The Colorado Chapter of the Appraisal Institute Presents

2010 Economic Overview and Forecast

Friday, January 15, 2010

Location: Lakewood Country Club
6800 West Tenth Avenue
Lakewood, CO 80214

Schedule:
2:30 p.m. – 3:00 p.m.  Registration
3:00 p.m. – 6:00 p.m.  Economic Update
6:00 p.m. – 7:00 p.m.  Cocktails (Cash Bar)
7:00 p.m. – 9:00 p.m.  Installation Banquet

Fee:
Seminars Only
Members Appraisal Institute: $35.00
Non-members: $55.00

Seminar and Installation Banquet
Members Appraisal Institute: $60.00
Non-Members: $75.00
Installation Banquet Only
Members, Non-Members, Guests $40.00

Continuing Education:
Appraisal Institute - 3 hours
State of Colorado - 3 hours (pending)

Speakers:
Mike Rinner, MAI, Vice President,
The Genesis Group
Ethan Reed, Senior Research Manager,
CoStar Group, Inc

Topics:
Colorado Economic and Residential Market Updates
Commercial Markets outside of Metro Denver Area

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

Attendance Requirement: In order to receive continuing education credit for this seminar, you must attend 100% of the program.

ENROLLMENT Form — No Phone Reservations! Please
2010 Economic Overview and Forecast

Mail or Fax (303-757-0158) no later than January 4, 2009 to:
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At the conclusion of my installation speech in January, I told everyone to fasten their seat belts because it was going to be a bumpy ride. As 2009 draws to a close, it has most certainly been a bumpy ride. HVCC enacted in May has brought mostly headaches to the residential appraisers, a loss in client base, AMCs with rotations, reduced work, reduced fees, and grousing from real estate brokers and lenders.

Although the commercial appraisers have not been affected by HVCC at this time, they have experienced reduced demand for appraisal services due to the lack of available financing. At our May USPAP class, Marcia Waters from DORA mentioned during her talk that half of the certified general appraisers did not renew their license for the three-year cycle beginning 2009. It is interesting to note that our chapter membership has not declined. This leads me to conclude that those non-renewing appraisers were not affiliated with the Appraisal Institute – another good reason to be affiliated with the Appraisal Institute.

In September, Ben Bernanke, Federal Reserve Chairman, announced that the Great Recession is now over. Everyone laughed when I mentioned this during my introductory comments at our Fall Event in Breckenridge. I think we can all agree that the Great Recession is not over for the real estate market. In fact, the commercial real estate market is just beginning its nose dive. As of the end of November, the FDIC had taken over about 125 banks, primarily due to poor real estate loans. There are an additional 416 banks on their problem list. As $1.4 to $2.0 trillion of mortgages come due over the next several years, this will only create more problems for the real estate industry as roughly one-third of the mortgages are under water. I encourage you to continue to keep your seat belts buckled.

Legislation that is on the horizon includes H.R. 1728, the Mortgage Reform and Anti-Predatory Lending Act. Issues dealing with appraisers include appraisal management companies’ registration, national appraisal independence, limitations on BPOs in mortgage origination, and required separation of appraisal and administration fee.

The H.R. 3126 Amendment is a bill to establish the Consumer Financial Protection Agency (CFPA). The House Financial Services Committee approved an amendment that would

- establish the CFPA as the lead agency in a negotiated rulemaking committee to set up a consistent appraisal independence standard
- establish conditions for mortgage broker involvement in the appraisal process, and
- require payment of reasonable and customary fees.

The House Small Business Administration re-authorization bill includes a proposal to increase the de minimis appraisal threshold from $250,000 to $400,000.

As these legislative bills come up for a vote, the Appraisal Institute will notify us by email to contact our representatives. The Appraisal Institute has streamlined the process, providing links to your representatives, limiting your response time to a matter of minutes. Please take the time to respond.

This has been a super year for me as your chapter president. My job was greatly enhanced by Sherry Engleberg, our executive director. Sherry has excelled in every endeavor. Thank you Sherry! My boards of directors as well as committee chairs were fantastic. Our regional representatives were dedicated to representing us at the regional meetings. I want to thank everyone for the dedication and time spent on behalf of our chapter. The best Appraisal Institute chapter ever! You Rock!!

Colorado Chapter members should be aware that our own Bonnie D. Roerig, MAI, received the 2009 President’s Award presented by Jim Amorin during the reception at the Appraisal Institute meetings in Cancun, Mexico, last week. Mr. Amorin explained that the President’s Award is as close to a “lifetime achievement” award as any the Institute confers. Unfortunately, I wasn’t able to be there to witness the presentation, but the award itself is amazing.

Another award was presented to Richard L. Borges, II, MAI, SRA, of Seymour, Indiana. Both recipients, ironically, have been general demonstration report graders for decades and both have been active at the local, regional and national levels of Institute governance.

Congratulations!
I am looking forward to serving as Chapter President in 2010. I am not sure what to expect, but am comforted to know that Sherry Engleberg, Executive Director for the Colorado Chapter, does the heavy lifting.

In August, Sherry and I attended the Leadership Development Conference in Chicago. This was a two-day conference with the National leadership, incoming Chapter Presidents, and Executive Directors. Sherry called me before the meeting, there was some burning issue, something to do with some kind of form or policy with National. Sherry overwhelmed me with details, my eyes glazed over. It reminded me of an episode of M*A*S*H, where Radar was trying to order a pizza oven. “You take Form DR4265, cross out machine gun, and write in pizza oven.” Sherry was giving me more detail than I could retain. She paused, “you don’t need to worry about it, you are just a figurehead, like the Queen.”

I am not the Queen. I have been around for awhile, have served as Newsletter Editor, Board Member, Education Chair, Secretary/Treasurer and Vice President.

At the meetings in Chicago there were lots of numbers, like:

- $18,500,000 (rounded) – projected 2009 revenue for the Appraisal Institute
- $18,800,000 (rounded) – projected 2009 operating expenses for the Appraisal Institute
- $500,000 (rounded) – projected 2009 operating loss for the Appraisal Institute
- $6,250,000 – projected reserves
- 26,000 – number of Designated Members and Associates in the Appraisal Institute
- 8,000 – number of practicing Designated Members
- 25% – Appraisal Institute market share
- 888-7JoinAI (888-756-4624) – A toll-free phone number for The Appraisal Institute Service Center. A hotline staffed by counselors to answer questions about the designation process.

Overall, the Appraisal Institute is a big organization. We are fortunate to have strong leadership running the ship. To balance the budget National raised our dues and is cutting back the Colorado Chapter’s funding by about $16,000 (that is another story).

At the Chapter level I am looking forward to 2010. Although we do not have a Queen, we have a good group of people at the Colorado Chapter. The Board of Directors and Committee Chairs include people that have been around for awhile, and many new faces. There is a busy undercurrent of activity at the Colorado Chapter. Education, membership development/retention, and government relations are primary areas of emphasis.

Chapter members make things happen. Matt George, SRA, is taking the lead in the Colorado Chapter on the Home Valuation Code of Conduct (HVCC) issue. Beverley Phillips, MAI, is heading a task force to look at the feasibility of forming a coalition of Colorado appraisal organizations for government relations.

What can you do in 2010? Become involved, attend Chapter meetings, and take advantage of our educational offerings.

To Each and Everyone of You,
Have a Safe and Happy Holiday
and Good Health and Success in 2010!
Out with the old and onto 2010

Where did the year go? Hard to believe that as of January 1, we will begin the second decade of the new millennium. I will begin my fourth decade of three-ring binders holding market reports, the first being those from the early 1980s through 1989. For a fun satirical view of 2008 and 2009 visit www.jibjab.com, their videos about the past two years really bring home that this past year was much different then 2008, however, concerns regarding several big issues remain.

During the upcoming January Installation Dinner, Virginia Messick, MAI, will be passing the office of chapter president to Bret Poole, MAI. Congratulations to both Virginia for a job well done and to Bret with hopes for a fantastic year. And, I will remain as the newsletter editor for an additional year. If you have any suggestions as to how to contribute articles, please contact me. We are always looking for guest writers and contributors. I thank Dean Davenport for his excellent and insightful two-part article (June and October newsletters) on appraisal report reviews and how reviewers actually analyze and critique reports.

Sometime soon between the year winding down and a New Year beginning, back up your hard drives. Most fee appraisers tend to overwrite old reports. The time spent backing up files is more than made back if your hard drive is damaged and these formats, market reports and researched comps disappear. Trust me, I know, as I am writing this article my main computer is in the shop and hopefully the data will be recovered.

Changes in the Real Estate Profession

In thinking back during 2009, several significant changes took place, primarily regarding the appraisal profession. This included HVCC, additional education requirements in order to be FHA approved appraisers, lack of qualified sale and lease transactions, and refocusing the “intent of this appraisal” from assisting in loan underwriting to assisting in foreclosure and/or asset management decision.

Real estate brokers also had several changes. Emergency Rule F-7 regarding commission approved forms became effective during June 2009. This ruling requires real estate brokers to use commission-approved forms as appropriate to a transaction or circumstances to which a relevant form is applicable. In other words, most of the forms used to list and sell, including several addenda, disclosure notices and counter proposals, were revised. Due to concerns with some of the revisions, several of the new forms are scheduled to be re-revised effective mid 2010.

The CREC Annual Update Course for brokers now emphasizes caution regarding conservation easements, short sales, Colorado Foreclosure Protection Act, the Colorado Foreclosure Process and in defining and disclosing affiliated business arrangements in addition to highlighting commission approved form revisions. Buyers, sellers and the real estate brokers involved in transactions must now sign and return the approved lead-based paint disclosure either prior to or at time of executing a contract to Buy and Sell.

Mortgage brokers are in the process of becoming familiar and incorporating the requirements of the Federal Secure and Fair Enforcement for Mortgage Licensing Act or (S.A.F.E. Act) of 2008 and the Colorado Foreclosure Protection Act. The latter allows that a licensed mortgage broker can perform loan modifications in addition to acquiring new financing.

The purpose of the Colorado Foreclosure Protection Act (which is a subpart of the Colorado Consumer Protection Act) is to curtail and prevent deceptive and unconscionable business practices designed to dispossess or otherwise strip equity from homeowners in financial distress.

The S.A.F.E. Act sets minimum national licensing standards for residential mortgage loan originators and establishes two license types: registered mortgage loan originators and state-licensed mortgage loan originators. The primary difference between license types; the former is for originators who are employees of agency-regulated institutions and the latter is primarily third party originators.

Residential property managers have several new requirements. Besides providing information on the possibility and effects of lead base paints (the lack of which can result in a fine of up to $10,000 per incident), carbon monoxide alarms are now required in each bedroom. Warranty of Habitability or HB 08-1356 became effective September 1, 2008 and is applicable to all leases. This regulation addresses the issue and definition of habitability, landowner and tenant responsibilities, and remedies if these responsibilities are breached.

(continued on next page)
Moving Forward / Business Planning for 2010

Colorado’s Department of Regulatory Agencies, or DORA’s mission is consumer protection. As required for licensing, appraisers are required to complete the 7-hour standards class every other year. Prior to renewal, DORA is requiring each appraiser to submit proof that the standard class requirement has been completed. A list of those appraisers, which have licenses expiring as of the end of 2009, is available on their web site. Noted on this list is whether or not the appraiser has submitted documentation to support twice completion of the class within the set time frame. Non-compliance is a $400 fine.

During the next few weeks, go to the Appraisal Institute’s web page and review your education schedule. The Institute tracks the number of continuing education hours needed prior to the end of your five-year cycle. Designated members now have three required classes to complete within their five-year continuing education cycle: 7-Hour National USPAP Update, Business Practices, and Ethics and Appraisal Curriculum Overview. A listing of AI sponsored classes for 2010 in Colorado is available on our Colorado Chapter web site, www.colo-ai.org. Scheduled classes include two offerings of Business Practices and Ethics. While the debate between on-line classes and physically attending classes continues, benefits of the latter include actual face time with other appraisers and potential clients and hearing “war” stories. As an added benefit, lunch is often served with full day classes!

Economic News

And have you noticed that it seems like one article posting economic trends is countered by another article the next day or week? The following are several recent quotes by influential individuals.

“We still have some way to go before we can be assured that the recovery will be self-sustaining”


“The aim is to liquidate and get the best deals, and put it back into reserves.”

FDIC spokesman Greg Hernandez as quoted in The Denver Post, December 8, 2009, Page 17B. (Anything the government makes back on real estate sales goes to repay the deposit insurance fund.)

“Banks are being forced to write assets, loans and Other Real Estate Owned, down to current market” value. The problem is that there is virtually no market for some of these assets (developed lots for example) at present, leading to artificially low prices for those assets that have to be sold under duress. However, many of these markets are expected to recover in the future, and the forced write down to “fire-sale” values now are making the banks’ capital crunch artificially and unnecessarily worse.”

“I have refuted and will continue to refute accusations that examiners are being “too tough” or are creating the so-called credit crunch by their actions.”


Chris Rodriguez, commercial broker with Pacific Commercial Investments and author of Retail Chair Commercial Real Estate Blog, as posted on November 12, 2009. And also by the same individual as posted

Top 10 Phrases Not Heard from Developers Since 2007

#10 “I’m a preferred developer for Rite Aid.”
# 9 “We have excellent banking relationships, financing
# 8 “There are thousands of rooftops in the pipeline around the site.”
# 7 “There is no difference between corporate and franchisee leases.”
# 6 “My rent guarantee is just as good as having an actual tenant.”
# 5 “I’ve got a 5.00% CAP in my proforma.” (Editor’s note—he’s from insert 6.00% for Colorado.)
# 4 “I’m building to a 7.00% return on costs.”
# 3 “There’s a Walmart/Target/etc. going in down the street
# 2 “I’m working on a power center.”

And the #1 phrase no longer heard from developers is:
# 1 “I’ve got a Starbucks deal.”

Points to Ponder

Why is it that a person saying “I walk three miles a day” sounds more expressive than “I jog three miles a day”? And...Best wishes for the New Year.
Committee: Claudia D. Klein, SRA, Arthur R. Alarcon, SRA, Millie Wilson, Louis J. Garone, MAI, SRA and Dennis Webb, MAI

FRIDAY, SEPTEMBER 18, 2009

“New Technologies To Better Understand Buildings” Christopher Gray, FRICS and Charles (Chas) Bransby-Zachary, MRICS. (Accurate information as to the condition of a building, together with its current as-builts are-or should be-a primary point of departure when developing, appraising or repairing an existing building. Insight into available techniques gives appraisers a better understanding of cost-to-cure issues and a way to increase the value of their advisory services to building owners.) “Real Estate Damages- Murder, Part Takes and Superfun” (Distressed and sociological conditions, legal conditions, environmental and biomedical) Orell Anderson, MAI. “Damages Caused by Ownership Conditions” (Ownership Damage Analysis, Damage Economics, Real Estate Elements, Business Elements, The Valuation Process) Dennis A. Webb, ASA, MAI, FRICS

SATURDAY, SEPTEMBER 19, 2009
8:00 am – Noon


SUNDAY, SEPTEMBER 20, 2009
8:00 am – Noon

“Rules and Regulations Update” (Appraisal Subcommittee Audits, Board Rule Changes, Complaints, CE, Conservation Easement Program, USPAP) Thomas L. Fellows, MAI, Chair, Colorado Board of Real Estate Appraisers. “Journey To The Center of the HVCC?” (Changes in the processes into HVCC compliances) Laura Cooper, Residential Appraisal Administrator, First National Bank, Fort Collins. “ASC and other Current Events” Updates on the ASC and The Appraisal Foundation) James Park, Executive Director of the Appraisal Subcommittee. “AMC’s, The Good, The Bad & The Ugly” Matthew E. George, SRA

“OCTOBERFEST WEEK END IN BRECKENRIDGE!”

Attentative Audience

(continued on next page)
Committee Members, Dennis Webb, MAI, Millie Wilson, Claudia Klein, SRA, Arthur Alarcon, SRA

Sunday presenters, Jim Park, Laura Cooper, Tom Fellows, MAI, and Matt George, SRA

Dancing their way into the seminar! Claudia Klein and Don Shannon!

MARK YOUR CALENDARS!

Colorado Chapter Board of Directors Meetings
January 15, 2010
April 1, 2010
June 3, 2010
September 23, 2010

Colorado Chapter Membership Meetings
April 1, 2010
June 3, 2010
August 5, 2010
November 8, 2010 (Colorado Springs)
Bill Garber, the Director, Government and External Relations with the Appraisal Institute spoke on Appraisal Policy Changes: Challenges and Opportunities for Appraisers.

Bill stated that some of the largest names in mortgage finance: Fannie Mae, Freddie Mac, AIG, Bear Stearns, Lehman Brothers, Wachovia, and IndyMac Bank had basically blown up. None of these major entities were operating like they had in the past. Put simply, they went out of business. Sure Fannie Mae and Freddie Mac still exist. But, they have been taken over by the Federal Housing Finance Agency. The market conditions are not the same as they were before.

Consequently, we are in a foreclosure crisis and a commercial liquidity crisis. There has been pervasive mortgage fraud. FDIC has 416 banks on “problem list” which is up from 117 in June 2008.

In August 2009, the delinquent unpaid balance for CMBS (Commercial Mortgage Bankers Association) increased to $28.16 billion from $25.68 billion a month prior. Such delinquent unpaid balance is up an astounding 592% from one-year ago (when only $4.07 billion of delinquent balance was reported for August 2008), and is now almost 13 times the low point of $2.21 billion in March 2007.

As of the end of June, 2009, 24% of owner-occupied homes had mortgage debt that exceeded the values of those homes. Overall, 16 million homeowners are “upside-down” on their mortgages, up from 10 million, or 15% of owner-occupied homes, in June, 2008.

Foreclosure filings in the U.S. exceeded 300,000 for the sixth straight month in August, 2009. A total of 358,471 properties (or 1 in every 357 households) received a default or auction notice or were seized in August. That’s up 18 percent from August, 2008.

Bill commented about the problems with the Home Valuation Code of Conduct (HVCC) and the need for revising the existing its current implementation. Currently, there is no IVPI or complaint process. The HVCC has destroyed many legitimate business relationships. But Bill pointed out that the main reason for the HVCC was because of problems within the industry. Fraud was too easy. Greed of market participants was sky scraping. There was a lack of oversight and enforcement, especially in the area of mortgage brokers and “shadow” lending.

Appraiser regulation was spotty at best and there was a low barrier to entry and scant resources for enforcement. The myriad of complaint forms and inaction from various states discouraged users from filing complaints.

Many appraisers ruined their own industry as a result of coercion. Examples are:

- Inflated value opinion—ignore best comparables go to superior neighborhood
- Mis-described property—commercial described as single family
- No mention of physical problems in subject
- No mention of undesirable offsite influences
- No analysis & reporting of listing and sales history
- No analysis & reporting of sales concessions in subject or comparables
- Unrealistically short marketing time estimates for high $ properties
- Unauthorized use of supervisory appraiser signature

(continued on next page)
Bill talked about various amendments that are impacting industry: Consumer Financial Protection Agency (HR 3126) H.R. 1728, Mortgage Reform and Anti-Predatory Lending. Also, there is AMC Legislation in the works in several states (including Colorado!)

Bill gave viable industry solutions for our industry:

- Aggressive Enforcement from state boards
- Empowered state appraisal boards
- More resources (Enactment of HR 1728) – Enhanced industry engagement and involvement
- Active participation in professional organizations
- Enhance skill set
- Standing our ground – promote competency, designations – Back to Basics
- Appraisal profession - Focus on fundamentals, competency, and quality education

Industry Solutions
- Engage lenders and correspondent lenders
- Pay attention to technology platforms
- Appraisal/forensic review
- Diversify your practice

Bill is an outstanding source of knowledge for Appraisal Institute members. He is looking at the “big picture” and trying to make our organization a beacon in the midst of these unsettled times.

I went to Cancun a day early to sight see, maybe see some ruins. When I learned hurricane Ida was due there at the same time, I was looking forward to the hurricane! I’ve never been in a hurricane! Well, Frontier canceled my flight so I had to fly out the next day, so I missed all the excitement. As turns out, say the people who were already down there, it barely even rained.

So I did not get to sight see, but my travel companion (my nephew) found the hole in the hedge to go to the resort next door and body surf on their beach. (Our resort did not have a beach.) So for about an hour before I had to catch my flight home, I got wet. I scraped up my knee on a hidden rock when I caught a wave. It’s still trying to heal.

What’s this about the bugs? My legs itched when I got home, and I figured it was sand bugs from the beach. It wasn’t bed bugs, was it? I washed all my clothes before I came in the house just in case.

I wish I could say the meetings were interesting, but... The over-riding issue at National is the budget and cutting costs to balance the budget. It’s especially important since the dues are being raised for the first time in about seven years.

The Region II breakout was sparsely attended, and I think the hurricane and the whole Mexican venue worked against it. The one item of spirited discussion was the proposal to change the Regional governance. After the Regional meetings, I think the Board decided to have three conference calls and one live meeting for the Regions instead of two live meetings. Many of us in Region II think the live meetings are essential to network and find our next leaders. Even Tom Power agrees with me, and that is a rare thing!

Professional Organization or Club?

I was once asked what I liked best about the AI and what I liked least.

To answer what I liked least I cited the perception that the AI is a club. The focus for “National” for as many years as I can remember was to standardize designation requirements, classroom instruction, and ethics and review and counseling functions. Local admissions committees have been all but eliminated to take the local bias out of the admissions process. New members are no longer voted on by the local chapter, they are no longer “elected” by the Board of Directors, and experience review panels are comprised of reviewers from outside the prospective members’ region. These changes happened long ago, and I still see the efforts and focus of National to discard the “club” perception in favor of a trade and professional organization. In my short stint as a Board of Director member I saw many changes to
our National bylaws, model chapter bylaws, and a general usurpation of heretofore Chapter duties by the National office in the name of standardization and efficiency. Chapter offices have felt the brunt of the standardization of classes, registration for education, and dictates as to the day-to-day operations of the Chapter. I was asked recently if all these changes in bylaws, attention to minutia and rules for chapter operation were necessary, and if so, why. I can most easily answer they are necessary to become more of a trade or professional organization (I do not distinguish between “trade” and “professional” organization although there is much to be said for both) as opposed to a club. I concur that we need to be a standardized trade/professional organization and we must behave like one. With over 100 employees in the national office and with chapters in every state and territory, and even some international chapters, we can only have credibility and standing in the National arena if we behave and govern ourselves as a professional /trade organization. In that same vein, there are efficiencies in a central National organization of tasks such as on-line registration, etc. All this advances eliminating what I like least about the AI, that it is a club. Despite all these efforts, outsiders, especially appraisers not involved with the AI, perceive us as a club in the exclusionary sense of the concept. I wish we could dispel that perception, and I try to preach inclusion on a personal and chapter level at every opportunity.

To answer what I liked best about the AI, I readily answer: It is a Club!! There is a real fraternity among appraisers that appeals to me. At a dinner meeting, a Chapter Board meeting (which are the most gratifying professional events over my career), at the Regional meetings, LDAC, the Board of Directors meetings, experience review, and grievance committee panels, at every level of contact with AI appraisers, there is sympatico, a basic understanding of professional life shared with other appraisers. Having been initiated in the designation process, we share a common bond. And volunteering together to participate on Boards, panels and on committees strengthens those bonds. Even adversarial relationships with other designated members have a level of respect for the other appraiser having been subjected to the same initiation rites we call a designation. Key to this notion that the AI is a club is the foundation of volunteerism it is built upon. Civic duty drives its leaders. Bringing forward talents they can contribute to a larger cause, the 10% of the membership that run the show for the rest of the group (and this is a typical leader/member ratio) bring distinction to the organization. It is a very fragile structure that needs nurturing from the membership that benefits from the volunteers and careful management and nurturing from the bureaucracy created to run the larger organization. And it is no surprise we have an unwieldy organization to run the AI affairs. In some ways this is good: corporate policy administered by staff (the very definition of bureaucracy) insulates the leaders from everyday concerns so the leaders can lead, not manage.

The volunteer leaders have to come from somewhere, and a training ground and meeting place must be established to bring them out, induce them to share their talents and volunteer on ever-increasing levels. We used to have chapter meetings and committees to begin this process. With the consolidation of functions at the national levels, the chapters have fewer committees to serve on. Chapter meetings are shadows of what they used to be. Educational offerings at the local chapter level are harder and harder to do with National standardizing curricula and on-line registration. On-line classes and distance learning robs not only the student from important professional networking but robs the chapter leaders of the chance to find potential volunteers. So many people would volunteer more if only they were asked.

Somehow, our chapters have remained viable and as a Regional Chair, the most gratifying thing I did was to visit the chapters in my region and attend their chapter board of directors meetings. In them I encountered an always-refreshing enthusiasm for the business and for advancing the larger cause. Sure, they all complained about dwindling attendance at meetings and at educational offerings, and bemoaned the destructive outside forces attacking our profession. (Appraisers tend to be pessimistic by nature, or at least on the surface.) But despite their crabbing, chapters everywhere are driven by professionals sharing their talents and working for a cause larger than just their personal business interests.

The chapters’ efforts to improve the industry compel them to send delegates higher up into the organization to further advance the greater cause. Chapters send their presidents, education chairs and regional representatives to regional meetings
twice each year. And here is my point for writing this article: we need the regional mid-level of governance to remain and be strengthened. There are proposals to change it, and one proposal to remove the regional level of governance altogether. I strongly recommend we retain the regions and strengthen them. The intended functions of the regions are four-fold and are still well served by the regional structure. First, information and policy from the National Board of Directors is disseminated to the regions, which can then disseminate it to the chapters. Second, chapter and member concerns are passed up to the leadership to take before the National Board. Third, the chapter leaders can network, share issues, solutions, (yes, and just gripe to each other). And fourth, which I think is most important, the leaders in the region rise to a visible level. The leaders have to come from somewhere and there is no other place besides the live meetings of the regions to find them.

Proposals to change the regional structure short of eliminating it altogether have reduced face-to-face meetings, substituting virtual meetings instead. I dislike these proposals. Leaders are not found virtually, just like good employees or partners are not found virtually. Face to face encounters are necessary to interview an employee or partner, which is exactly what a leader should be. Whether you play poker or not you have to see the value in personal contact. Online poker is not poker at all. The game is more than cards and wagering; it is personal interaction on verbal, visual and intuitive levels. So is must be with finding and nurturing our leadership.

The status quo with regions as they are costs $1.1 million each year. Running the AI without regions will cost about $150K, a very strong argument for getting rid of regions. I will invoke my time-honored response: It only costs 80% more to go first class. We are an elitist group, fostered by our high standards for designation and peer review. And before you dismiss me as a snob, just remember, the AI is still a club, a club with a soul. And scrubbing the regional level of governance scrubs away its soul. Clubs are not at all about money, even though it may cost money, sometimes a lot of money, to belong. Professions and trades are not all about money either, but are about advancing a higher cause than the personal fortunes of the practitioner. And self-sustaining organizations of any type need to cultivate leaders. No matter how you try do that, you will spend money. Deciding a vital issue solely on the basis of saving money is short sighted and irresponsible. Considering the health and source of the organization’s leadership is the responsible course of action.

The biggest news is that Bonnie Roerig received the President’s Award from Jim Amorin. This is a big honor, and I am ashamed to say I was not at the reception when she received it. I was feeding my face with lobster at a hole-in-the-wall dive, let’s just say, off the premises. Anyway, congratulations, Bonnie!!

Well, that’s about it from Quintana Roo. That’s the state in Mexico on the Yucatan peninsula. It sounds like a cartoon character. Maybe with more time I might have found out where the name comes from.