

COLORADO CHAPTER APPRAISAL NEWS

Appraisal Institute®

Professionals Providing
Real Estate Solutions

Volume 14, No. 3 — May, 2004



Editor: Donald E. Boyson, MAI, SRA

www.colorado-ai.org

Publisher: Carol Brooks

THURSDAY, JUNE 3, 2004

The Colorado Chapter of the Appraisal Institute

presents

LICENSURE – GETTING IT AND KEEPING IT

LOCATION: Four Points Sheraton at
Denver University
1475 S. Colorado Blvd.
Denver, CO

SCHEDULE: 3:30 p.m. – 4 p.m. Registration
4 p.m. – 6 p.m.
Licensure –
Getting It and Keeping It
6 p.m. – 7 p.m. Cocktails
7 p.m. – 9 p.m.
Dinner, Chapter Meeting,
and Seminar Speakers
Colorado Chapter Member Meeting –
Election of Officers and Directors

FEE:

Seminar Only	
Members Appraisal Institute:	\$15.00
Non-members:	\$50.00
Seminar and Dinner	
Members Appraisal Institute:	\$25.00
Non-Members:	\$75.00
Dinner Only	
Members	\$15.00
Non-Members and Guests:	\$25.00

CONTINUING EDUCATION: Appraisal Institute – 3 hours including
dinner – 2 hours – seminar only
State of Colorado - 3 hours including
dinner – 2 hours – seminar only

NO CONTINUING EDUCATION FOR DINNER SPEAKER ONLY

SPEAKERS: Stewart Leach, Program Administrator
Lee Ormiston, Education and Licensing
Specialist
Fran Winston, Director of Enforcement

TOPICS: Colorado Rules and Statutes – 82-page
handout included in registration fee
Comparison of Current Appraiser
Qualifications Board, Current
Colorado, and Proposed Appraiser
Qualifications Board Appraiser
Qualification Criteria

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

REGISTRATION: See page 12 for Registration Form or
go to our web site: www.colorado-ai.org

QUESTIONS: Call 303-691-0487
(outside Denver – 1-800-571-0086)
web site: www.colorado-ai.org

BOARD OF DIRECTORS MEETING

Thursday, June 3, 2004, 1:30 p.m. – 3:30 pm.
Sheraton Four Points – All Members Welcome

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**2004 OFFICERS AND DIRECTORS
Colorado Chapter of the Appraisal Institute**

PRESIDENT:

John (Jack) W. Nisley, MAI
Grand Junction..... 970-242-8076

VICE PRESIDENT:

Richard G. Stahl, MAI, SRA
Englewood..... 303-858-8880 x12

SECRETARY/TREASURER:

Harold S. McCloud, MAI
Aurora..... 720-747-4710

DIRECTORS:

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Littleton..... 303-721-7007
M. Jay Kramer, MAI
Denver..... 303-757-9919
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Golden..... 303-278-3066
Bret Poole, MAI
Denver..... 303-297-0400
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Englewood..... 303-662-0155
Martin W. Ward, MAI, SRA
Boulder..... 303-443-9600 x201
Christopher S. Weaver, MAI
Monument..... 719-481-3669

PAST PRESIDENT:

Dennis L. Roelker, SRA
Littleton..... 303-779-5314

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

COLORADO CHAPTER'S 2004 REGION II REPRESENTATIVES

ALTERNATE

Bonnie D. Roerig, MAI - Denver

ONE-YEAR TERM

Matthew E. George, SRA - Denver

Richard G. Stahl, MAI, SRA - Englewood

Martin W. Ward, MAI, SRA - Boulder

TWO-YEAR TERM

Sue Anne Foster, MAI, SRA - Greeley

Claudia D. Klein, SRA - Colorado Springs

Beverley S. Phillips, MAI, SRA - Parker

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PAID ADVERTISEMENT

MS Walk - The Few, The Mighty!



Walkers — back row (l to r) **Dennis L. Roelker, SRA, Bonnie D. Roerig, MAI, Carol Brooks, Jim Konzak.**

Front row: **John A. Schwartz, MAI** — our fearless leader!

There is still time to support the Appraisal Institute Team. You can purchase a hat(s) with the Appraisal Institute Logo on them for \$25 each — check made out to "Multiple Sclerosis." The entire amount goes to the Multiple Sclerosis effort!

PRESIDENT'S CORNER

by Jack Nisley, MAI



Change is coming!

Committee meetings were held in Chicago in mid April and the National Board of Directors will meet in Toronto, Canada during the latter part of June. For those in attendance at committee meetings in Chicago, all had the opportunity to see the Appraisal Institute plan for governance changes as presented by the Governance Restructure Project Team. If you are not aware of some of the sweeping changes that may be coming, I would suggest that all members go on line to and review the governance restructure information. While on the surface, one of the biggest changes is in the Board of Directors at the national level, many other committees and subcommittees are also affected. The Appraisal Institute has 40 standing committees and subcommittees plus 2 councils, each with 4 subcommittees, for a total of 50 organizational units. In many cases, 2, 3, or even 4 levels of reporting lines exist, so if an idea is presented at the lowest level of the organizational structural, it ends up going through multiple layers of oversight before ever being presented to the Board of Directors, if it is presented at all. A primary goal of the governance restructure project team has been to create a more streamlined approach to get business accomplished "resulting in satisfaction among Members who volunteer their time on behalf of the organization and satisfying the membership at large."

Under the proposed governance plan, the Appraisal Institute will continue to operate with a set of national officers (President, President-Elect, Vice President/Treasurer, and Immediate Past President), an executive committee, comprising those four officers plus the Staff Chief Executive Officer. The officers and executive committee are accountable to the Board of Directors, as they are now, and serve primarily to take emergency action on behalf of the Board, subject to Board ratification at the earliest opportunity. Under the proposal, the Board of Directors will consist of 16 members with the 4 national officers, 1 director for each of the ten regions, 1 associate member director, and the CEO, who is a non-voting member. The 10 regional board members are elected by their regions and serve a 2 year term with the maximum of 2 consecutive terms allowed. The associate member director is elected by the Board for a 2 year term, following a screening process conducted by the Leadership Development and Nominating Committee.

The Leadership Development and Nominating Committee, and the Strategic Planning Committee, formerly known as the Long Range Planning Committee, are two new key units in the structure. The Strategic Planning Committee will be responsible for developing a 3 three-year strategic plan, updated annually, for approval by the Board. The committee will consist of the chair, elected by the Board, 2 regional board members, 6 members at large, 1 associate member, and the chairs of 7 standing committees. These include Appraisal Standards, Admissions and Designation Qualifications, Education, Diversity, Professional Ethics, Government Relations, and International Relations. The committee will meet three times annually, beginning in September of one year and then in February and June of the following year to complete one planning cycle.

The Leadership Development and Nominating Committee will have the tasks of developing, qualifying, and recommending governance participants. This will include creating and adjusting a set of skills and experience criteria for each elected and appointed volunteer position, as well as oversee-

ing the performance of those chosen for such committees. The Leadership Development and Nominating Committee will consist of the immediate past president who serves as chair in a non-voting capacity and 10 members, each elected by their region. The committee will meet as needed with the plans involving more meetings in the first 3 years of Leadership Development and decreasing as the program is implemented.

At present, we have 5 regional members who sit on the Board of Directors. This will be reduced to 1, which substantially reduces the size of the Board of Directors. If the old saying "power in numbers" is true, the regions will be losing 2/3 of their power, and without staggered terms with at least 2 people serving, it would seem that each Board of Directors will almost always have new members, which may or may not present a concern, depending on your point of view.

Some of the existing subcommittees, such as the General Comprehensive Examination subcommittee, will become panels. Four implementation panels will report to the Admissions and Designation Qualifications Committee, which include the MAI Comprehensive Examination Panel, Demonstration Appraisal Grading Panel, Narrative Examination Grading Panel, and Experience Screening Panel. The members of these units will be appointed by the President from a list of pre-qualified designated Members and will serve on an on-going basis without term limits. Some committees will continue under the new structure including Finance Committee, Audit Committee, Appraisal Standards Committee, Diversity Committee, Professional Ethics and Counseling Committee, Government Relations, and International Relations. Several committees become programs, and other committees will no longer be constituted under the proposed structure. Leadership Development and Advisory Council (LDAC) becomes a program under the Leadership Development Nominating Committee. Public Relations Committee, Communications Committee, and Technology Committee will all be replaced with Resource Panels or project teams as needed for specific efforts. The National Committee of Regional Chairs will become a project team formed every 5 years to evaluate the need for regional realignment, and then sunsets when that task is complete. Client Services Committee, State Government Relations Committee, and Body of Knowledge Committee appear to be eliminated.

These are some short summaries of the changes that are proposed under the governance restructuring. I would strongly suggest that all Members go to the Appraisal Institute web site and review the plan for governance restructuring and make your comments known to your Board of Directors and Regional representatives. Region II will be meeting the week-end of June 11, 12, and 13, in Denver. All members are welcome to attend.

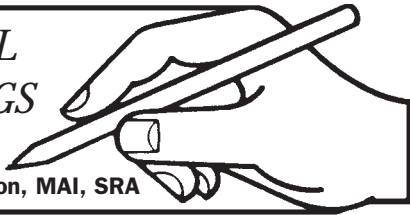
Also online, the 60-Day Notice of Proposed Amendments to the Appraisal Institute's Regulations and General Admissions Procedure Manual can be reviewed. There are changes proposed for the general mentoring review, residential advisory review, USPAP course requirements, and the organization of Reg. 1 and General Admissions Procedure manuals.

In my opinion, many of the changes that are proposed are

(continued on next page)

EDITORIAL RAMBLINGS

by Donald E. Boyson, MAI, SRA



One of the most rewarding aspects of the appraisal business is the life long (well, at least as long as I have lived so far) relationships we generate. It was 40 years ago that I introduced myself to the Chapter President following a meeting at the since razed Albany Hotel – he greeted me warmly and had already earned my respect and admiration for his professional leadership and gentlemanly manner. Others of similar caliber joined the ranks of those I considered my peer group and, as the years have passed and I have lost hair and gained weight, these leaders are now considered, at least for me, my friends and still pillars of our profession.

I recently attended a reception at the University of Denver's new College of Law building where Donald Epley, PhD, MAI, was the guest of honor. Also in attendance were Curtis Wells, MAI and Dr Gordon Von Stroh, who was and remains instrumental in the research and publication of the "Metro Apartment Vacancy and Rental Study" which continues to be a most useful resource. Following the reception, we enjoyed a tour of the building which is about to be certified as the nation's first "green" law school structure with features including:

Energy conservation designed to use 40% less total energy than comparable conventional construction; Use of building materials with high percentage of post-consumer recycled materials including structural steel, floor covering, acoustic tile etc; Pro-active design for indoor air quality; water conservation measures designed to reduce water use by 39% compared to a conventional building.

The result – significant operating and maintenance cost reductions with no adverse impact on the functional utility and attractiveness of the building and minor impact on construction cost.

Note: In accordance with Chancellor Ritchie's requirement – the Law School building is also designed/constructed for a 300 years life!!!!

Finally, the March 4th meeting of our chapter delivered a superb seminar featuring Matt George, Rick Mosier, Craig Swanson and Marty Ward. These gentlemen, based on their extensive and varied experience, afforded those in attendance over three hours of motivational keys to a successful career in appraising:

Dress professionally but friendly
Establish relationships/write thank you notes/
attend meetings and return phone calls
Become involved in your chapter, your community and in service to others
Good work is your best marketing tool
Don't let your receivables get out of hand – two tips for collecting fees:

1. For an extra \$10, Fed-X will collect where the fee is due on delivery of the report
2. A note to the Ethics Division of the State Bar Association will "jolt" late paying lawyers into action

ENJOY WHAT YOU DO – HAVE FUN DOING IT

There was much more – as a former Editor of this newsletter, Laurie Van Court, MAI, used to say—"YOU SHOULD'VE BEEN THERE

They Went That-A-Way

Business Change

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CPR Appraisal
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Fax: 303.464.8261
e-mail: Same

Inactive Member

W. R. B. McClure, MAI

Switch from Residential to
General Associate

Michael D. Sullivan

SRA Resigned

Kelly K. Anderson

Residential Associate Resigned

William F. Ballard
Matthew P. Keys

Affiliate Resigned

Ellen L. Mendenhall
Kirsten S. Perry
Richard Starr

PRESIDENT'S CORNER *(continued)*

being proposed to help eliminate some costs and some time issues, with our organization typically taking years to make what would appear to be simple changes that may be good for the industry. Member involvement in the Institute is always important, and this remains so.

On a different note, thanks to the members who participated in the MS Walk on May 8th in Denver. Carol Brooks, Bonnie Roerig, Jim Konzak, Dennis Roelker, and John Schwartz all participated in the Walk, and brought in over \$1,000.00 for the organization. The Chapter, through Carol, had Appraisal Institute hats made, and you can still participate in fund raising for MS by purchasing these hats for \$25.00 each. All proceeds go to MS, and this, as we all know, is a very worthwhile cause.

Finally, congratulations go out to many Chapter Members statewide who have sons and daughters graduating from high schools and colleges. The dedication of these young people to accomplish their goals is exceeded only by their parents' desires to have them become the best they can be.

See you at the Chapter meeting on June 3rd.

Congratulations New MAI's

by Julianne M. Anderson, SRA

Janice N. Winkler, MAI

After many years as Executive Director of Downtown Colorado Springs, Inc., Jan convinced commercial appraiser friends to guide her into the appraisal field. She had a BA liberal arts degree from Hastings College and had tested the waters in other fields, such as music, math, linguistics, and even law, but the business world was her desire. With the early guidance from appraisers Mike Tracy & Mark Edgar, she went forward with her education & training. Jan would like to thank fellow Appraisal Institute members, Thomas L. Fellows, MAI and Bonnie D. Roerig, MAI for all their mentoring and encouragement. She and her husband, Bob, have two children. Jan will continue to conduct her appraisal business, Jan Winkler Commercial Real Estate Appraisals, in El Paso County with a strong desire to do appraisal work in downtown Colorado Springs. It is great to have you with us, Jan!!

Mel N. Keserich, MAI, SRA

A seasoned appraiser, Mel has his SRA designation, as well as his new MAI designation. He and his wife, Lela, work together at Keserich & Company, Inc. in Salida, Colorado. They have two sons, John Paul and Nicolas. A graduate of Adams State with a BA degree in education, Mel was a teacher for two years and coached a ski team in Durango. He started in the real estate field in 1980 and sought to become an appraiser. Mel would like to acknowledge Dave Oaks, Mark Edgar and Donald R. Snyder, SRA for their coaching early in his career. He would also like to thank, John R. Hornberger, MAI, SRA, E. Nelson Bowes, MAI, Maggie Love, MAI and Bonnie D. Roerig, MAI for their help in achieving his goal of the MAI designation.

Mel says he wishes he had not waited so long to get the MAI. He indicates the designation will set him apart from other appraisers without the designation and will get assignments he was unable to have prior to this time. We give our very best wishes to a continued great career with two designations in the Appraisal Institute.

Matthew D. Ansay, MAI

A Colorado native, Matt is the youngest of seven children. His father was a real estate broker, and his brother-in-law, Brian Stafford, SRA, introduced him to the appraisal field right out of high school. Jim Shannon, SRA-Retired, guided him in the early college years and Tim Baltakis, MAI provided more insight to the business, later on. Matt thanks these professionals for all their mentoring, as well as Larry Stark, MAI, with whom he has worked of more recent date. University of Denver was Matt's stomping grounds for his BS & BA degree in Real Estate. For the past 10 + years, Matt has worked as an appraiser and is currently Vice President and COO of National Valuation Consultants. He manages a staff of 45 people and primarily does review appraisal work. Matt wishes to thank his wife, Kari, for her support during the work obtaining the MAI. They have four children with ages from 1-8 yrs. Matt spends most of his free time with his family, coaching his son's hockey team, and he enjoys skiing and golf. Matt's advice to all those MAI candidates is to "stick with it and get it done." Welcome to the family Matt!



Larry W. Stark, MAI, presents an MAI Certificate to **Matthew D. Ansay**. Each gave credit to the other for helping to make National Valuation Consultants, Inc. a strong company.

COLORADO CHAPTER EDUCATION UPDATE

The first five months of 2004, Colorado Chapter has presented the following courses and seminars:

Offering	Students Attending	Offering	Students Attending
Seminar/Installation Banquet	129	C-110 – Appraisal Principles	38
C-310 Basic Income Capitalization	29	C-120 – Appraisal Procedures	34
C-210 Residential Case Study	10	C-410 – Standards of Professional Practice (Part A)	59
C-400 7-Hour National USPAP (Cruise)	12	C-400 – 7-Hour National USPAP (Denver)	96
ABA/Appraisal Institute Teleconference	124	C-500 – Advanced Residential Form & Narrative Report Writing	18
Seminar/Dinner Meeting – March 4	78	General Demonstration Report Writing Seminar	18
C-510 Advanced Income Capitalization	31		
Appraising Manufactured Housing	100		
C-400 7-Hour National USPAP (Grand Junction)	27	TOTAL	803

By comparison, the total number of students in all courses and seminars last year was 1,083.

Please take advantage of the remaining educational offerings in 2004.

For a complete list of educational opportunities remaining and full information about each one, please visit the Chapter website – www.colorado-ai.org

Pirates of the Caribbean

*"We are far from sight of the harbor lights,
Of the seaports whence we came,*

Lyrics from "The Buccaneer"

By Larry S. Massey

T'was a grand adventure experienced by a few of our own this first week past in February as the Colorado Chapter sponsored its' maiden (continuing education) voyage into the Caribbean high seas with a 2004 USPAP Update cruise.

This scalawag crew (as some, not I, might suggest) of attendees was led by none other than the infamous (as we were told to call him) Cap'n "Gray Beard" Garone, *instructor. . . skipper. . . and all around provocateur. . .* of what he described as a pursuit of the "doubloons of USPAP". (We in attendance simply called them . . . the updated **Standards of Professional Appraisal Practice**, but if we didn't do as he ordered . . . he said we would all have to "walk the plank".)

The first mate and voyage accommodator, Randy "The Hook" Pierzina contributed significant time, energy and imagination to capture a unique and memorable experience. It was a difficult task, and grand challenge "well done" by Mr Pierzina.

This seven hours of "free" (Colorado chapter sponsored) USPAP continuing education, along with six days and five nights of absolute on board "relaxation" (with the exception of endless eating, dancing, drinking, gambling, more eating, swimming, sunning, stage shows, games, more eating. . . and, at the port stops of Grand Cayman and Cozumel where the attendees' shopped, snorkeled, went scuba diving, ATV and Jeep off-road touring, ocean kayaking, golfing, and more eating. . .) was also incredibly timely. While the attendees' were worrying about *sunburns and riding the surf*, our peers were working in snowy, 20 degree weather and *riding their snowblowers*.

This was a trip worthy of both logics . . ."business trip" (remembering the deductibility where applicable), and "vacation" (where truly needed !!).



Antique Appraisers

by Bonnie D. Roerig, MAI

"Once upon a time, there were 13 Old Folks, mostly guys, but one day a gal was invited to join in. These Old Folks met for a mid-day feast in one of the Southern Colonies, far from the madding crowd, and they were sore glad to see one another. There were cries of delight and hugs all around. No work was accomplished here, make no mistake about that. This was fun, just pure fun. And, lo, they found that they all had a common background. The Noon Munchers had all done the same type of work for an average of 37.5 years each! Some had been doing the same thing for as long as 55 years, some youngsters only 20. Many of the attendees had not been sighted publicly for many years, coming down from snowy hills only rarely. All but four members had found a way out of the quagmire, several long ago. The youngsters looked upon the oldsters with a mix of awed reverence and envy for these were the "Old Lions" and the "cubs" sorely wished to join their vaunted ranks. This remains for another day, however, as the four toilers grudgingly admitted their need to return to their burdens and responsibilities for at least a while longer. And so, the group parted, agreeing that in the Fall they should once again convene in secret to marvel at their on-going activities, joke about their aches and pains, and enjoy each other's company just for a while."

Moral: There is something about appraising that creates life-long bonds of friendship and respect. This should be nurtured and encouraged for it is good.

In Memoriam

Jerry Lee Ogden

Sincerest condolences go to the family and friends of **Jerry Lee Ogden**, Assessor, City and County of Denver who passed away May 10, 2004. He will be greatly missed by the Chapter members who worked with him.

Contributions may be made to the Cancer Society or City Park Care Center, 2021 High Street, Denver, CO 80218.

CHAPTER LIBRARY

by Bill James, MAI

Remember the Chapter Library is a great FREE resource for commercial appraisal work! If you haven't used it, you will find that it includes a number of useful appraisal data sources that would otherwise cost you a lot. We have been looking for resources that are useful to residential appraisers as well but have found only websites that make sense to include. If you have any ideas, please contact me. The library includes the most recent editions of:

- Dollars and Cents of Shopping Centers – Urban Land Institute
- Denver Area Apartment Rent and Vacancy Survey
- IREM Income and Expense Analysis – Apartments
- IREM Income and Expense Analysis – Federally Assisted Apartments
- BOMA Experience Exchange Report – Office
- NAIOP Industrial Income and Expense Report
- Frederick Ross Company Market Reports – Retail, Office and Industrial – Denver/Boulder
- Home Builders Association Report – Building permits
- Real Estate Research Corp – Real Estate Report
- Dollars and Cents of Multifamily Housing – Denver and Colorado Springs
- RealtyRates.com – Investor, Developer and Market Surveys

Come to the Chapter office to look these over at your first opportunity. You will find them very useful for commercial appraisal work. Carol Brooks says she can even offer use of the Chapter copier at no charge as well. Of course, if you would like any other resources added to the library, particularly for residential appraisal work, please let Carol or me know.

We have found one resource (actually three) that residential appraisers will find useful. The following websites include access to databases of contacts for Home Owners Associations so you can find out monthly dues, reserves, etc. They were compiled by two title companies and a brokerage.

<http://www.realestatecolorado.net/denver-hoas/index.html>

http://www.firstamheritage.com/Hoas/heritage_hoasearch.asp

<http://www.stgco.com/hoa/hoaview/hoasearch.asp>

By the way, all Members of the Appraisal Institute can call 312.355.4469 for a complimentary copy of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, which includes a complete copy of the current version of USPAP.

OUTDOOR FUN!

FOURTH ANNUAL SUMMER EVENT!!! Copper Mountain • August 27, 28, 29, 2004

Mark your Calendars:

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

Friday, August 27

1 p.m. - 5 p.m. Seminar
Land Uses
Conservation Easements
Water

5 p.m. - 6 p.m. Social Hour

Saturday, August 28

8 a.m. – Noon Seminar – Design in
a Down Market

1 P.M. – ? Golf – contact Randy
Pierzina, SRA
303.932.2362

(Price & location to be determined)

Saturday, August 28

7 p.m. Group Dinner
(Location to be determined)

Sunday, August 29

8 a.m. – Noon Seminar –
Resort Development
Transportation

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

Topics, speakers, registration information will be coming soon!

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PAID ADVERTISEMENT

How to Coax Payment Out of Foot-Dragging Clients

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Last week, our “challenge” (see this week’s, to the right) was to tell us what if anything you’ve done to better ensure you get paid for your work. Requiring C.O.D. might put a crimp in your business, and there are difficulties on the other extreme getting paid out of escrow. Brian F. from Woodinville/Snohomish, Wash. wrote: “Our company tried to settle in the middle and has recently come up with a policy that essentially says, we don’t accept payment ‘out of escrow’ per se, but we will extend 30 days of credit if it is secured by a credit card. Our clients agree that if we have not been paid for a file within 30 days of the invoice date (the terms they agree to when ordering), then we have permission to bill the card. We have had potential clients decide not to do business with us because they don’t want to make the guarantee that we will get paid . . . but most have been agreeable to it.”

Mitzi K. from Charlotte, N.C. had the most innovative way to get paid we heard this week. After four demands to be paid and being told the client “usually doesn’t pay out commissions when the value isn’t met,” she “faxed the original invoice over to him with the words ‘please pay’ across the page with a Sharpie pen. I faxed the same

invoice ALL DAY LONG! He called, I ignored! Just kept faxing! I got a check overnighted to me the next day!”

Many readers wanted us to let everybody know you can often go to your state’s agency in charge of regulating mortgage lenders or brokers. Ken B. in Virginia said that when “it has become clear that a lender or broker did not intend to pay their debt, a calm statement that my next call would be to the Bureau of Financial Institutions has always resulted in very quick settlement of the account. As a result, in 13 years of practice, I have only been stiffed once.” Allen T. in Arkansas mentions that state’s Securities Department. Tammy M. in Geneva, Ill. floats the words “Office of Banks and Real Estate” to good effect. Find out the right entity in your state, its name might come in handy!

As frustrating as it may be, many readers noted that sending a summary of invoices or a new copy of the invoice tends to nudge some clients into payment. At the very least it means they can’t use the excuse that they don’t have an invoice! Jamie P. in Gainesville, Ga. has started rebilling with a summary of invoices once a month for all his customers, which seems to be helping.

Thanks everyone who wrote!

2004 Leadership Development & Advisory Council

For over 50 years the Appraisal Institute (AI) has held its Leadership Development and Advisory Council (LDAC) meeting in Washington D.C. to exchange ideas and lobby legislators on topics affecting its members. This year, representatives from the Colorado Chapter attending the conference were Richard Mosier, MAI, Richard Stahl, MAI, SRA, and Associate Members Terry Ruth and Richard Laraia.

The Colorado participants joined 96 others in four rounds of discussion topics to include "Specialization as an Opportunity", "Associate Members in Leadership Roles", "The Next Generation: Education and Training", and "Promoting Designations: Lets get it Done."

Many in attendance believed specialization was too limiting and thought general practice better described most appraisers, especially those in smaller communities. However, appraisers are not always conscious of their specialties, as it does not necessarily mean specific property types. Examples include appraisers who work in rural or mountain markets or perform specific government or domestic related assignments. Notwithstanding the general view of specialization, participants agreed that those who do specialize have an accommodating market niche, but designations, sub-designations and certifications for specialties were strongly opposed.

Some sentiment was expressed for Associate Members to serve in most positions in the Institute. However, there was a stated exemption for committees and chairs that grant designations, grant credit for required elements of designation, and ethics administration. Some chapters have active associate programs while others do not. The Colorado Chapter has Associate liaisons on the Board and welcomes any Associate to serve on committees. From the discussions at LDAC, it would appear that Associates are better received in the Colorado Chapter than in certain other Chapters around the country.

The primary question in education and training was partnering with universities and community colleges or keeping our education within the AI structure. Many of those attending the conference complained about the cost of AI education and the sub-quality of non-AI education. However, AI is recognized as the leader in appraisal education and its requirements are constantly being raised to ensure the highest level of professionalism. The Colorado Chapter pioneered partnering with a higher educational institution in recent years. It met with mixed results.

The final discussion topic concerned national and local marketing materials and techniques. It also emphasized AI designations. Opportunities exist for both general and residential designations and the topic mirrored "specialization". While many lenders and mortgage originators may only want the lowest fee and shortest delivery for its clients, there are other users of appraisals that demand designations, especially in litigation where qualifying the appraiser as an expert witness is imperative. It should never be a question of "what can the designation do for me?" Rather, it should be the statement "I wish to attain the highest level of appraisal professionalism and recognition for myself *and* the industry"!

Highlighting the conference was the opportunity for attendees to lobby for RESPA reform. HUD's proposed new rule would have allowed lenders to "bundle appraisals along with other services and never identify the appraiser or the level of service that was performed". The second issue was the removal of Section 614 of H.R. 1375, The Federal Services

Regulatory Relief Act. This section would have held outside contractors, such as appraisers, equally liable with bank insiders, such as the bank's board of directors, for violations of safety and soundness requirements. Richard Mosier and Richard Stahl met with Sean Conway, Chief of Staff for Senator Wayne Allard and a staff person with Representative Marilyn Musgrave. Terry Ruth and Richard Laraia visited with Adam Roth, Legislative Analyst for Congressman Tom Tancredo and staff personnel with Congressman Scott McInnis. The meetings were a success as shortly after LDAC concluded, Congress supported the Appraisal Institute's positions on both issues.



Colorado delegation **Richard G. Stahl, MAI-SRA, Richard C. Mosier, MAI, Terry Ruth** and **Rich Laraia**.



LDAC meeting with **Senator Wayne Allard's** staff (l to r) **Richard G. Stahl, MAI-SRA, Tewana Wilkerson, Staff Director** for the Senate Subcommittee on Housing and Transportation, **Sean P. Conway**, Senator Allard's Chief of Staff, and Colorado Delegate **Richard C. Mosier, MAI**. Mr Conway told the delegates the Senator did not support HUD's RESPA reform as written. Senator Allard, who chairs the Senate Banking Committee, subsequently refused to support the nomination of Alphonso Jackson as HUD Secretary because HUD "blatantly disregarded clear congressional direction" with regard to RESPA reform.

ABA/APPRAISAL INSTITUTE TELEPHONE BRIEFING

The Colorado Chapter sponsored six locations across the state for the ABA/Appraisal Institute Telephone Briefing which originated from Washington DC. This event was free to all Chapter members. According to Bill Garber at the Appraisal Institute National office no other chapter had this many locations.

Total attendance was:

Boulder	20 participants
Colorado Springs	11 participants
Denver	56 participants
Durango	6 participants
Greeley	19 participants
Grand Junction	12 participants
Total	124 participants

Many thanks to the members who were "hosts" at each site – Boulder – Joan Johns; Colorado Springs – Janice N. Winkler, MAI, Durango - Catherine A. Culver, Greeley – Donald J. Shannon, MAI, SRA and Grand Junction – Jack W. Nisley, MAI.

Several speakers addressed the issue of appraisal independence and what appraisers and bankers need to know to comply with new regulatory guidelines and procedures. Everyone agreed that it provided a much-needed dialog.



Colorado Springs



Denver



Boulder



Fort Collins

Welcome!

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Reversing How You Work With Lenders

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Southern California-based origination giant IndyMac Bank last week announced it would acquire all but six and a quarter percent of Financial Freedom Holdings Inc., the nation's largest reverse mortgage lender with \$976 million in reverse mortgage loans in 2003.

Reverse mortgages are becoming increasingly popular with American homeowners 62 or older. The FHA calls them Home Equity Conversion Loans (HECMs), because they provide older Americans a monthly payment secured by the equity in their home. Essentially, instead of paying the lender each month, the lender pays the homeowner. The loan does not become due and payable until the homeowner no longer lives in the home. The balance may be repaid by the sale of the home once unoccupied. The repayment amount can never exceed the value of the home, minus costs of the sale.

The program's burgeoning popularity owes itself to a few different factors. Today's seniors are far less debt-averse than their predecessors, who may have grown up during the Great Depression. Today's baby boomers have lived with debt — mortgage, credit card, auto and student loans, and so on — all their lives. Investments and pensions have taken a pounding in recent years and older Americans and the people who care for them are attracted to the contractual certainty of a monthly payment amount. The cost of health care, home maintenance and many other things have skyrocketed in recent years. Loan proceeds, whether paid in a lump sum, monthly or as a line of credit, are tax free. And there are many more seniors, as baby boomers reach retirement age and people generally live longer, than there ever were before.

An appraisal — a full appraisal, in case Fitch Ratings is listening — by an FHA-roster appraiser is required to close an FHA-insured HECM.

The condition of the subject property is more important when reporting an opinion of value for a reverse mortgage. The lender is waiting for a date (hopefully) far into the future to be repaid, and is therefore even more interested in what work might need to be done to ensure the property stays in

good shape. For the FHA program, in fact, any amount necessary for repairs must be set aside from the loan proceeds, and the work performed after the loan closes.

The same appraiser who did the original assignment will then be sent out to the subject again to ensure necessary repairs were done, usually for around a \$50 to \$75 fee.

In addition to a keen eye for necessary repairs, reverse mortgage work is high touch, with customer satisfaction arguably more important than in first mortgage origination. The majority of the time, the lender client who ordered the first mortgage appraisal is going to sell the loan on the secondary market, and will literally never see the borrower again. The relationship continues in a HECM transaction. And the last thing any business, even mortgage lenders, want is to be accused of mistreating elderly customers.

So why might you be interested in reverse mortgage work? There are a number of reasons.

The qualifications necessary to do reverse mortgage appraisals amount to more than being state licensed. Your expertise is likely to be more highly valued.

It's all full fee work. And not only that, you can pick up another 10 to 25 percent on top of your fee if you need to revisit the property after mandatory repairs are completed.

It's growing while refinancing and (maybe?) purchases are slowing down. The National Reverse Mortgage Lenders Association reported last month that HECM volume was up 112 percent over a year ago. Volume for February 2004 was a monthly record, it said, with 4,148 loans closed compared to 1,115 in February 2003.

Here's the best part: *almost no lender pressure*. Remember, the loan payoff once the home is no longer occupied can never exceed the property's value. Unlike with first mortgage originations and refinances, there is no financial incentive to hitting the highest number possible. If the value is inflated and the loan becomes payable within a short time, and the home's value is less than the outstanding balance, it's not the borrower who's left holding the bag, it's the lender.

That last part might be the best "reversal" of all.

ENROLLMENT Form — No Phone Reservations! Please

Licensure — Getting It and Keeping It

Mail this and a check no later than June 1, 2004 to:

Appraisal Institute, 1540 South Holly Street, #5, Denver, CO 80222
OR FAX (303.757.0158) this with your VISA or MasterCard number and expiration date

Name: _____ Designation: _____

Company _____

Social Security Number: _____

Work Phone: (_____) _____ E-Mail Address: _____

Address: _____ City, State, Zip: _____

VISA MasterCard **Note: The Chapter does not accept American Express**

Credit Card Number: _____

Name on Card: _____ Expiration Date: _____
Please type or print

Signature: _____

Schedule: Registration:3:30pm – 4:00pm
Seminar:4:00pm – 6:00pm
Cocktails:6:00pm – 7:00pm
Dinner:7:00pm – 9:00pm

Continuing Education:
Appraisal Institute and
State of Colorado
Including Dinner:3 Hours
Seminar Only:2 Hours

No Continuing Education for dinner speaker only

Fee: Seminar Only

Members: **\$15.00** _____

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Seminar and Dinner:

Members: **\$25.00** _____

Non-Members: **\$75.00** _____

Dinner Only

members, **\$15.00** _____

non-members,
and guests **\$25.00** _____

Total \$ _____



Questions: 303.691.0487, Outside Denver Area: 1.800.571.0086, e-mail: carol@colo-ai.org