Colorado Chapter of the Appraisal Institute Presents

2009 Economic Overview and Forecast — State of Colorado
Friday, January 16, 2009

Locaton: Valley Country Club
(Arapahoe Road and Jordan Road)
14601 Country Club Drive, Aurora, CO

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
7:00 p.m. – 9:00 p.m. Installation Banquet

Fee:
- Seminar 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

Topics:
- Colorado Economic and Residential Market Updates
- Financial Crisis: From Wall Street to Main Street, Systemic Risk and What it Means to You

Questions: Call 303.691.0487
(outside Denver – 1.800.571.0086)
web site: www.colo-ai.org

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.

Registration: See Page 9 for Registration Form or go to our web site: www.colo-ai.org
Click on “education” and scroll to “Economic Overview and Forecast”

Board of Directors Meeting
Friday, January 16, 2009 – 12:30 pm-2:30 pm – Valley Country Club – All Members Welcome

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PRESIDENT:  J Virginia Messick, MAI ........................................... 303.623.4908
........................................................................jvmenb@msn.com
VICE PRESIDENT:  Bret R. Poole, MAI ........................................... 303.597.0400
....................................................................bpoole@bowesandco.com
SECRETARY/TREASURER:  Doug Nitzkorski, MAI ........................................... 303.789.1515
doug@avcvalue.com
PAST PRESIDENT:  Matthew E. George, SRA ........................................... 303.721.7007
.....................................................................mgsra@comcast.net
DIRECTORS:
One Year
 Louis J. Garone, MAI, SRA ........................................... 303.524.3405
garone5@comcast.net
 James R. Park, SRA ........................................... 571.278.8883
jpark@interphinx.com
 Karen L. Tool, SRA ........................................... 970.223.8227
......................................................... krool@mediafunction.com
Two Years
 Maggie Love, MAI ........................................... 970.565.8578
......................................................... loveap@charter.net
 W. Michael Rinner, MAI ........................................... 303.662.0155
MRinner@TheGenesisGroup.net
 John A. Schwartz, MAI ........................................... 303.671.7511
......................................................... john@schwartzandcompany.com
Three Years
 Arthur R. Alarcon, SRA ........................................... 303.914.2919
......................................................... Arthur.Alarcon@va.gov
 Sue Anne Foster, MAI, SRA ........................................... 970.552.1117
......................................................... sue@fosterval.com
 Dana L. Larson ........................................... 303.914.9565
dana.larson@valuescape.com
Associate Liaisons To the Board of Directors
General – Dana L. Larson ........................................... 303.914.9565
dana.larson@valuescape.com
Residential – Diana L. Chilcutt ........................................... 303.690.0967
dicassociates@comcast.net

COLOMBO Chapter of the Appraisal Institute
2009 OFFICERS AND DIRECTORS

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:

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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.colo-ai.org

Associate Liaisons To the Board of Directors
General – Dana L. Larson ........................................... 303.914.9565
dana.larson@valuescape.com
Residential – Diana L. Chilcutt ........................................... 303.690.0967
dicassociates@comcast.net

COLORADO Chapter of the Appraisal Institute
2009 CHAPTER COMMITTEE CHAIRS

Admissions - Member Retention & Development
General:
 Charles Nelson, MAI, SRA .............. cnelson@civiltechnology.com
 Residential:
 Claudia D. Klein, SRA ................. Cdk100@pcisys.net
 Appraisal News Editor
 Barb Kazmarek, MAI ..................... bkazmarek@orebox.com
 Bylaws
 Richard C. Mosier, MAI ............... rcmosier@aol.com
 Associates’ Coordinating
 General:
 John (Jack) W. Nisley, MAI .......... jnisley@qwest.office.net
 Residential:
 Diana L. Chilcutt ..................... dicassociates@comcast.net

Associate Guidance
General:
 Lynn D. Herlinger, MAI ............... herlinger@ix.netcom.com
 Residential:
 Louis J. Garone, MAI, SRA .......... garone5@comcast.net
 Education/Program
 William M. James, MAI ............... bjames@jres.com
 Government Relations
 Sue Dickinson ......................... S Dickinson@qwest.net

Membership Directory
A. Louesa Maricle, MAI ............... lm@apartmentappraisers.com
Planning Committee for 2009
Bret R. Poole, MAI ..................... bpoole@bowesandco.com
Public Relations
Donald E. Boyson, MAI, SRA ........ donlaramy@juno.com
Richard G. Stahl, MAI, SRA ........... rstahl@avallic.com
Website
Deane Davenport, MAI, SRA ............ Deane.davenport@bankofthewest.com

COLORADO Chapter of the Appraisal Institute
2009 REGION II REPRESENTATIVES

1-Year Term
 Beverley S. Phillips, MAI, SRA ........... canasilk@aol.com
 Thomas J. Power, MAI, SRA ........... ttipower@worldnet.att.net
 W. Michael Rinner, MAI ............... Mrinner@TheGenesisGroup.net

2-Year Term
 Jack Nisley, MAI, SRA ................. jnisley@qwestoffice.net
 Mark Pope, MAI ......................... Mark.pope@dot.state.co.us
 Marge Moore .......................... margemoore@hotmail.com

Alternates:
 Richard C. Mosier, MAI ............... rcmosier@aol.com
 Ed Cohn, SRA ......................... Ecoh7661@aol.com
 Steve Groh, MAI ......................... stevegroh@msn.com
 Rodman Schley, MAI .................. rodmanschley@msn.com
**Presidential Remarks**

by Virginia Messick, MAI

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**Education** — Cliff Cryer, MAI and Nelson Bowes, MAI have retired from teaching for the Appraisal Institute. Both have made a tremendous contribution to appraisal education. Cliff taught for 33 years, and Nelson for 21. Both taught throughout the United States, as well as Puerto Rico, Saipan, China, and Korea. They will both be missed. Our Chapter was blessed to have such fine instructors. Both are still active in fee work, especially Nelson whom I need to get out of the house!

Bill James, MAI, our education chair, is in the process of developing a cadre of local instructors. Our goal is to keep the cost of education down and one way of accomplishing this is through the use of local instructors. The steps to become an approved instructor are challenging, but can be very rewarding. Our educational offerings were well attended during 2008. The Chapter will be offering 16 courses during 2009. Bill James has done and is doing a wonderful job. We appreciate the effort Bill has put into this very important and time-consuming job.

**Education Alert** — The Appraisal Curriculum Overview course is a new 15-hour required course for recertification. The Chapter is planning to offer it sometime in the future. We do not have an exact date.

**Designations** — The Chapter is proud to announce that during 2008 there were 11 newly designated MAIs and 2 newly designated SRAs. In is interesting to note that on a national level during 2008, 22 people reinstated their SRA designation while 12 reinstated their MAI designation. This indicates that the market really values these designations. There will be an increased demand for designated appraisers as the housing meltdown continues followed by the commercial meltdown. Unfortunately, 2009 may rival the savings and loan crisis.

**Goals** — Let’s keep up the good work in our Chapter of the pursuit of outstanding education and designations.

**Past President** — I want to personally thank Matt George, SRA, our 2008 President, for a job well done. Matt is wonderful to work with and I look forward to him continuing on the Board of Directors for another year. Thank you Matt!

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I am proud and excited to be the 2009 President. Please come to the installation on January 16 at the Valley Country Club. We’ll see old friends; make new friends, and all have a nice time.

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**Bits of News...**

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**Appraisal Institute Educational Trust Fund Scholarship Winner!**

by Bonnie Roerig, MAI

As many of you have already heard, JP Nisley, son of Jack Nisley, MAI, SRA, of Grand Junction was recently awarded an Appraisal Institute Educational Trust Fund scholarship for 2008. JP is a junior at Colorado State University, majoring in business. JP has been working for his father as an appraisal intern for the past two summers and intends to follow his father into commercial appraisal and eventually into MAI designated membership in the Appraisal Institute.

What some of you may not know is that Jack himself is the son of an MAI. His father, Frank Nisley, Jr. was an appraiser in Grand Junction from the 1950s prior to his retirement in 1995. Jack graduated from DU with a business degree having attended on a music scholarship. Frank was also a Realtor, beginning in 1946. Jack is a Realtor although he doesn’t have much time to be very active in that role these days.

Knowing three generations of Nisley appraisers has been my privilege and I know I speak for all of us in the Colorado Chapter when I say: “JP – congratulations, well done, and all best wishes!”
Perspectives and Suggestions for 2009

Most appraisers have several lender clients or are primarily lenders based. Compared to the amount of transactions during 2005-2007, 2008 has been one of change. The credit crunch, differences in pricing perceptions between buyers and sellers, and general economic concerns have contributed to fewer transactions. According to a study by Cushman & Wakefield, published in the Rocky Mountain News on December 4, 2008, “investors are expected to buy 44% less commercial real estate in the Denver area next year - the lowest tally since 2003. Commercial sales are expected to top $1.7 billion (during 2009), well below the $4.1 billion sold in 2007.”

With concerns involving Fast Tracks and minimal road expansions planned for 2009, eminent domain assignments will also be more restrictive than initially thought. On the residential side, unless the Federal Government lowers housing interest rates, 2009 will also be period of lower transactions as both foreclosures and the number of listings decrease.

It is easy when slow, to find other non appraisal things to do. However, this is the best time to reinvest in your career and business. Marketing, while always important, is more so during economic downturns. Take a broker to lunch, develop the long talked about web site, clean out those files, enrich your knowledge base and complete your education requirements. 2009 is, and will be, a year for repositioning. Some of your typical contacts will change jobs, be downsized, retire, or move into something else. New people will be introduced and relationships will need to be reestablished. Think about branding yourself and your product. Recommit to being on time and producing a quality product.

The next few months, especially January, are typically slower for appraisers due to investors beginning to develop and setting up projects for the year. Consider the following suggestions:

- Update your footnote references. The most current version of *The Appraisal of Real Estate* is the 13th published during 2008.
- Redo your regional analysis. Lots of economic changes have occurred during late 2007 and 2008.
- Newer versions of Windows, email browsers, word processing and other programs used on a day-to-day basis are available. Learn how to complete a power point presentation.
- Remove older files. Remember that we are required to retain files for five years after the completion of a report. If the report was involved in a court case, different retention is required.
- Clean out your hard drives on your computers and, yes, back up your files. With more information transmitted electronically, file space is a premium. Removing older files to storage will free up space and your computer may work faster. (Consider using a flash drive as a quick but slightly more expensive way than CDs to back up your files.)
- Network. Be seen. Say hello and meet people. Attend functions such as ones involving the Colorado Mortgage Lenders Association, CCIM, and/or International Right of Way Association. Attend broker open houses – typically good food, something to drink and direct access to active market participants.
- Make an appointment to check out new MLS and Costar features. My Costar sales rep, Charles, prides himself on getting at least one “I didn’t know that” from each client during training. I recently took him up on the offer after using Costar for many years and surprisingly he got me to say it on more than one occasion.
- Get connected via Facebook or Linkedin.
- Volunteer. I am a experience reviewer for the institute which is a terrific way to give back, meet other appraisers and to provide mentoring. Another idea includes working with Habitat for Humanity which provides a hands on way to learn about construction techniques. Volunteer- ing can be a great way to connect with others within the real estate industry.
- Travel to someplace new. All work and no play is no fun.
- Get going on the shoe box full of receipts and invoices. Your CPA will love the fact that you’re early on your taxes.

Tax Tips for 2009

Continue to fund retirement accounts but perhaps with different allocations.

Deduct the correct IRS millage allowance. This allowance increased from 48.5 cents during 2007 to 50.5 cents on January 1, 2008. Effective July 1, 2008 through December 31, 2008, the amount again increased to 58.5 cents per mile. Beginning January 1, 2009, the new rate is 55.0 cents.
Colorado Chapter Sponsors
2008 Rocky Mountain Commercial Real Estate Expo

Last year Dennis Ginther, MAI suggested that the Commercial Real Estate Expo and Fall Forecast was a pretty good event for appraisers and asked “why don’t we have Continuing Education Credit for it?” One thing led to another and I ended up on the Expo Committee and we obtained Colorado and Appraisal Institute CE credit for members of the Colorado Chapter who attended. But most important, as the world economy in October began its slide to who knows where, those who attended were able to tap into some of the best real estate minds in Colorado in an attempt to figure out where we are going.

The Commercial Real Estate Expo is produced each Fall at the Colorado Convention Center by the Denver Metropolitan Commercial Association of Realtors (DMCAR) together with the University of Denver Burns School of Real Estate and Construction Management. In addition to the Colorado Chapter of the Appraisal Institute, sponsors include: Callahan Capital Partners, CCIM Colorado Wyoming Chapter #12, The Counselors of Real Estate (CRE), The Institute of Real Estate Management (IREM), The Society of Industrial and Office REALTORS (SIOR), International Council of Shopping Centers (ICSC), 1STBank, 1031 Exchange Corporation, Colorado Real Estate Journal, and many more.

This year some 1,100 commercial real estate brokers, developers, investors lenders and other professionals attended. Speakers included:

— Former Senator Hank Brown, Scott Anderson, Economist at Wells Fargo, Tamara Door, President of the Downtown Denver Partnership, Mike Zoellner, President of Redpeak Properties, Randy Nichols of the Nichols Partnership, Walt Isenberg, President of Sage Hospitality Resources, Peter Culshaw, President of Shea Properties, and many more.

The theme of the event was The Art of Real Estate and the Appraisal Institute joined some 55 other exhibitors in the Exhibit Hall. During breaks it was impossible not to meet nearly everyone you know in the commercial real estate industry! Colorado Chapter members who presented Appraisal Institute educational opportunities at our booth in the Exhibit Hall included: Rodman Schley, MAI, Barb Kaczmarek, MAI, Marge Moore, Mike Sullivan, Brian Goodheim, MAI, SRA, Cherie Santi, and Brad Brooks.

The Colorado Chapter will certainly sponsor again next year. Some $30,000 from the Expo funded scholarships for Real Estate and Construction Management students at the University of Denver in the name of DMCA. Be sure to save a day on your calendar for this great educational and business networking event.

William M. James, MAI, CCIM, President

THE PAST

by Matthew E. George, SRA

“Past” has a negative connotation. So when I write this letter as the “past” President of the Colorado Chapter, I have to sort through if the “past” is really a good thing. And the answer is, “only if we let it be a good thing.” Will we take the lessons learned to make us better? How will we respond to the changes in our businesses? Will we create new venues of business, or try to fine-tune existing methodologies? This year has brought a lot of changes: Home Valuation Code of Conduct, FNMA, Freddie Mac meltdown, Conservation Easement issues, the proposal to join with NAR, and of course the every day grind of dealing with the changing real estate market. And, there will be much more to come. I encourage each of us to take our past and make it direct our future. History is only beneficial if we learn from it. Otherwise, it is just history. As appraisers we take “past” data and apply it to our current (or future) value. As members of the Appraisal Institute, you have an alliance with a group of people committed to making our profession better. Tell your clients and perspective clients that there is a reason you joined AI. Tell them that there IS a difference in appraisers. And then wish them a Merry Christmas, Happy Hanukah, and Happy Holidays!

I want to thank all the people who have helped make this such a great year. I’ve truly been blessed because of this experience. Thanks to the many volunteers, the Committee members, and the Board members. Finally, a special thank you to Sherry. I can’t thank you enough. You are a true professional and I can’t tell you how much I appreciate you. Your wonderful attitude is spectacular! We are so fortunate to have you guiding us on a daily basis. You do so much behind the scenes. Thanks so much.

So may the past be part of our present so that we can better serve in the future. Again, thanks to all for your help and encouragement.
September 12, 13, 14, 2008, 65 Appraisal Institute Members and Guests enjoyed a remarkable and informative Colorado Chapter sponsored Fall Event.

Held in Breckenridge, CO at the Beaver Run Resort and Conference Center, speakers informed the attendees on subjects such as Renewable Energy-Residential, Commercial & Transportation, “Built Green”, and Easements, Easements, Everywhere. Attendees even found time for fun at Breckenridges’ Octoberfest!

The Chapter wishes to thank Claudia Klein, SRA. chair, Arthur Alarcon, SRA, Millie Wilson, and Richard Stahl, MAI, SRA.

**FALL EVENT**

Thanks to our official “Photo Guy” Anthony Cichello, MAI

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### Fall Event Committee:

Claudia D. Klein, SRA, Arthur Alarcon, SRA, Millie Wilson

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### Speakers:

#### Renewable Energy

- **Marty Smith**, Excel Energy
- **Dr. Stan Bull**, Former Director of NREL
- **Erin Whitney**, NREL

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Captive Audience
Speakers:

“Built Green”

And thank you to
Bonnie Roerig, MAI,
speaker for
Preservation
Easements

Timothy Gagen, Breckenridge
Town Manager

Matt Stais, Architect

Easements, Easements, Everywhere

John Schwarts, MAI

Robert Stevens, MAI, SRA

Doug Nitzkorski, MAI

Octoberfest at its Best!
A variety of topics were covered by our successful 2008 Potpourri Seminar. The Chapter wishes to thank Bret R. Poole, MAI and Peter D. Bowes, MAI for all of their efforts to assure that an excellent panel of speakers were available for this Seminar. Many thanks goes to our speakers, Roger S. Bowers and Dan McCune, attorneys with Kennedy, Childs & Fogg, P.C. for their session on Real Estate Appraiser Liability; Harold McCloud, MAI presented “Raw Land to Subdivision Process”; and Judy Richtel, informed the audience about Basics of Affordable Workforce Housing and Moderator Aaron Miripol, Urban Land Conservancy and panelists Chris Parr, Denver Housing Authority, Melinda Pollack, Enterprise Community Partners, Susan Powers, Urban Ventures discussed “Affordable Workforce Housing Practitioner's Views”

During the Chapter meeting President, Matthew E. George, SRA, presented Ron Collins with a plaque thanking him for all of his support to the Colorado Chapter of the Appraisal Institute. Matt also presented Charles Nelson and A. Renaud Wilkinson with their MAI certificates.

A total of 110 chapter leaders and staff attended this year’s program. We hope that you found the sessions interesting and informative and enjoyed being able to gather with fellow Appraisal Institute leadership and staff from across the country.

The Chapter Leadership Program Resources Web page has been created and contains numerous PowerPoint presentations and handouts from the program. To locate this information, please login to the Appraisal Institute website, click on Chapter <http://www.appraisalinstitute.org/myappraisalinstitute/chapter_business.aspx> Business Tools (located on the left hand side of the page) and click on 2008 Chapter Leadership Program Resources.
Ben White, Denver Deputy Assessor, presented a program which evidenced the significant foreclosure and REO sales activity in Southwest, North central and Northeast Denver.

Price per square foot of living area, average 2000 square feet, in Montebello, manifested a range from $80 for a liquidation price to $116 for resale - which represents the predominant market???

Average price per square foot suggest an upward trend in areas such as Cherry Creek, Washington Park and Hilltop; downward in Northeast Denver-Green Valley Ranch; while Stapleton and Lowry are unique markets. The computer model for mass appraisals will take all the “best” sales in a given economic area and which closed in the “base period.”

Condition issues are a major variant and are made further confusing when MLS reports the condition as “great” while the TD 1000, completed at closing, reports the condition as “poor.”

Mike Rinner, MAI, Genesis Group, wove a tale of increasing new home and vacant lot inventories and declining sales volumes. Existing home resale’s across the Front Range also manifested declines in both price and volume, but not to the new home extremes.

Over the past 12 months, Colorado is 6th in the US in job growth and immigration and price increases over the first half of the decade have been much lower than the US average. Conversely, while retail sales were up in 2007, they are lower to date for 2008.

Tighter lending practices adversely impact sales, however, on the bright side, there is much pent-up demand which will manifest itself when the financial crisis eases and inventories decline.

Following Mike’s presentation, an open forum discussed the “qualifying” of foreclosure scales and “measuring” condition — the mass appraisal process covers an overall sub-market whereas the fee appraisal process compares individual units to individual comparable unit sales.

Foreclosures adversely impact a neighborhood and banks/REO property marketing tends to exacerbate the problem with a “get rid of the property at any price” attitude.

In summary, the “best” market exists for detached homes priced under $100,000 where there are many foreclosures offset by buyers for both owner occupancy and investment and this bottom level creates a platform for the market upwards. Normal supply/demand may be achieved by year end but what follows will probably be a period of slow recovery. Tight financing and uncertainty are impacting the broader market of commercial, industrial and retail properties.

Around 70 attended the year’s “Round Table” and expressed appreciation for the opportunity to interface and exchange thoughts and opinions on this difficult time in the real estate cycle.

Many thanks to Ben White, Denver and Sue Sterrett, Jefferson County for co-hosting and to Mike Rinner for his presentation.