

COLORADO CHAPTER APPRAISAL NEWS

**Appraisal
Institute™**
Professionals Providing
Real Estate Solutions

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FRIDAY, AUGUST 8, 2003

The Colorado Chapter of the Appraisal Institute

presents

Potpourri Seminars (Free to Members)

LOCATION: Denver Board of Realtors
4300 E. Warren Ave.
Denver, CO

Presenter: Ron Collins, FHA
Topics: Sales Concessions
New Flipping Rule
Repair Conditions (VC Sheet)

SCHEDULE: **7:30 a.m. – 8 a.m.** Registration
and Continental Breakfast
8 a.m. – 10 a.m.
**Dichotomy or Dementia -
The Apartment Market in 2003**

3 p.m. – 5 p.m.
Update Re: Central Platte Valley

Presenters: Cary W. Bruteig, MAI
Apartment Appraisers and Consultants
Jeff Hawks
Apartment Realty Advisors

Presenters: Amy Fuller – East West Partners
Mark Falcone - Continuum
Topics: Future Plans
Long Term Value and Why Pedestrian
Environment and Urban Design drive it
Product Design/Residential &
Commercial

Topics: Merchant builders buy
apartments instead of selling them
Investor interest surges while the
apartment market dives
There is excess investment capital,
but buyers borrow anyway

**CONTINUING
EDUCATION:** Each seminar: 2 hours
(8 hours CE if you attend all 4 seminars)
Appraisal Institute AND State of Colo.

10 a.m. – noon
Easements for High Tension Lines
Presenters: Michael H. Earley, MAI, SRA
Earley and Associates
Al Wilson A. R. Wilson, LLC

FEE: **FREE to Members –Includes:
Continental Breakfast, Breaks,
Seminars, Handouts and Lunch!!**
\$50 – all others (guests welcome)

Topics: Property Rights and Easements
Transmission Lines vs. Property Values
EMF/Electrical Interference
Statistical Analysis of Proximate
Properties

REGISTRATION: See page 12 **EVERYONE MUST
REGISTER. EVEN IF YOU
ARE A MEMBER (FREE)!**

Noon – 1 p.m. Sack Lunch (included!)
Chapter Meeting

QUESTIONS: Call 303-691-0487
(outside Denver – 1-800-571-0086)
web site: www.colorado-ai.org
(click on “Seminars”, scroll to “PotPourri”)

1 p.m. – 3 p.m.
FHA and Today’s Market

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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:

		Member	Non-Member
Full Page	7" x 10"	\$165	\$175
Half Page	7" x 5" or 3 3/4" x 10"	\$ 90	\$100
Quarter Page	3 1/2" x 4 1/2"	\$ 50	\$ 60
1/8 Page	(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

Third Annual September Event!!!

**OUTDOOR
FUN!**

**Copper
Mountain**

**September 19, 20,
21, 2003**

Mark your Calendars:

**FREE CONTINUING EDUCATION FOR MEMBERS
NON-MEMBERS - \$50.00 PER DAY**

Dates:

Friday, September 19

1 p.m. - 5 p.m. Seminar
Denver Updates:
Union Station
Fitzsimons
Convention Center Expansion
5 p.m. - 6 p.m. Social Hour

Saturday, September 20

8 a.m. - Noon Seminar
Food for Thought
1 p.m. - ? Golf - contact Randy Pierzina, SRA
303-932-2362
(Price & location to be determined)
7 p.m. Group Dinner \$ 25 per person
JJ's at B Lift

Sunday, September 21

8 a.m. - Noon Seminar
Affordable Housing

Continuing Education: 12 hours (Colorado State and Appraisal Institute) **FREE FOR MEMBERS**

Topics, speakers, registration information will be coming soon!

Visit our website: www.colorado-ai.org/seminars



COLORADO CHAPTER'S 2003 REGION II REPRESENTATIVES

ONE-YEAR TERM

Sue Anne Foster, MAI, SRA - Greeley
John A. Schwartz, MAI completing term
For Terry K. Hartlieb, SRA - Ft. Collins
Claudia D. Klein, SRA - Colorado Springs
Richard G. Stahl, MAI - SRA, Denver

TWO-YEAR TERM

Matthew E. George, SRA - Denver
Jack W. Nisley, MAI - Grand Junction
Martin W. Ward, MAI, SRA - Denver

ALTERNATE

Bonnie D. Roerig, MAI - Denver

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Welcome!

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Greetings from the Government Relations Committee!

Matthew George, SRA (Government Relations Chair)

Our goal is to keep you informed on the latest information that affects us as appraisers. By far the best and most current information in print is the free publication put out by the Appraisal Institute: the Appraiser News Online. If you are not reading that monthly article you are flat missing out. Simply go online with our local website and you can find it from there.

Locally, we helped sponsor the Legislative Breakfast last April where we were able to meet a few State Representatives and a few of their staff. It was an informal way to get to know people who are impacting our government on a local basis. We'll let you know when the next meeting will be.

Of course, if you have anything you feel we need to be aware of or to act upon, please call me or Carol.

Tribute to Mark A. Edgar, MAI, SRA

Mark A. Edgar, 54, of Colorado Springs passed away on May 15, 2003. He had a heart attack while scuba diving off the Galapagos Islands.

He was a devoted father, coached baseball, and was very involved with his family. His favorite pastimes included fly fishing with his daughter, watching his son's hockey games, and traveling with his wife, Sue.

He was involved in several community organizations such as the Pikes Peak Association of Realtors, El Paso Club, Real Estate Advisory Board for Pikes Peak Community College and the Advisory Committee for the Parks and Recreation Board

Mark appraised all kinds of property and was very highly regarded by the community and greatly respected by his peers. In speaking with some of his fellow professionals, over and over again it was mentioned, "He was just a truly nice person."

He is survived by his wife, Sue. His true legacy are his children, Tom and Kristin.

PRESIDENT'S CORNER

by Dennis L. Roelker, SRA



We have now reached mid-year, and it is time to reflect on the status of our chapter and to envision the future.

Education:

As most members are well aware, our chapter is financially sound due to the responsible leadership exercised over the prior administrations. Our revenues continue to grow, due primarily to our extensive and superior education program, resulting in a continuous surplus of funds. As a result, the prior and current chapter leadership has aggressively embarked upon a program to return to the membership a tangible benefit. This has resulted in a program of free local seminars and education offerings for members of the Colorado Chapter. In addition, substantial discounts on locally provided national courses are available to our members, provided certain minor requirements are met.

Over the second half of the year, a host of events will be available to the membership with FREE education opportunities. Included are the following:

1. July 11 — A two-hour seminar was held in Ft. Collins on the topic "Transportation and Growth in Colorado." It was followed by a round of golf. For those of you who have heard that I have recently acquired a new set of golf clubs and therefore are reluctant to compete, please note that I still cannot break 100 on a typical day.
2. August 8 — A full day presentation, 8 hours of credit, to be held in Denver, covering a variety of current day topics. Lunch is included and will be provided on the premises. This event will fill early, so your early registration is strongly recommended.
3. September 19-21 — This is a three-day affair that will be held in Copper Mountain offering 12 hours of credit and numerous after hours social events (at individual's cost). Members and their guests may attend all or part of the event and are sure to have a relaxing and enjoyable get-away.

Get involved, participate in at least one of these events, and while earning required education credits at no expense, have some fun with your fellow appraisers in a vacation setting.

In conjunction with these free education services for our members, it has occurred to our leadership that we also would benefit by increasing our membership base with individuals currently active in the appraisal profession or those individuals who are past members and have recently left the organization. This was accomplished by offering extraordinary discounts to individuals that have enrolled in our local courses by crediting this course fee to membership dues, thereby reducing the membership fee to a minimum cost. To carry the process to an even greater extreme, existing members were offered substantial discounts of 5 to 20% toward their future membership dues, for sponsoring new members to the organization. These generous and limited-time offers have already received an overwhelming response.

Web Site:

The Colorado Chapter web site is alive and improving on a continuous basis. Besides providing a current source of information on courses, seminars, events, membership, etc., it is an effective and convenient link to many of the data sources we rely upon in our routine assignments. It is interesting to note that our web site has been visited by individuals from over fifteen foreign countries in addition to countless other appraisers from around the country. Visit us at www.colorado-ai.org and see first hand the benefits available at the click of a key.

Recent Disappointments:

With all the anticipation and promises by many of our members to participate in the May 10, 2003 Multiple Sclerosis Walk, this event was canceled due to an overwhelming and unexpected snowstorm. While many donations were still received by the MS Chapter, I did feel somewhat guilty receiving my MS T-shirt without even getting out of the car. However, it has given me even more determination to participate in next year's walk and to encourage other members to join us for a most worthwhile cause.

The most significant disappointment on a professional level was the cancellation of this year's annual conference to be held in Toronto, Canada as a result of the SARS crisis. While I was attending the Region II Conference in Omaha this past April, the question of holding or canceling the conference was broadly discussed. Although I personally was against cancellation initially, it became very apparent after further discussion that cancellation was the only responsible choice to be made. I wish to applaud our national leadership in making this most difficult decision, primarily for the safety of our membership and their families. Hopefully, the positive benefit of this action will be an even greater interest and participation in next year's conference.

Other Matters:

Within the past two months, it was brought to my attention that a member of our chapter was unable to fulfill their education requirement in a timely manner, jeopardizing the use of their designation and Colorado license. While the matter was eventually resolved, mostly through the efforts of our outstanding and dedicated executive director, Carol Brooks, it is strongly recommended that each member carefully review their course and education status to avoid a similar situation. With the changing and varying experience credit cycles by the Institute and the State, it is sometimes confusing as to what the requirements actually are and when they must be completed. But be advised, ultimately it is the individual who is responsible to comply with all requirements of the profession.

As a closing thought, I would like to remind the membership that the success of the chapter is a direct reflection of the participation of the individual members. The benefits derived from participation in a professional organization extend well beyond peer recognition or financial gain, and it truly enhances the self worth of the participant.

Region II Meeting



Colorado Chapter was well represented in Omaha Nebraska at the Region II meeting, April 26 & 27 hosted by the Nebraska and Iowa Chapters. Heard via the grapevine, in addition to conducting business, there was a wild game show that everyone enjoyed. Confirm this by contacting any of the Chapter members pictured: (front row, l to r) **Sue Anne Foster, MAI, SRA, Richard G. Stahl, MAI, SRA, Thomas J. Power, MAI, SRA,** (back row, l to r) **Richard C. Mosier, MAI, W. Michael Rinner, MAI, Robert O. Stevens, MAI, SRA, John A. Schwartz, MAI, John (Jack) W. Nisley, MAI** and **Matthew E. George, SRA.**

Leadership Development and Advisory Council Attended by Colorado Representatives, April 2003

By Richard Mosier, Terry Ruth, Richard Laraia, and Larry Massey

Colorado sent four of its members to the Leadership Development and Advisory Council in Washington, D.C. last April. Those members are: Terry Ruth, Richard Mosier, Richard Laraia and Larry Massey. A good time was had by all, and our members contributed to some timely discussions. The format revolved around four discussion topics with an afternoon devoted to visiting our congressional representatives. Terry and Richard L. visited with Josh (Legis. Asst.) at Rep. Tom Tancredo's office. Richard M. (and son, a student at American U.) visited with Bob Beauprez and Diana DeGette's office, and Larry visited with the staffers of Senator Ben Knighthorse Campbell. Our specific issues were: supporting House Bill HR1030 that would change the IRS Tax Code to allow depreciation of tenant improvement over 10 years instead of 39 years, and support for an amendment to House Bill HR833 requiring Federal Agencies to direct their charges and constituencies to address inappropriate client pressure on appraisers.

Extra-curricular events included the usual monuments and museums. LDAC arranged an embassy tour that Richard M. details in a sidebar.

Here are the topics discussed, and some of our reflections:

Topic #1: Taking control:

Transforming the AI into a political powerhouse.

TR: This discussion brought up some really good points; and Kelli Kline, the discussion leader, was very enthusiastic. As appraisers do their job day to day, many don't think about the role that government plays. In fact, local and national government play a huge role in our business. There are laws on the table every day that affect the appraisal world. We should have a larger role in deciding our fates, and some real good ways of getting more involved were discussed.

RL: "You do make a difference". You have the opportunity to talk to your elected officials and let them know the issues that are impacting your business. Get involved. Stop by the local office or e-mail you positions. They listen.

LM: A great deal of the discussion here focused on how important it is to follow-up on the above task . . . "as soon as we return to our chapters and region(s)." The LDAC opportunity to address the "issues" as we did during this conference should become the culmination of this "transformation" effort rather than the beginning. Many good thoughts and ideas were presented by a number of candid and caring professionals.

RM: Thank goodness for energetic people! The kind of people that match their energy with optimism that spills over and charges others to action. This was the most uplifting topic, addressing the government relations on all levels. The theme



The Capitol Building in April with all of the Cherry blossoms in bloom. Truly a special time to be in Washington, DC.



Rep. Clay Shaw (R) FL addressed the LDAC luncheon.

is: government relations is personal and one-on-one. Kelli Kline was the discussion leader, and she almost had me thinking we could be a political powerhouse. Ya' just never know until ya' try.

Topic #2: Strength in numbers: Could we all get along?

TR: As a first time participant in the LDAC and a relatively new member of the AI, I found it best to observe more than participate in this discussion. It was a general consensus in my discussion group that the AI can stand on it's own and an alliance with other organizations is not needed. It was noted, however, that the AI is currently working to coordinate with other organizations in areas of publications and politics.

RL: This session reiterates that AI is the place to be. AI takes the lead with the issues that affect us.

LM: Our group concluded that the "strength in numbers" approach would be a worthwhile endeavor so long as these efforts did not diminish or dilute the power, influence and image of the Appraisal Institute in the eyes of not only the industry, but the public's perception, and the overall legislative environment. Many felt this could be best accomplished through a sharing of resources, writings, and references rather than through some collective professional "coalition" or "umbrella" legislative affiliation. The single largest question that remained at the end of this discussion was—"since the efforts, the dollars and the existing involvements are now (and likely would continue to be) shouldered by the 'influence' undertakings of the Appraisal Institute—where would the 'real' benefits to the Appraisal Institute be found?"

RM: This is a continuation of discussion of the "umbrella" organization issue discussed last time. To refine it consistent with the latest status, the discussion focused on possible areas where we could cooperate with other organizations: government relations; education; and publications. In my group, government relations was noted as already being coordinated with the ASA's, but education and publications are proprietary. We in the AI own them. Gary Taylor, the AI president for 2004, spoke of the "717 initiative" where the AI endeavors to "take back the streets", recovering its market share of appraisal education. In my group I did not hear resounding approval for alliances with other appraisal organizations, except for in the government relations arena.

Topic #3: Is the AI impeding its growth?

A look at designation requirements.

TR: It was the general consensus that the bar should not be lowered for designations. However, no one was in favor of the comprehensive test.

My group did agree that additional designations should be looked at simply due to the fact that members seeking their designations have declined over that past four years.

RL: Members that are already designated seem to not want any changes. Members working on a designation



Richard Laraia and Terry Ruth met with Josh, Legislative Assistant from Rep. Tom Tancredo's office.



A lighter moment - **Terry Ruth** is trying to pass Appraisal Institute legislation.



A break from all of the activity - **Terry Ruth** and **Richard Laraia** during one of the LDAC sessions.

offered suggestions such as “more help on-line”, “better explanations as to demo requirements”, and “more local classes”.

LM: Considerable discussion over this topic raised numerous questions, comments and concerns at both ends of the “designation requirements” spectrum. Some participants advocated a strong recruitment undertaking of PhD and Doctorate level prospective members in order to set a higher standard of professionalism within the Appraisal Institute, while others argued for the elimination of either the comprehensive exam (with greater emphasis on the demonstration appraisal report) or, the incorporating of greater report writing skills into a more “study/course-real world experience” oriented comprehensive exam, along with a reduced (or eliminated) emphasis on the “demo” report. A renewed consideration toward a mandatory “mentoring” program was discussed, as well as the re-employing (in some form) of a previously successful “Review for The Comprehensive Exam” course or workshop.

RM: In this session I heard many gripes about the comprehensive exam and experience reviews, but no one wanted to lower the bar. Broaden-the-bar ideas got some wary approval.

Topic #4: Competency: Are we frozen in time?

TR: The overwhelming attitude in my discussion group was that there is nothing wrong with appraisers competency. The fingers were pointed at realtors, homeowners, and mortgage brokers. These were the ones in need of education. It would be wonderful if this were always that case. However, it was noted that changes occur so rapidly in this field, that required continuing education is one way to try to get appraisers on the same page.

RL: Some of the “older” members actually expressed the notion of doing away with licenses. They were politely told that licenses are here to stay and that the requirements are going to be raised. East coast members are pushing for national standardization for they hold multi-state licenses.

LM: Some in our group continued to blame federal and state licensing for the decline in competency compliance. Others however concluded, that this is all too often an excuse rather than a reason. The latter felt that “competency compliance” rested primarily with the individual, as opposed to some “teachable” skill. “You either choose to do what is required . . . or you don’t”, they suggested. Client pressure was also discussed at great lengths, and many felt that this may be one of the single most significant reasons for “competency” non-compliance.

RM: This topic discusses the relevance of licensing (that most everyone agrees is not a good measure of competency) and other models, such as a periodic competency test proposed for the accountants through AICPA (that nobody in the discussion group likes either). It’s hard to overcome the attitude: “I have my state certification and I went the extra distance to get my AI designation; I’m competent; leave me alone!”



Colorado Chapter had 4 members at the LDAC Meeting (l to r) **Terry P. Ruth**, **Richard C. Laraia**, **Richard C. Mosier, MAI** and **Larry C. Massey**.

Sidebar:

Embassy tours in Washington D.C. — April, 2003

Richard C. Mosier, MAI

The Appraisal Institute’s Leadership Development and Advisory Council arranged through FIABCI (A French acronym for an international organization translated to “the International Real Estate Federation”, of which the AI is a principal member) a tour of embassies in the D.C. area. Two busloads of LDAC’ers and FIABCI strangers made the trek.

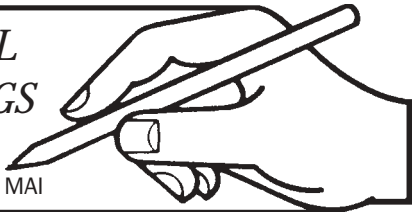
Our first stop was the German Embassy, nestled into the Georgetown neighborhood northwest of the Mall. The 5- to 5-acre compound is in hilly country with lots of trees and surrounded by modest-looking, although certainly not modest-priced, suburban single-family homes on small lots. The homes were built in the ‘30’s to ‘50’s, and the German Embassy was built in the ‘60’s by my guess. The grounds were fenced and the security gate was not too imposing. The buildings are just office-looking buildings, but I’m sure a residence is designed in there somewhere. It had look of modern German functionality. We assembled in a meeting hall and heard the pitch about doing business in Germany, and took home some brochures and economic data. The speaker was an economist that answered many questions, but when asked where to get a good German beer, he didn’t quite know, as he prefers Samuel Adams.

The next stop was the Taiwan Representative’s compound, which is not an embassy. Our “One China” policy precludes this having the status of “embassy”. Also in the NW area, it is a larger estate, 18 acres, known as “Twin Oaks”. It’s a beautiful hill-top estate surrounded by trees, in the center of which is an 1888 summer home built by Gardiner Greene Hubbard, founder of the National Geographic Society. Aside from a garage and a few outbuildings, the mansion is the compound. The Taiwan representative may live on the upper levels, but the first floor was devoted to entertaining.

And the Chinese are very gracious and generous hosts. There was a full buffet meal with refreshments that nobody expected. There were handouts and speakers here, too, but it was very touristy, touting the beauty of the island of Formosa. “Never mind coming for business, just come see us because we are so beautiful.” It was kind of like a time-share presentation; just no pressure to sign anything. Our hosts presented some plaques to some other Chinese people. Even though someone explained what was going on, the program was all spoken in Chinese. There was Lots of applause, lots of photos, lots of grins and handshakes. I’m sorry, but I could not shake the suspicion that the plaques went up on a shelf to present again when the next busload arrived. How did I become so cynical?

EDITORIAL RAMBLINGS

By W. West Foster, MAI



When I entered the real estate appraisal business with Bob Mitchell, our word processor was an advanced proportional spacing IBM typewriter. Have things changed since then!

Jerry Moore had the most advanced system around in the mid-1970s, an IBM memory typewriter that took Rosalie to figure out how to operate it. In the late 1970s and early 1980s, several word processing systems appeared that utilized 8-inch floppy drives. They were cumbersome to use, would only do word processing, and were adopted mainly by attorneys. Jerry Moore and I each bought IBM Displaywriters, which was one of the several systems available. They produced beautiful documents with noisy printers; but four years later, I sold mine for less than 5 percent of what it cost. Wang and Digital Equipment had their own operating systems, but they were more in the category of mini-computing at system costs that far exceeded the budgets of most appraisers.

Brian Goodheim was instrumental in pioneering the way to bring microcomputers into the appraisal profession. He developed software under an Oasis operating system running on Altos and Tandy microcomputers in the late 1970s. At about the time Brian was working with Oasis, Digital Research was pushing CPM that it had developed. However, Microsoft Basic was the standard language at that time. Brian asked Bill Gates at a panel meeting if he had heard of Oasis and what his thoughts were about its future. Bill responded that he had studied the code and that it was a good operating system, but the developers did not understand business.

Mike Keefe, after typing FNMA forms for years, felt that there had to be a better way and hired a programmer to develop PC software that allowed the forms to be filled out more efficiently. Although it worked, it was not ideal.

At about the same time, a few of our members embraced Apple and certainly had the advantage at that time. A friend in Colorado Springs, who used Apple systems, told me that anyone could be an Apple expert. However, Apple has been the preferable system for graphics artists and non-business applications.

Bonnie had one of the first portable computers, a Compaq Luggable. During the time I had the IBM Displaywriter, Bill Gates succeeded in convincing IBM to embrace MS DOS for all of their PCs, which became the industry standard; and I acquired an IBM PC for spreadsheet applications. Dennis Ginther and I, not knowing either were going, went to Minneapolis to take one of the first Lotus 1-2-3 courses taught by Jim Mason for AIREA.

My first experience with the PC for word processing was using WordPerfect, but it did not have a compatible spreadsheet. The word processing program had to be shut down in order to run the spreadsheet program. The residential form programs have been equally as frustrating as they have evolved. What a difference from then until now!

I am sure that each of you has similar stories of struggling to get where you are today. There are many who do not particularly care for Bill Gates, but I am not one of them. If it were not for his clout to force standardization in the PC industry, our productivity would not be anywhere near what it is today; and we must not forget to thank Al Gore enough for inventing the Internet.

Letter to the Editor:

West Foster's recent article on the contributions of various Colorado Chapter members to national committees was very nicely done, but unfortunately quite incomplete. One of the most dedicated life-long career volunteers was omitted – himself!

This was likely not due to an oversight, but to humility. Well, I'm here to "rat him out."

West has been involved in national committee work for the Appraisal Institute or AIREA since 1982 when he served on the National Division of Curriculum. Did you know he's been a contributor to every edition of *The Appraisal of Real Estate* since the 9th?

West was a regional representative for Region II from 1991 through 1995 and served as Regional Vice Chair in 1995 and Chair of the Region in 1996 and 1997. This position put him on the National Board of Directors as well.

Since 1996, West has served as either the National Chair, Ethics Administration Division, or as National Chair of the Ethics and Counseling Committee, a position he continues to hold this year. His greatest contributions, in my opinion, have been in the area of ethics and counseling where he was instrumental in the major streamlining several years ago that resulted in the efficient system we have today. The organization owes a great deal to his vision and insight into the peer review process.

West is the most recent recipient of the Colorado Chapter's "Distinguished Service" award.

I guess he forgot all of this when he was writing his article. But, "enquiring minds" wanted "the rest of the story."

Bonnie D. Roerig, MAI

"Quality without Quantity"

by Donald E. Boyson, MAI, SRA

Members of the Appraisal Institute and the Royal Institute of Chartered Surveyors.

Colorado is currently home to two fine chaps who are affiliated with these major organizations and who exemplify the best qualities of the appraisal profession:

- Academic excellence
- Broad international experience
- Ethics and integrity

Ivor Hill, MRICS and candidate for MAI was born in Sheffield (The Full Monty) England and currently handles commercial and eminent domain assignments for Colorado Realty Reports in Pueblo.

He completed a Masters Degree in the UK and has worked as a Quantity Surveyor on England's motorway system. He lived for a period of time at Walls End, the easterly limits of Hadrian's Wall — Rome's answer to the Great Wall of China and built to keep out the heathen Scots, such as Sean Connery!

Ivor has also completed valuation and consulting work in Toronto, Canada, Albuquerque, Fargo and the metro Denver area. In Colorado, he was affiliated with Valuation Research Lou Garone and Nathan Medvidofsky. Ivor says that relearning the "English language" caused his spell check to achieve overdrive.

Ian MacKinnon, MAI, SRPA, FRICS is a native of Belfast, Northern Ireland but grew up in Southeast England. Ian's father was one of "The Few" — a pilot and survivor of the Battle of Britain. Following completion of his formal education and qualifying as a member of the Royal Institute of Chartered Surveyors in 1973, he moved to Australia and added Associate membership Australian Property Institute to his credentials. From 1975 to 1980 Ian worked in the Virgin Islands and finally arrived in God's country in 1980 where he completed the course work and comprehensive for the MAI.

Specializing in litigation, Eminent Domain and consulting, Ian is a partner in Integra Realty Resources Denver, an affiliation of appraisal offices offering "Local Expertise Nationally."

Note: Reminder from a fellow Brit and former apprentice to a FRICS — If we hadn't lost the Revolutionary War, you wouldn't have anything to celebrate on July 4th!

Education Recap



The first of four C-400 – 7-Hour National USPAP scheduled in Colorado was on April 1st. **Peter D. Bowes, MAI**, instructed 35 students in Grand Junction. Everyone benefited from his expertise and general knowledge.

Then Course 400, 7-Hour National USPAP was also held in Denver on May 9th with 105 in attendance. The instructor again was **Peter D. Bowes, MAI**, and **Stewart Leach**, the Program Administrator for Appraisers discussed the Rules and Statutes for the state of Colorado.

Course 600, originally scheduled for March 20 and 21, 2003, was cancelled due to the “Big Snow.” Sixteen students attended the rescheduled Income Valuation of Small Mixed-Use Properties on March 27 and 28, 2003.

Clifford L. Cryer, MAI, SRA who instructed Course 600 also instructed Course 620, Sales Comparison Valuation of Small Mixed-Use Properties, as scheduled. Included in the 25 students attending, ten Colorado Chapter designated members took advantage of the one-half price fee to acquire some continuing education hours.

Highest and Best Use and Market Analysis, C-520, held June 9-14, 2003 had 42 in attendance with six designated members from the Colorado Chapter taking advantage of the one-half price fee.



E. Nelson Bowes, MAI (right) and **Stephen F. Fanning, MAI** (left) instructed this course.

They Went That-A-Way

CORRECTION:

NORMAN J. ROBERTS, SRA was reported terminated. This was an error.

Mr. Roberts is in good standing. We apologize for any inconvenience That this may have caused.

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CLASSIFIEDS

Please visit the Chapter website, www.coloradoai.org under “Employment Opportunities, etc.” to view the “Classified Ads.”

If you want to place an ad, please e-mail carol@coloradoai.org

Ads are free – 50 words or less – and they will be posted on the website within 48 hours.



Edward B. Horton, MAI, SRA, National SREA President–1966 Passes Away

Ed Horton, past national president of the Society of Real Estate Appraisers, passed away April 11. He was 80 years old. In addition to being the 1966 Society President, Horton was a regional vice president of the American Institute of Real Estate Appraisers.

Horton is survived by his wife, Gail, and five daughters, all six of whom he had named orchids after, orchid raising being a long-standing hobby of his. After collecting parakeets, of which he had over 300, he turned his attention to orchids, eventually garnering over 3,000, and all had certificates from the Royal Horticultural Society in England for the orchids he had grown.

Below are comments made by a few of Ed Horton's contemporaries.

Ed Horton successfully completed several very unusual assignments. He made the feasibility study that enabled Denver to finance and build the 16th Street Mall, seeking data from all over the U.S. With T. C. Hitchings, MAI. Ed appraised several million acres of former Indian land in the northwest, with a valuation date in the mid-1800's, requiring extensive research into historical sales data. Ed Horton's work made contributions to society considerably beyond his untiring efforts for our appraisal organizations. He was indeed one of Denver's premier MAI's.

Robert S. Arnold, MAI

One of the programs on the Fox News Channel has a tag line that goes, "Fair, Unbiased and Unafraid." This describes Ed Horton. If you are going to have a competitor in the appraisal profession, Ed was the best kind to have. He knew the rules, abided by the rules and practiced ethical standards above and beyond the rules. He was a well-respected and professional real estate appraiser long before we were a Profession. He was also a very good friend, and I will miss him.

William T. Van Court, MAI

Ed Horton and I have been lifelong friends. Our fathers were friends and cohorts in the real estate business in Denver starting back in the 1920's. Ed and I returned from duty in the Navy and Army after WWII and each went into business with his dad. During the year of 1946 about 10 or 12 of us "veterans" started a group of "sons-of-brokers" who were in business with their Realtor dads. We were, of course, known as the "S.O.B.s", but we learned the business rapidly and thoroughly from our dads and exchange of ideas (and listings) with each other. The S.O.B.s hung together, not only to get started in our profession, but for years after as we each moved in broader circles of endeavor. As President of Midland Federal Savings & Loan Association, I was delighted when Ed agreed to serve on my Board of Directors and remained in that position through our merger with Western Federal S&L; our creation of Bank Western and Western Capital Investment Corporation and our ultimate sale of this largest financial institution (at that time in early 1980's) in Colorado. Today the successor organization, after three subsequent sale transactions is U.S.Bank.

Rollin D. Barnard
President of Midland Federal S&L Assoc. when Ed was on the Board of Directors

In 1970, when I was the president of Chapter #9 of the Society of real Estate Appraisers, Ed and I had breakfast at the Society's convention in Las Vegas. We talked of many things, including the future of the Appraisal Profession. We thought it would add prestige to the designations if they were to be licensed by the state. We felt it would be necessary to have one of the designations, MAI or SRA before getting an appraisal license. The final result has been that an appraiser could get a license without being a member of an appraisal organization. Ed and I have since agreed that things went backwards from our original intent. So be it!!!

Edward C. Lana, MAI, SRA

If you weren't a member of the Society of Real Estate Appraisers in the 50's or 60's you might not remember Ed Horton. Besides being president of Chapter 9 he was also National President. Ed was a motivator and a mentor to many of us. It was because of Ed and other SOB's (sons of Brokers) that I became actively involved in Real Estate Appraising. If you don't remember the SOB's ask Bob Arnold. Ed was driven to know everything he could about a variety of subjects including real estate appraising to raising parakeets, tropical fish, or orchids; he studied about each and wrote articles about appraising as well as books about orchids. He was most recently honored for his work with orchids. He even grew several new varieties of orchids and named them after family members. The Institute has lost a great member and me a good friend.

Thomas R. Olmsted, MAI

He was an able Real Estate Professional and a valued friend. He will be missed.

Eugene G. Bowes, MAI

Ed Horton ranks among the finest and most respected real property appraisers in Denver, and for that matter, in the United States. By his actions and by my association with him I learned the importance of ethics as an appraiser. Whenever I had an appraisal problem, he was always available for counsel. I never thanked him for his contributions to my appraisal career, but somehow, I know that he knows. Thanks, again, Ed.....!

Lyle Hansen, MAI, SRA

I never knew Ed well, didn't meet with him often. He taught the first class I took in appraisal. He was also a member of the Board of Directors of Midland Federal while I was there. Some people you don't have to know well to recognize that they have class. That was Ed Horton. The profession has lost one of its best. The rest of us are better for having known him as teacher and friend.

Forrest F. Leigh, SRA

I became associated with Ed in 1966 when he was International President of the Society of Real Estate Appraisers and continued the association for nine years. Ed was a truly professional appraiser and teacher. He was a wonderful person to be associated with because of his pleasing personality and interest in real estate valuation. It was a very enjoyable 9 years of working together.

Alden Gullickson, MAI, SRA

The Wampler family lived in the 1000 block of Jackson St. and the Horton family lived in the 1100 block of Harrison St. in the 1950's and 40's, or about one block apart. The public schools for that area of east Denver were Teller, Gove and East. Neighborhoods being real things in those days, all the kids and most of the parents knew each other. Our parents knew each other and occasionally played bridge, although I am not sure whether their acquaintance was due to being neighbors or from other social or business channels.

Ed was five years older than me and though my sister, Marty, who was three years older than he, was gorgeous, I thought the same thing of his sister, Joyce, who was two or three years older than me. Ed had very little to do with me in those years because he was so much older, but still we knew each other. Everybody called me "Whizzy" because that was what people thought they heard when I was learning to say my name, "Wilson". It later got shortened to "Whiz" but I think Ed always said "Whizzy".

After about 1942, when Ed graduated from high school and went off to the Navy, I don't remember any contact with him until I got into the real estate business in 1965. Then we inevitably met again (he always mentioned my sister whenever I saw him) and I remember his father, Bennett, discussed our families once or twice with me. From then on, of course, I had contact with Ed until just a few months before his death.

I am sure many of our Institute members knew Ed better than I did, because they knew him just in maturity; however, I doubt anybody knew him longer.

Wilson W. Wampler, MAI

Valuation Conferences Provide Overview of Appraisal Opportunities/Challenges

By Mark Linné, MAI

Though the Appraisal Institute was forced to cancel its annual conference due to the SARS epidemic, a number of conferences have included both Appraisal Institute participants and presentations, or other material relating to valuation issues and of importance to our membership. Three conferences in particular are worth noting:

The FNIS Valuation Innovation and Leadership Conference, held in Laguna Beach, California May 28-30, 2003, focused on the mortgage lending industry but presented much that was of value to residential and commercial appraisers.

Appraisal Institute representatives included AI President Alan Hummel, SRA; John Ross, AI Executive Vice President; AVM consultants Steve Kane, Mark Linné, MAI, and George Dell, MAI, SRA; Cheryl Chirpich, 2004 Chair of the Residential Council; Jim Garrett, MAI, 2004 Chair of the General Appraisal Council; and John Cirricione, SRA, AI technology consultant.

Panelists and attendees grappled with a number of issues surrounding the adoption of appraisal alternatives. Underpinning most of the discussions was the following: is the objectivity of an automated model a solution to artificially inflated values – or has the lending community itself behaved badly? Bill McKay, senior vice president of New Century Financial, and a presenter at the conference, noted “In the consumer finance industry – before we had ‘subprime,’ we had ‘consumer finance’ – if you tried to influence an appraiser, you got fired. It was taboo to do that. That’s changed today.”

One highpoint of the conference was the presentation of preview results from the upcoming Appraisal Intelligence National Appraisal Survey 2005. One response that resulted in significant discussion and concern: 89 percent of respondents said they had felt pressure to hit a number from a mortgage broker in the last year. “That number shocks me,” said Joe Kohout, vice president of Nomura Securities, a secondary market investor. But the fact it goes on did not shock him, he said. Nomura uses “secondary valuation products” to run reviews of loans whose values are flagged as questionable. During such reviews, they find that the comparables the secondary review selects are almost always closer in proximity to the subject than in the original appraisal, Kohout said. “This suggests appraisers may in fact be pressured to hit a certain number,” he commented. “Between 15-30 percent of appraisals that we look at are over valued by at least 15 percent,” said Mike Ousley, EVP of FNIS Appraisal Enhancement Services. “That’s a staggering number.”

- 89 percent of survey respondents indicated they had felt pressure to hit a number from a mortgage broker
- 66 percent reported such pressure from a loan officer; 63 percent from a borrower
- 60 percent from a real estate agent
- 29 percent from a vendor management company.

The survey choice “anyone else” drew no affirmative responses. While a mere 4 percent responded that the most common reason they declined an appraisal assignment in the past year was “asked to overstate value” or “payment conditioned on value,” fully 26 percent said the most common reason was a bad previous experience, either with the client (16 percent), loan officer or mortgage broker (six percent) or vendor management company (4 percent).

A keynote presentation by Patrick Stone, CEO of summit sponsor Fidelity National Information Solutions (FNIS), touched on the issue as well. According to FNIS data, in 1992, five percent of mortgage fraud cases had a valuation component. That number had risen to 17 percent by 2002. Appraisal Institute President Alan Hummel, SRA noted afterward that the rise in valuation components of mortgage fraud also coincided with the onset of state licensing.

A Thursday morning panel session on “The Science (and Art) of Valuation Risk Forecasting” featured David Rasmussen, Vice President of Veros Software; Susan Barnes, Director, Standard & Poor’s; and Dr. Michael Sklarz, Chief Valuation Officer of FNIS discussing the fusion of borrower and collateral information in risk management, as well as forecasting future values using leading economic indicators. Rasmussen asserted that appropriately weighing factors such as unemployment, interest rates, inflation and population trends could and should be used to predict value 12-18 months from loan date, to assess risk during the most common window of repossession.

The secondary market’s use of appraisal alternatives was featured in an afternoon session, with George Westfall, managing director of GMAC/RFC in charge of the top-ten originator and servicer’s mortgage credit risk group, noting that his company is “right in that camp” with “almost no business” being done with AVMs on first liens. However, half the loans GMAC/RFC bought last year went through some sort of alternative valuation, with half of those – one quarter of the total – getting an AVM value.

A “valuation innovation” session suggested that intuitively, more time and resources should be spent in the industry on identifying the “easy” valuations and setting them aside for other than review by a professional appraiser. He suggested the established practice of scrubbing appraisals with an AVM to identify problematic results was backwards, and that using appraisals to follow up on problematic AVMs made more sense.

Realcomm 2003: AppraisalTech

Realcomm is the nation’s pre-eminent real estate technology conference and focuses on integrating technology to enhance productivity and simplify the transactional process. For the first time, Realcomm teamed with the Appraisal Institute to present AppraisalTech 2003, a specialty presentation that focused on changes and opportunities for the appraisal profession, as well as opportunities specifically represented by technological innovation. With the cancellation of the 2003 Toronto conference, Realcomm provided a venue for the Institute to present some of its most cutting edge programs, including Appraisal Valuation Modeling (AVM), Mark-to-market (M2M) and emerging data standards, data resources and standardized commercial appraisal report formats.

Presentations included both shorter technology/process oriented programs, as well as longer instructional presentation put on by some of the Appraisal Institute’s leading theoreticians and industry experts.

Sean Hutchinson, former president of Integra and a former vice president of the Appraisal Institute, made a presentation that borrowed from “The E-Myth” to urge appraisers to systematize the appraisal process to achieve greater operational efficiencies. A second presentation by John Wood on Marshall Valuation’s M & M Connect focused on the opportunities represented by the database and valuation tools within the software.

The Emerging “Mark to” Market Valuation for Financial Reporting Purposes was a joint presentation by Jeffrey D. Fisher, PhD, Professor of Real Estate, Director Center for Real Estate Studies, Kelley School of Business, Indiana University; Bruce Kellogg, MAI, Managing Director/Valuation Advisory Services, Cushman-Wakefield; and John Ross, Executive Vice President of the Appraisal Institute.

The presentation focused on the background of Mark-to-market (M2M), the forces driving the changes, the impact of the Basel accords, and what will be required of appraisal firms to compete in this new environment.

Daniel Bajadek, MAI, CRE, Vice President of CB Richard Ellis, Inc./Valuation and Advisory Services, noted that the basic issue that must be recognized by appraisers is that we must consider that the greater market transparency that is required for assets of all types requires a greater expertise in Valuation for Financial Reporting purposes. The immediate impact of the M2M provisions of Sarbanes-Oxley directly influences who can and cannot be involved with the valuation of real estate.

There are a number of forces directly driving the M2M initiatives, including those market players most directly involved, namely investors, business, and regulatory interests.

Challenges for appraisers include the definitional differences represented by the financial valuation sector, according to Harold Perry, Jr. MAI, Partner, Ernst & Young/Real Estate Advisory Services. The key is finding the proper manner of fitting valuation and accounting together. Additionally, defining the scope of work presents challenges that must be overcome. At the same time, appraisers have unique strengths due to their interdisciplinary knowledge; they are at once real estate economists, financial analysts, and appraisers. All of these represent opportunities.

Appraisers wishing to explore this area further would be well situated by beginning with the most recent accounting pronouncements, including:

- Financial Accounting Statement
- FAS 142: Goodwill and Other Intangible Assets
- FAS 144: Accounting for the Impairment & Disposal of Long-Lived Assets
- FASB: Interpretation 45
- FASB Interpretation 46
- FASB 146 Fair Value Reporting.

Practical Applications in Appraisal Valuation Modeling was presented by Mark Linné, MAI and M. Steven Kane, both of Denver. This four-hour instructional seminar was based on the Appraisal Institute AVM Seminar developed by Steve Kane in 2002, and presented across the country since that time. The presentation focused on topics from the AVM seminar as well as excerpts from the new Appraisal Institute text, “Practical Applications in Appraisal Valuation Modeling”, slated for a September, 2005 publication. Topics presented included: Valuation Using the Whole

(continued on next page)

The "Antique" Appraisers

by Donald E. Boyson, MAI, SRA

A couple of times each year a group of the "Elderly Statesmen" of the Colorado Chapter of the Appraisal Institute gather to exercise their ability to recall and relate. This special group was started by John E. Bohling, MAI three years ago and is ably continuing through the leadership of Edward C. Lana, MAI, SRA; Thomas R. Olmsted, MAI and William T. Van Court, MAI.

With an average age of 76, many wear glasses and hearing aids and have survived a variety of age related sicknesses.

Attendance at these gatherings varies due to limitations:

Ed Horton — recently deceased

Ev Spelman, jr. — hospitalized following a stroke

Lee Laffoon — in a nursing home with his wife

All of the "antique" appraisers hold the MAI designation, have distinguished record of leadership both locally and nationally and represent a mix of fee and staff careers.

Many have served on national committees, held national and chapter offices and all have served their country in various branches of the military during World War II, Korea and other conflicts.

Most of all, these gentlemen personify the reason why Colorado appraisers are held in such high esteem nationwide.



They're still smiling! Seated (l to r) **Edward C. Lana, MAI, SRA; Joe Montano**, retired "good" lawyer; **Robert J. Mitchell, MAI**. Standing (l to r) are **William T. Van Court, MAI; Donald E. Boyson, MAI, SRA; Thomas R. Olmsted, MAI; Julian L. Rede, MAI, SRA; Jack M. Muse, MAI, SRA; Jerry S. Moore, MAI; Blaine B. Chase, MAI**. Hats off to all of you!

In Memoriam

Gary R. Gardner, MAI

Gary R. Gardner, MAI, passed away March 21st. He had a stroke and died of pneumonia. The Chapter expresses sincere condolences to his family and friends.

(continued from previous page)

Market; USPAP Requirements; Current Practice; History of AVM Development; AVM History: Evolution or Revolution?; Competency Issues; Fundamentals of Analysis.

Many of these presentations will be available in the 2004 Appraisal Institute conference in Toronto, Ontario, Canada, providing additional opportunities for practitioners to understand the forces that are shaping the profession, providing opportunities to those who are willing to adapt to take advantage of the opportunities shaping the profession.

2005 Predictive Methods Conference, held in Newport Beach, California, focused on predictive technologies that are re-shaping the mortgage lending fields, and by extension, the appraisal field as well.

The conference focused on topics ranging from the current state of AVMs and the analytics that improve effectiveness and usability; including Real Estate Collateral Scoring; Forecasting Market Stability and Future Home Values-Peering Into the Future; and AVM Testing-Looking Under the Hood.

One of the highlights of the conference was the presentation by Dr. Christopher Cagan, Director of Research and Analytics with First American Real Estate Solutions (FARES), who told attendees that the national real estate cycle shows no signs of slowing in the near term. Among the key reasons why the nation's real estate cycle will continue its upward swing is federal policy. Cagan noted that "while President Bush's geopolitical and budgetary policies are what might be expected from a conservative Republican, including tax reductions, the monetary policies of Bush and the Fed are those of liberal Democrats: many interest rate reductions, money expanding at a high rate," Cagan explained. "Very bluntly, will President Bush and Alan Greenspan allow a recession in the real estate market that has been sustaining our economy.?"

Cagan cited a presentation by Evan F. Koenig, vice president and Jim Dolmas, senior economist of the Research Department of the Federal Reserve Bank of Dallas to support his assertion that the Federal Reserve would potentially consider using somewhat extreme measures to keep interest rates very low for consumers and business. "By coordinating with fiscal policy," Cagan noted, "the Fed could even implement what is essentially the classic textbook policy of dropping freshly printed money from a helicopter. The Fed would monetize government debt that had been issued to finance a tax cut." Cagan felt that only terrorism or a lengthy future war would be the unpredictable "wild card" which could throw the economy further off balance and devastate any government intervention.

Perhaps the most intriguing presentation related to the performance testing of AVMs. There is presently an effort by AVM providers to enhance their acceptance within the lending community by demonstrating their internal due diligence efforts, including testing and analysis to determine true performance in a production environment. In addition to AVM standards promulgated in early June 2005 by the International Association of Assessing Officers for the private sector, additional standards have been presented by the Collateral Risk Management Consortium in their Guide to Automated Valuation Model Performance Testing and Verovalue's AVM Testing and Analysis For True Performance.

All of these standards will be undergoing both private sector and federal scrutiny in the upcoming months.

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