at alternative means for people to travel to light rail and bus stops, such as shuttles or even pedicabs like those found in LoDo.

**Question:** How do you stand on the eminent domain issue as it pertains to RTD?

**Answer:** This is another challenge for RTD, but it really shouldn't be. The ability of a public agency like RTD to acquire the assets necessary to fulfill its mission is fundamental to our system of government. Of course, such acquisitions must be managed as fairly as possible to all concerned, particularly the property owner from whom the asset is acquired. I can't comment on

specific cases; but generally RTD, like most such agencies appears to respond well to the intense public scrutiny of this issue and conduct the property acquisition process as fairly as possible.

Also, some have suggested that RTD has inappropriately entered the real estate development business. Best I can tell, the District has acquired real estate only as needed for construction of its transportation system and related needs incidental to that purpose. I believe the District should continue to do that while working with local governments that have land use jurisdiction, and with property owners to encourage good transportation oriented development in the vicinity of all transit stations.

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More information about Bill James candidacy for the RTD Board of Directors is available at [www.billjames4rtd.com](http://www.billjames4rtd.com)

## Welcome New MAI and SRA

by Millie Wilson

### CHARLES NELSON, MAI

Since 1983, Charles and two other partners own and operate Civil Technology, Inc., a construction management and real estate development/appraising firm.

Charles started residential appraising in 1990 when he received a HUD contract, then in 1995 began training with Don Schueller, MAI, concentrating on appraisal assignments for eminent domain and other commercial appraisals.

With the support of the late Helen Peck and Margie Newman, he was able to work with H.C. Peck and Associates on the T-Rex project. Charles has done various assignments for R.T.D., the City of Aurora, CDOT, Arapahoe County, Adams County, the City of Thornton and other commercial clients and other private individuals.

An MAI is achieved with the help and support of many people. Don Schueller was a tremendous mentor, friend and teacher. Don was dedicated to Charles achieving his MAI and Charles said "he owed his designation to Don's dedication." In addition, Bonnie Roerig was noted as a great friend and invaluable resource. Charles said "she was the most willing and able resource for those trying to achieve the MAI designation."

Charles attended both Colorado State University and Metropolitan State College, graduating from Metropolitan State College with a Bachelor's of Science in Computer Based Technical Project Management.

He has been married to his wife Holli for five years and has two step sons Taylor 10 and Aaron 11. Charles has a huge family centered in the metro area and enjoys family gatherings throughout the year. During his time off, he plays piano and enjoys a slow jog.

In the future, Charles hopes to mentor appraisers and also volunteer for various roles at the Chapter level.

### DAVID MARSHALL, SRA

David graduated from the University of Wyoming with a degree in geology. After graduation he worked in the oil & gas environmental industries prior to becoming an appraiser. His brother-in-law was an appraiser and got David started in the business.

David's appraisal experience is primarily residential working REO, short sales and reverse mortgages. In addition, he has performed appraisals with plans and specifications, land appraisals, retrospective and technical field review appraisals.

Currently David works for AssetLink in Wheat Ridge, where he does extensive work nationwide on REO properties. This gives him the opportunity to see the big picture nationally and learn more about other market areas.

David credits his AI sponsor Andy Sharmat, SRA, for getting him off on the right foot, being a great mentor and providing assistance for complicated projects. The Appraisal Institute continues to play a powerful role with educational classes and the wealth of information from more experienced competent appraisers.

David has been happily married for 14 years, has a son and two daughters, ages 11, 8 and six. This family enjoys camping, fishing and cooking.

Also for the future, David would like to continue developing his appraisal skills and knowledge and perhaps teach some classes.

Congratulations and welcome David.

# “Fears of the Residential Appraiser and How to Overcome Them”

by David M. Burrup

In pondering the topic above I realized I had lots of fears and few ways to overcome them and the topic seemed to morph into “**Challenges to Become and Remain a Residential Appraiser**”.

I'd like to address this in four parts as I believe each part is an integral part of the story: Why I Decided to Become an Appraiser, Initial Challenges to Becoming an Appraiser, Difficulties in Remaining an Appraiser, and Where To From Here?

**Why I Decided to Become an Appraiser?** As we all know, appraisers are a varied bunch and this represents my experiences and opinions and yours may vary dramatically. We seem to come from a number of backgrounds with various reasons for picking this as a career. In my particular case, my background includes a BA in International Business with a Concentration in Portuguese, over 10 years experience in the back-offices of the stock/bond markets at companies like The Capital Group, PIMCO, and State Street, and about 5 years as a Six Sigma Black Belt and Master Black Belt ([www.isixsigma.com](http://www.isixsigma.com) for more info). While living near Boston I became divorced and my ex-wife moved with my children to the Denver area. In 2005 after several years unsuccessfully seeking work near Denver it was apparent that I needed to change careers to be able to be near my children. In my research I looked for a career that: 1) could financially support me and my children, 2) be fairly portable in case my ex-wife moved my children again, 3) would provide scheduling flexibility so that I could participate in and attend my children's activities. Appraising seemed to meet each of those requirements. It also tied well into my construction experience before and during college and with my financial and statistical background. Furthermore, it seemed a great ancillary career to my medium-long term plans to flip homes (the good way not the illegal way) and to slowly develop a real estate portfolio (seeking that elusive residual income). In December 2005 I officially became a Colorado Registered Residential Appraiser. Shortly thereafter CNN/Money ranked Appraising as the 8<sup>th</sup> Best career in the US due to its income, flexibility and projected job growth.

**Initial Challenges to Becoming an Appraiser.** First Obstacle: The Test. Though I passed the Registered Appraisal exam my first try it was more due to my finance and construction background than to the basic, required courses I had taken. I found that the Appraiser Exam seemed more like a Lender exam and that the basic training courses, at least those I took, were grossly inadequate leaving most applicable training to be taught on the job.

Second Obstacle: Find a Mentor. I think it is easier to find an untapped gold vein than to find a qualified, willing mentor. This is, in my opinion, the largest

impediment to the survival of our profession.

Very few people seem to be willing to train/mentor new appraisers and given the added legal liability and limited financial or other incentives I can easily understand the reluctance. With no placement programs or referral systems the only way to obtain a mentor is to a) know someone, or b) cold call. Furthermore, the lack of requirements or qualifications to be a trainer, though improved under the 2008 rules, still ensures that the Skippies will train more Skippies and the Unknowledgeables will train more Unknowledgeables.

I considered, and still consider myself, to be lucky to have found (via an acquaintance of an acquaintance) an appraiser that was willing to let me hang around. My initial OJT consisted of 3 “ride-along” on home inspections before I was sent into the woods on my own. I was supposed to find my own clients and orders and received the occasional overflow assignment. My mentor had been trained in an appraisal sweatshop and tried to adhere to slightly higher standards but comp check bidding was the norm and how business was obtained and the highest comps should be used whenever possible as the market was going up. For brevity's sake I'll skip the embezzlement and other downsides I encountered but will state that the existing trainee method can be neigh unto indentured servitude. We will not survive as a profession if we cannot pass on the experience and knowledge of the qualified and experienced appraisers to the newer generations.

**Difficulties in Remaining an Appraiser.** This is probably where all Residential, mortgage-transaction appraisers share the greatest commonalities; however, I believe that the problems we face will, to a certain extent, depend upon our years of experience, depth of client relationships, and our degree of client diversification. I am not a very gregarious person and many difficulties I face are related to this fact. The greatest difficulties I currently face are Clients, Work and Mentors.

**Clients.** I believe one of the most frustrating aspects of this profession is the conflict between how we are legally obligated to do our job (USPAP, FNMA, FHA guidelines, etc.) and what our clients want from us. I am not aware of another field where what the client wants and what we are obligated to do are so diametrically opposed. I have had the opportunity to take over an extensive client list; however, on that list of over 100 lenders there were only 2 people that I was interested in working with. All of the others wanted “comp checks” (the predetermined, highest value kind), wanted pushed values, and just wanted to make the deals work. To them the appraisal was not a desired product; it was simply a checklist item that served no purpose other than to potentially derail their commis-

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(continued)

## “Fears of the Residential Appraiser and How to Overcome Them” *(continued)*

sion. Few and far between are the clients that view an appraisal as a valued safety check for all parties involved. I now paranoically avoid cold calling lenders to obtain new clients for fear they will want me to jeopardize my license for their commission.

**Work.** Very related to clients is the amount, or lack thereof, of appraisal orders I receive. This seems to vary tremendously by region and by appraiser. As a newer member of the profession I do not have much of a client base and typically have lots of spare time on my hands. In fact, I have yet to make enough money as an appraiser to pay my bills and am still subsidizing my career change with my retirement savings from my corporate life. I'm afraid to cold call lenders for work and have until recently been reluctant to sign up with any AMC's primarily due to their short term-time requirements. Now I've started trying to sign up with some but have yet to receive any orders or requests. I don't consider myself sufficiently experienced to seek most forms of non-lender work and am currently not working with an office or group. Most of my work comes from helping a few other appraisers with their overflow.

**Mentors.** Now that I'm a Licensed Appraiser (I just need to take the exam to become Certified) I no longer officially need a Supervisor. However, many appraisal assignments present unique challenges or circumstances that I have not encountered before. Additionally, there are numerous types of appraisals to which I have had little or no experience or exposure. I'm interested in expanding into more complex assignments and in diversifying my client base but need to expand my Mentor base in order to do so.

**Where To From Here?** Fortunately, despite the negatives above, there seem to be a number of answers out there. Some I've found, others I'm still seeking. One of the biggest helps that I have found relates to the ongoing Mentor challenge. I have joined a number of appraiser forums and monitor various blogs and spend much of my down time reading and learning from these sources. Of course there are some out there that are beyond a waste of time so one does need to pick and choose carefully. I've also sought out opportunities to meet and associate with fellow appraisers. I've joined and been attending the Colorado Appraisal Institute Chapter's meetings and training seminars and although I haven't been the most outgoing at them I have meet other appraisers and am continuing to expand my knowledge and understanding. I intend on seeking the SRA, and eventually MAI, designations at some point. I've taken advantage of the FHA's proximity and have been taking their FHA Appraising course several times.

Though I considered it seriously flawed, I'm pessimistically hopeful that the Cuomo HVCC will somehow result in fixing “the disconnect” between what we're supposed to do and what our clients want us to do. I haven't really figured out the solutions to the Client and Work dilemmas but am continuing trying to find good clients that want quality work – Call me if you need help. ☺ In the meantime as a survival tactic I am seeking out and signing up with the various AMC's.

It is my hope that I, and you will be able to continue working as Appraisers and maybe this time next year I can rewrite this article with an emphasis on “How I Survived and You Can Too!”

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