

# COLORADO CHAPTER APPRAISAL NEWS

## Appraisal Institute®

Professionals Providing Real Estate Solutions

Volume 19, No. 3 — June, 2009



Editor: Barbara Kaczmarek, MAI

www.colorado-ai.org

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## Colorado Chapter of the Appraisal Institute Presents **FEDERAL TAX VALUATION PROCESS, CONCERNS AND ISSUES** THURSDAY JULY 23, 2009

**Location:** Crowne Plaza, DIA  
15500 East 40th Avenue  
(I-70 and Chambers Rd) Denver, CO 80239

**Schedule:** 7:30 a.m. – 8:00 a.m. Registration  
8:00 p.m. – Noon Seminar Presentation  
Noon – 1:00 p.m. Lunch  
1:00 p.m. – 5:00 p.m. Seminar  
Presentation and Questions

**Fee:** Members Appraisal Institute:  
\$99.00 (INCLUDES LUNCH)  
Non-members:  
\$110.00 (INCLUDES LUNCH)

**Continuing Education:** Appraisal Institute – 7 Hours  
State of Colorado – 7 Hours (pending)

**Moderator:** Louis Garone, MAI, SRA, Senior Appraiser

**Speakers:** Ron Ceruti, Territory Mgr., Ms. Taleen Lobsinger, Sr. Team Coordinator, Gary Trudgeon, Sr. Appraiser, Lloyd Fanning,

Team Mgr., Andy Freytag, Petroleum Engineer, William Davis, LMSB, Sr. Counsel, Monty Careswell, Economist Specialist, Kerry Packarad, Mechanical Engineer, Scott Etheridge, Petroleum Engineer, Tom Radow, Appeals Officer, Ms. Sara Barkley, Attorney for Chief Counsel.

**Topics:** Pension Protection Act, USPAP, Valuation Issues, Role of the Revenue Agent: Taxpayer Interaction, Resolution Alternatives; Estate & Gift Tax; Oil & Gas: Role of the Engineer; Minerals & Mining, Business Valuation, Charitable Contributions & Conservation, Appeals: Function, Case Process, Use of Outside Experts; Legal: Role, Taxpayer Interaction, Resolution Alternatives, Expert Expectations.

**This Seminar was developed and is administered by the Colorado Chapter.**

### REGISTRATION Form — *No Phone Reservations! Please*

**Mail or Fax (303-757-0158) no later than July 22, 2009 to:**

Appraisal Institute, 1540 South Holly Street, #5, Denver, CO 80222

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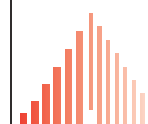
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#### Seminar

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**\$110.00** \_\_\_\_\_

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.....jpark@interphinx.com  
Karen L. Tool, SRA .....970.225.8227  
.....krool@mediafunction.com

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.....loveap@charter.net  
W. Michael Rinner, MAI .....305.662.0155  
.....MRinner@TheGenesisGroup.net  
John A. Schwartz, MAI .....305.671.7511  
.....john@schwartzandcompany.com

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Arthur R. Alarcon, SRA .....305.914.2919  
.....Arthur.Alarcon@va.gov  
Sue Anne Foster, MAI, SRA .....970.352.1117  
.....sue@fosterval.com  
Dana L. Larson.....305.914.9565  
.....dana@cradenver.com

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Residential – Diana L. Chilcutt.....305.690.0967  
.....dicassociates@comcast.net

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**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**  
.....Ecohn7661@aol.com  
**Steve Groh, MAI**  
.....stevegroh@msn.com  
**Rodman Schley, MAI**  
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Charles Nelson, MAI .....cnelson@civiltechnology.com

#### Residential:

Claudia D. Klein, SRA .....Cdk100@pcisys.net

### Appraisal News Editor

Barb Kazmarek, MAI .....bkaczmarek@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

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Lynn D. Herlinger, MAI .....herlinger@ix.netcom.com

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Louis J. Garone, MAI, SRA .....garone5@comcast.net

### Education/Program

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Richard G. Stahl, MAI, SRA.....rstahl@avallp.com

### Website

Deane Davenport, MAI, SRA

.....Deane.davenport@bankofthewest.com

# PRESIDENT'S REMARKS

by Virginia Messick, MAI



There are two articles that follow:

First, a short paper by Jeff Liskar, Esquire, writing about appraiser independence and what the Appraisal Institute has done and is doing.

Second, a summary of the ongoing litigations and investigations.

The litigation addresses legitimate grievances that appraisers face and still face regarding appraiser independence. Appraisers are sometimes subjected to pressure to produce results ranging from fraud to criminal activity. These lawsuits might begin to cure some of these problems.

## Jeff Liskar

Appraiser independence remains a critical issue for appraisers. Many of us have heard of situations where appraisers have been subject to inappropriate pressure to produce pre-determined results or have been subject to such pressure themselves.

The Appraisal Institute is very active in federal and state arenas to address appraiser independence. The Appraisal Institute has successfully advanced appraiser independence provisions in various federal regulations and guidance. The Appraisal Institute also has advanced appraiser independence laws in the states. Although Colorado has not yet enacted an appraiser independence law, ten other states have.

The Appraisal Institute has issued a new resource for members, an appraiser independence toolkit, which is a compilation of the most up-to-date documents and publications that will assist appraisers in complying with new requirements related to appraiser independence. Included are the latest relevant federal and state laws and regulations, including the new regulations (Regulation Z) regarding appraiser independence under the Truth in Lending Act that will become effective on October 1, 2009, proposed guidance for lenders on appraiser independence from the federal banking regulatory agencies, and all state appraiser independence laws.

Some individual appraisers are addressing the issue of appraiser independence through litigation. A list of some such pending litigation is found below. For more information about these lawsuits, you can download the complaints and/or contact the attorneys involved.

Below is a summary of the litigation that is going on. These are class action suits. Anyone who is in one of the classes can join these suits by contacting one of the attorneys.

## Summary of Litigation

### Appraisers File Lawsuit against Wells Fargo Alleging Appraisal Pressure

Two real estate appraisers filed a lawsuit against Wells Fargo and its appraisal subsidiary, Rels Valuation, on April 14, 2009 claiming the two organizations pressured them to submit inflated home values in an effort to increase profits. Filed under the Racketeering Influenced and Corrupt Practices Act, the lawsuit alleges that plaintiffs Don Pearsall and Timothy Savage of Avon, Colorado, were pressured by Wells Fargo to inflate appraisal values. After refusing, the suit claims that the Rels blacklisted both from its approved list of appraisers.

“We plan to show Rels effectively tells the appraisers what they want to see in the valuation, and if they don’t deliver, they are locked out of future work,” said Steve Berman of Hagens Berman Sobol Shapiro, the attorney representing the plaintiffs.

According to Berman, Rels Valuation provides appraisers with predetermined figures called Borrower Estimated Values and expects the appraisal reports to contain values exceeding the supplied figure. In addition, the complaint alleges that the two companies have compromised appraiser independence by providing valuers with predetermined comparable properties when performing appraisals.

“We’ve heard from appraisers across the country sharing similar stories – bullied into inflating prices and blacklisted when refusing,” Berman added. “Apparently the treatment that both Tim and Don experienced is the same for hundreds, if not thousands of appraisers.” The lawsuit seeks to represent all state-licensed and state-approved appraisers nationwide who have been removed from Wells Fargo or Rels Valuation’s approved appraiser lists.

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### **Wells Fargo/Rels Valuation Hit with "Skimming" Lawsuit**

Two Phoenix homeowners filed a class action lawsuit against Wells Fargo and its appraisal subsidiary, Rels Valuation, on January 30, 2009, alleging that the mortgage giant rigged the appraisal process by requiring homeowners to use its subsidiary for appraisals in a scheme to increase profits.

The suit claims Rels Valuation subcontracts appraisal work to independent appraisers at below-market rates while charging homeowners more than double the actual cost of the appraisal without disclosing that the bulk of the fee is simply a markup. The suit also contends that independent appraisers who do not accept Wells Fargo's fee structure or appraisal guidelines risked being blacklisted.

The suit alleges that Wells Fargo and Rels Valuation attained more than \$100 million dollars in unearned fees through the fee scheme.

### **Countrywide Appraisers**

Hagens Berman Sobol Shapiro filed a class-action lawsuit on October 16, 2008 against Countrywide claiming the company engaged in a practice of pressuring and intimidating appraisers to defy industry standards and generate appraisals in line with the company's business objective.

The suit claims Countrywide blacklisted appraisers who didn't comply, adding their names to the 'Field Review List.' The suit claims that if an appraiser appears on the Field Review List, the appraiser's business and revenues plummet.

According to the suit, Countrywide's market dominance gives it the ability to negatively affect an appraiser's business.

### **Countrywide Homeowners**

Washington homeowners filed a class-action lawsuit against Countrywide on January 12, 2009, claiming the lender giant illegally rigged the appraisal process in a scheme to boost profits at the expense of homeowners and independent appraisers.

The lawsuit, which seeks to represent all homeowners who purchased or refinanced their home through Countrywide and LandSafe, claims Countrywide forces homeowners to use its wholly owned subsidiary, LandSafe, for appraisals.

According to the suit, LandSafe turns the appraisal work to a third-party, demands they follow the developed fee structure, and if they

refuse, adds them to a field review list that identifies appraisers Countrywide will not work with.

The lawsuit claims LandSafe subcontracts much of its appraisal work to a network of independent appraisers, but offers them rates as low as \$140 per appraisal. The company then marks the costs of the appraisal up to as high as \$410 when invoicing homeowners.

Plaintiffs claim the practice is damaging to homeowners who pay the inflated fee, and to appraisers who are forced to work below market standards or risk losing work in the future.

### **KB Home, Countrywide, and LandSafe**

Hagens Berman Sobol Shapiro filed a class-action lawsuit on behalf of a group of homeowners on May 7, 2009 against KB Home, Countrywide, and LandSafe claiming the three conspired to systematically, artificially, and illegally rig home appraisals in KB developments in an effort to boost home values and sale prices.

The venture allowed the companies to control every aspect of a buyer's real estate transaction, putting the companies in a position to rig and falsify the appraised value of KB Home homes.

As a result, homebuyers unknowingly paid upwards of \$20,000 over the actual value of their home, pushing them into inflated mortgage loans. This alleged scheme would add \$280 million in ill-gotten profits in KB's pockets.

According to the suit, homeowners learned they had been duped when they attempted to sell their homes and hired independent appraisers.

The suit details a litany of tactics LandSafe appraisers used to deliver the predetermined value, including blatantly falsifying sale prices for comparable properties; using comparable properties that were as much as 10 miles away, and citing comparable properties that were in other planned communities.

### **Ongoing Investigations**

#### **Washington Mutual Mortgages**

Hagens Berman Sobol Shapiro is investigating claims that Washington Mutual, the country's largest savings and loans institution, conspired with First American Corporation to artificially inflate housing appraisals.

If proven, the charges mean that homeowners could have overpaid for homes, and consequently are paying artificially-inflated mortgages.

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## President's Remarks *(continued)*

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On November 1, 2007, the Attorney General of New York filed a lawsuit making similar allegations. According to media reports, First American Corporation provides real estate appraisal services to savings and loans, banks, and other lending professionals through First American eAppraisalT, an appraisal management company. The company allegedly allowed WaMu to control appraisal prices and apply pressure to appraisers to get the housing value estimates that would help close loans.

Reports also claim First American allowed WaMu – its largest client – to hand pick appraisers the company knew would bring in appraisal values high enough to permit WaMu's loans to close.

### **Law Firm Investigates Claims that Bank of America Profits from Undisclosed Home Appraisal Mark-Ups**

Hagens Berman Sobol Shapiro is investigating Bank of America's home appraisal company, Lending Processing Services, based on homeowner reports that the two companies conspired to overcharge homeowners for appraisals in perhaps hundreds of thousands of transactions.

According to reports, Bank of America charged homeowners upwards of \$400 for routine home purchase appraisals, but through an alleged deal with a large appraisal management company,

pays much less – often less than \$150 – pocketing the difference.

### **HBSS Investigating Richmond American Homes on Behalf of Homeowners**

Hagens Berman Sobol Shapiro announced that it has begun an investigation of Richmond American Homes, a subsidiary of MDC Holdings, based on reports from homeowners claiming the company may be engaged in agreements with Countrywide to inflate the appraisal value of Richmond American Homes.

Homeowners report the company steered them towards Countrywide for home loan financing. Since the housing market's collapse, many homeowners now find themselves upside down on their mortgages and report Countrywide is unwilling to discuss loan modifications.

Based on reports, HBSS believes Richmond American Homes artificially inflated the home appraisal values of new homes with Countrywide, driving up home sale prices and pushing unsuspecting homeowners into dangerous loans.

We hope that these actions will contribute to the reduction or elimination of inappropriate pressure on appraisers.

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### **Sarah Tacznosky**

Congratulations! The Appraisal Institute is very pleased to inform you that you have been awarded the Appraisal Institute Minorities & Women Education Scholarship in the amount of \$1000.

We are happy that you have chosen a career in the real estate industry. Our hope is that this scholarship award will assist you in offsetting the cost of studies leading to a degree in real estate appraisal or a related field.

Your award will be sent to the admissions officer on your behalf and must be used towards tuition for real estate appraisal or real estate related courses and book expenses. It will be sent to this address:

Daniels College of Business  
Attn: Scholarships and Financial Aid Office  
University of Denver  
2101 South University Boulevard  
Denver, CO 80208

Congratulations once again on your achievement and your rewarding career in the real estate field.

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### **Anthony F. Lin**

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Congratulations once again on your achievement and your rewarding career in the real estate field.



It is an exciting time to be an appraiser, — well ok, maybe that is a bit strong; however, it certainly is an interesting time to be an appraiser. First, the economic climate has completed nearly a 180-degree change since this time last year. According to CoStar research, asking rental rates for office buildings actually increased from Spring 2008 to Fall 2008 only to immediately begin to fall with the start of 2009. Check out the free market reports from the Frederick Ross Company for their take and insights as to the first quarter of this year ([www.frederickross.com](http://www.frederickross.com)).

Second, while most commercial appraisers were very busy during the first half of 2008, many experienced less activity during first half of 2009. As the saying goes, “during good economic times, the availability of work is high due to refinancing and acquisitions. During bad economic times, the availability of work is high due to foreclosures.” So far during 2009, except for a short period of below 5.5% residential interest rates for residential mortgages, the market is not providing a surplus of either type of appraisals, although both types of appraisals are being requested.

Third, the rulebooks on appraisal ordering, practice and report writing are changing. At the top of the influence list is the Home Valuation Code of Conduct (HVCC). Effective May 1, 2009, this legislation primarily affects residential appraisers. Personally in the past, governmental proceedings made my eyes glaze over and my view had been *‘whatever’* - I am only one person just tell me how to deal with the new requirement. WRONG ATTITUDE!!!

The June member luncheon featured Rick Lifferth, MAI, SRA of the Utah Chapter. Mr. Lifferth initiated an appraisal board oversight organization known as the Utah Association of Appraisers (UAA), which is similarly based on the membership policies of The Appraisal Foundation. Both organizations technically do not have any individual members; rather, the membership is comprised of delegates of various Utah professional appraiser organizations. UAA provides for a focused way to lobby for appraisal related issues and they have been successful in influencing several legislative initiatives affecting Utah.

Matt George, SRA, our immediate Chapter Past President chairs an Ad-Hoc committee to respond to issues created by the passage of HVCC on a state level. One of these issues is the lack of appraisal licensing and therefore, reviews standards and enforcement on a state level for appraisal management firms. While the individual completing the requested appraisal must meet state requirements and also, if a member, appraisal institute requirements, the person reviewing the appraisal work is not currently subject to similar standards and requirements. Additionally, while the Colorado Division of Real Estate (DORA) will investigate claims of pressure, their jurisdiction may not extend to the out of state appraisal management firms.

As of the date of this newsletter, HR 1728 the Mortgage Reform and Anti-Predatory Lending Act has passed the house and is on to the US Senate. This legislation addresses:

- Minimum education standards for several types of licenses,
- Provides quality control standards for automated valuation models,
- Limits the use of a Broker Price Opinion for the purpose of loan origination of a consumer’s primary dwelling,
- Provides for state regulation of appraisal management companies. This is the State’s responsibility,
- Establishes a federal appraiser independence standard which would include fines of up to \$20,000 for those who violate it,
- Requires an appraisal be completed which includes a physical inspection of the property interior prior to completing a sub prime loan,
- Requires that real estate settlement forms would have to clearly state (a) the fee paid directly to the appraiser by an appraisal management company and (b) the administration fee charged by the AMC, and
- Allows that appraisers can be selected based on these professional qualifications and designations, among several other items.

We, as professionals within the appraisal industry, have time to influence the passage of this legislation. The Appraisal Institute has a national advocacy program which mass emails members encouraging us to contact our elected legislators by providing a link to our local contact. Additionally, the Appraisal Institute’s web page provides an on-going link to local political contacts and an email comment format which is accessible by clicking on News and Advocacy and then the

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Legislative Action Center or Grassroots Advocacy. For less than five minutes of your time, you can provide the legislators with either an email or phone call with your concerns and responses.

Tired of poor appraisals generated in part by the demands of a few less than desirable appraisal management firms? **Ms. Marcia Waters**, Enforcement Supervisor for DORA spoke for an hour at the end of the USPAP Class in May. She actively encouraged us to turn in questionable appraisal reports for review and investigation. The process is relatively simple. Download and complete a short form (yes, this form can be submitted anonymously) and mail both the form and a copy of the report to her. The state's team of investigators will take it over and begin their review process. The forms are available at [www.dora.state.co.us/real-estate/Complaints/Complaints.htm](http://www.dora.state.co.us/real-estate/Complaints/Complaints.htm). She also recommended that if a specific broker is applying pressure; report them. Having a hard time getting paid? As an additional benefit, her office will investigate mortgage brokers who are not paying for requested appraisals.

And last, I encourage each of you attend an appraisal board meeting. The next one is scheduled for September 24, 2009. It has been a pleasure to view the dedication and passion of our elected local board members.

Thanks for reading through these editor comments. I have few additional interesting but unrelated items to present.

- About 80% of the Appraisal Institute's lobbying funds go towards issues involving residential property and nearly 70% of **Bill Garber**, the Appraisal Institute's Director of Government and External Relations, time is spent on residential appraisal issues.
- "Something to ponder." The US National Saving Rate between 1952 through 1984 ranged between 10% to 12%. Retail development during the 1990s through mid 2000s was based on the US consumer decreasing their personal saving to a negative saving rate by 2005. With the recent economic downturn, the US personal saving rate is now estimated at 5.7% and trending upward. What will be the impact of this saving rate to both existing and proposed retail development and the continued impact if the rate increases back to the historical 10% to 12%?
- It is not too late to provide tax-protesting services to your clients. Protests for the 2009 assessment were required to be submitted by June 1, 2009. However, the prior assessment for 2007

and 2008 can still be protested by filing a Petition for Abatement or Refund of Taxes. Of course, the respective county treasury division will only issue the refund, if any, to the person or company that paid the taxes for the year(s) in question.

- "Attending classes versus on-line classes." I completed the May USPAP Course and sat next to an individual I did not know earlier and who had just completed an appraisal of a similar special usage property that I was appraising. He offered insights and access to his research. (Thanks again Jeff Piehl.)
- During the next few months, the Colorado Chapter will offer three seminars: a day with the IRS - Federal Tax Valuation Process, Concerns & Issues on July 23rd, the annual PotPourri on August 6<sup>th</sup> and the Fall Event in Breckenridge, September 18-20. Attending all three would provide you with nearly 25 hours towards your educational requirements!
- Everyone has at least one of these —I am looking for humorous and/or humorous "horror" stories for inclusion in future editions of this newsletter. Please e-mail me at [bkaczmarek@onebox.com](mailto:bkaczmarek@onebox.com). Published contributors will receive a small token of appreciation. Please keep your stories to a few paragraphs in length.

### Marketing Tip

The National Association of Realtors encourages their membership to wear a realtor pin and to use their logo on business cards, web pages, newsletters and other visual and/or print material. Agents who do so benefit from professional advertising and consumer perception that this individual is more knowledgeable than the person down the street who just has a license.

The Appraisal Institute offers membership pins and allows the MAI and SRA designation logos to be used on business cards and on other visual material. Stand out from the crowd! Proudly display your affiliation by wearing your designation pin while meeting clients and the general public. Camera-ready designation logos and rules for using these logos are available from the Appraisal Institute. Replacement MAI and SRA pins can be ordered from AI's web site for \$15 each. Additionally, NEW Chapter name badges can be ordered! Please see the instructions included within this newsletter.

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PRODUCTIVE SUMMER!***

# Save

WHEN YOU GET SOMEONE TO:



# JOIN NOW



**Appraisers know the value of a referral.** So, as part of our ongoing recruitment campaign, we want to reward every member who brings in a new member.

These are challenging times for our country and our profession. Yet, despite the economic uncertainty, the real estate appraisal profession is positioned to play a vital role as our economy recovers. Regardless of the economic downturn, we added nearly 4,000 members in 2008 — a record! And this year, our goal is just as aggressive. That's why we need your help to succeed.

From **June 17 through September 30**, you can receive up to **20% savings\*** on 2010 national dues. You'll receive a 5% discount for every member that joins in your name, up to 4 members.

**Let your colleagues know about the value of membership — and reap the rewards! Here's how it works:**

**Step 1:** Download the Member Referral cards and fill in your first name, last name and phone number on each card.

**Step 2:** Hand out your referral cards to potential new members.

**Step 3:** When a new member enters your name as the referring member in the membership application form, you'll earn 5% off your 2010 National Dues.

For more information about the referral program, visit [www.appraisalinstitute.org/referral](http://www.appraisalinstitute.org/referral)

**Questions?** Contact the AI Service Center at 888-7JOINAI or [aiservice@appraisalinstitute.org](mailto:aiservice@appraisalinstitute.org).

*\* Does not apply to Chapter Dues.*

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# HVCC Town Hall Meeting

Matthew George, SRA, Chair  
Colorado Chapter HVCC Ad-Hoc Committee

THERE WAS A HVCC TOWN HALL MEETING THE END OF MAY. THIS IS COMMUNICATION RECEIVED FROM AI MEMBERS REGARDING HVCC:

- 1) Most Appraisal Management Companies (AMCs) take 30% of the appraisal fee. Though it is a lending fee, they take the appraiser's fee. Appraisers are making less money and consequently, the less qualified appraisers are taking the assignments. **There is a relationship between compensation and quality of work.** This will hurt the consumer because less qualified appraisers will do lower quality work. There have been appraisers that are appraising in areas they are not qualified to appraise. There have been appraisers who have taken assignments they are not qualified to appraise. The HVCC has yielded less qualified appraisers.
- 2) AMCs are graded on turn around time. This promotes a "sweat shop" mentality for choosing appraisers. Again, quality is sacrificed. The consumer gets hurt.
- 3) AMCs do not choose appraisers for their education, experience, or credentials. A 30 year designated college graduate appraiser is thrown into the same pool as a high school graduate with 2 years of experience. This is "socialized appraising." It violates free trade for the appraiser because it lumps all appraisers in a pool - NOT based on qualifications.
- 4) Some lenders own their own AMCs. This has become a profit center for the lenders.
- 5) AMCs are not regulated and can be manipulated.

The HVCC will not mandate AMCs. But the reality is: most companies will either use an AMC or have something resembling an AMC.

Who loses? The consumer. The lender makes more money. The good appraisers will be forced out of the business. And once again, the consumer gets less quality for more money. Bad appraisals equal misleading collateral determinations. Misleading collateral determinations equal spiraling inflation and the declining of home values.

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**THE HVCC NEEDS TO BE REVISED.  
IF IT IS REVISED, IT CAN BE  
AN EFFECTIVE TOOL FIGHTING FOR  
APPRAISER INDEPENDENCE.**

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# ASSESSMENT AND MODELING PROCESS

Attendees were informed and educated regarding the Assessment Basics. Speakers **Mark Lowderman**, El Paso County Assessor and **Keith Erffmeyer**, Deputy Assessor/Chief Appraiser for Denver spoke on the current pertinent statutes, the assessment calendar and the property tax "shares." Members of the Appraisal Institute and Non-Members and guests were informed about the revaluation process and property valuation. Registrants learned the process of the Assessment — 'What is the process of changing to a Computer Model type of re-assessment' and What about Tax Consultants? Discussion was held regarding the 2009 revaluation of El Paso County and of Denver County. The question of the day was "How Appraisers can 'fit-in'?" For example what is the overview of the appeal process, explanation of hearing officers and how are property owners represented? Following the Seminar, the luncheon speaker, Rick Liffert, MAI, SRA and founding member of the Utah Association of Appraisers explained the purpose of the Utah coalition. "To monitor and promote state legislation as it affects appraisers in that State." The Utah chapter of the Appraisal Institute took the lead in maintaining and growing their appraiser coalition created during state licensing. Rick shared the many successes of UAA in working with the State legislature, i.e. AMC regulation, state licensing and enforcement, continuing education; to name a few. As some of you may remember, Colorado had a coalition during the period prior to state licensing. Some of the members are asking, "Why did it stop?" With the participation of the members of the Appraisal Institute, ASFMRA, IAAP, IRWA, ASA, RICS, NAIFA, CRE, and CCIM, to name a few, appraiser's needs and concerns can be heard. Comments heard after Rick's presentation included: "The time is NOW to 'explore' the benefits and structure of a Colorado Association of Appraisers." **There is strength in numbers!**

## IMPORTANT INFORMATION!

Your clients should be aware that 2009 is a revaluation year for assessments in Colorado. Appeals should be filed by June 1, however, if that is not done, the law allows a taxpayer to have an additional 30 months to file appeals. That means that one can go back to 2007 and 2008 for appeals that were not filed in either of those years.

# It's what I do, Appraisal Report Review... Part One.

Deane Davenport, MAI, SRA

Reviews are necessary for a number of reasons; with luck, they typically end up making the report stronger through a co-operative effort between the reviewer and the appraiser creating the report. If it doesn't, I am not doing my reviewing job effectively.

I have been doing appraisal report reviews for a number of years on a consulting basis and for litigation. Now it is my full time job. As a joke, I usually say, "I've turned into the guy I used to hate"... That is a joke because most of the time I was lucky enough to have reviews done professionally and with mutual respect. I try to follow that line of thinking when I send out review discussion emails now.

I want to share my routine in the hopes of a better understanding. I begin by reading the whole report from start to finish with two things in mind. Typographical and logical errors are the items I look for during that first run through. *Whoa, "typos??" – Why typos?* Well, what typos mean to me is perhaps the report was done in haste. I don't report all of those back but that is a clue to the rest of the report.

If you have the wrong address or even a different bank as the client; I know things were done too quickly. Right away, I am looking closer than I was before. "Search and replace" works well but it still is just a computer aid. If the appraisal author hasn't done more than that, I start to get worried pretty early in this whole process.

Organization and simple logic show through right from the start in these reports. The more complicated the report (multiple properties, property interests, and/or uses), the more important clarity and organization become. If I am having problems following the report's logic, how can we expect borrowers and other third parties to understand the "story we are telling". It is a story, one based on facts but still "a story". Telling that story separates the great report from the pedestrian report. Both will work, but one gets the valuation believed and remembered.

What I mean by "logic" starts very soon in the report. Do all parts (*Every* aspect of the report) lead the reader to a logical conclusion, one that is relevant in terms of the physical property and the appraisal problem? Even more so, in terms of leading the reader to understand that property in relationship to everything that affects the final estimate of value.

The last eighteen months have seen the largest economic changeover since I have been appraising

which takes me fondly back to 1977. This hasn't been just local, regional or national. This time the entire world has been "on the brink".

I see area and neighborhood descriptions that stay with the tried and true. Updating in today's market is not just nice work – it is imperative. Unemployment and household numbers are the base for many retail and multi-family trends. All property types need a *very* fresh look. As a reviewer, I can tell you that reporting that an MLS has started tracking Distressed/Bank Owned properties similar to the subject is more germane than 1990-to-2005 Census information about the whole town without any mention of how that relates to the appraisal problem at hand.

Demographics are obtainable at a reasonable cost to almost everyone now. CCIM's "Site to do Business" *lite* is available for free to Appraisal Institute members. With STDB, I can give you a thematic map of household incomes in drive times around your subject property. I can give you a business list of all the tenants in my office building in Denver with contact names and phone numbers that is  $\pm 90\%$  timely and accurate. Demographic 5-year projections are available down to census tracks in the smallest towns and counties in the entire country. These types of reports can now be done in  $\pm 20$  minutes after some practice. Sure there is a learning curve – hey, that keeps our brains healthy and young – right?

Another issue that touches retail (then offices, then industrial) is our national savings level. Saving is good, right? – Well, not if it means we are not buying. Huge numbers of citizens are frightened right now; the savings rate has more than doubled – which directly affects retail spending quickly. Areas change; trends are available but new and extra work is necessary because things are happening so quickly. Right now they are down, but I believe in my heart that they will happen just as quickly when things start to recover. I look to see if that report logic is there.

There will be signs of recovery; will we catch them as quickly as market participants if we try. I think we can and that is the logic I look for in reviews.

Why do I bring that up? These are extremely difficult times to appraise in. There has been extremely limited activity in the market since early 2008 for sales, rents and market extractions

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(continued on next page)

of any kind. *Creativity and due diligence* is the name of the game. When I now see a report using four sales from 2007, one sale from early 2008 and a listing within the same narrative I have seen for the last three years from an office, it reminds me of those difficulties. That logic is not “reflecting” the market. It is we trying to fit the new into the old. Trends may be slight and hard to see but they are possible to report on. I look for that type of effort during my first “read through”.

Listings used to be only for relocation appraisals; what could they tell you? Trends, it's all about trends. It is not a sale but how many listings are there, how many have been pulled; how many have changed? They still represent competition and how owners are reacting. We still need to look at property appropriate old sales and rents. Now we need analysis more than ever; where are those trends going and how do they reflect back to the subject.

There are national reports (many for free). What they track nationally can be sought locally or at least regionally. Can they be backed up with interviews, *verifiable local* interviews with names, places, numbers that include why the interviewees are important to the appraisal problem? That helps the reviewer know it isn't just boilerplate.

There is another early “logic” I look for, a fundamental one: “does one section (facts or valuation) make sense when looking at each of the other sections?” I truly believe an appraisal and it's reporting is akin to a living organism. Each part of the

whole directly affects the other parts. Some parts have more influence than others but *all* parts affect one and other. There is a real reason why the appraisal report has evolved and continues to evolve. It interrelates; as a reviewer, I am looking for “connects” and frankly the “disconnects”.

Reciting information is ok but analyzing it makes that report stand apart. Are the facts telling us something and we don't even see it? Are the comparables really similar in use, could that sit-down restaurant comparable have a lot more F.F. & E. than your drive-up Sonic type restaurant? Are the customers different?

Again recent information is critical. An example would be resort ski-days from even two years ago look different than what I read in the papers each day now. The biggest disconnect I see is between  $\pm$ twelve month old data, and unit absorption based on data that isn't even supported by facts recited in the report's area analysis, in the number of competitive properties and their absorption rates, vacancies, the number of buyers available, etc.

There must be a “connect”; don't worry, today may be telling us things are trending downward. That is why we have effective dates. Someday we will be able to be telling good news again, but our job is to always tell the “story” now.

Just think, a lowly, professional report could be remembered by our peers and clients; and easily defended... That goal is what has made  $\pm$ 32 years in the business fun.

**Colorado Chapter of the Appraisal Institute Presents  
NINTH ANNUAL FALL EVENT!!!**

**Beaver Run, Breckenridge, CO**

**September 18, 19, 20, 2009**

**Committee:**

**Claudia D. Klein, SRA, Arthur R. Alarcon, SRA, Millie Wilson,  
Louis J. Garone, MAI, SRA and Dennis Webb, MAI**

**WATCH FOR DETAILS FOR THIS EXCITING EVENT!!!!**

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

**August 6, 2009**

**Colorado Chapter of the Appraisal Institute  
Will Present the**

**2009 PotPourri Seminars**

The Education Committee has almost completed the schedule and topics for the 2009 PotPourri Seminar.

**Location:** Courtyard by Marriott  
1475 S. Colorado Blvd., Denver, CO 80222  
Registration and Continental Breakfast

**Morning Session:** “The seminar is on the proposed Union Station redevelopment combined with the proposed 16th Street Mall rehabilitation and an update on the FasTracks construction project, with discussion of transportation oriented development and affordable housing as a component of TOD.”

**Noon – 1:00 p.m. Lunch  
Chapter Meeting**

**Afternoon Session:** “Examine the bottom line of both commercial and residential ‘Sustainable, High Performance, LEED Certified, Energy Star’ buildings. Become familiar with the fundamentals of the costs, benefits, savings, programs, primary users, resources and terminology of ‘green buildings’ so you can competently value these properties and avoid being ‘green washed’.”

**Attendees will receive Continuing Education**

“Chapter Generated Seminar by the Colorado Chapter of the Appraisal Institute”

**Fee will include: Continental Breakfast  
Lunch!!! Chapter Meeting and Presentations  
Breaks  
Seminars  
SAVE THE DATE!!!!**

***WATCH FOR SPECIFIC DETAILS!!!!***

**DETAILS FOR YOUR PERSONAL BADGE**

Johnny W’s has the Premade “form” for the badge. On the form is Appraisal Institute and Colorado Chapter.

- Your **NAME** will be in the center of the badge.
- You will tell them the **NAME** that you wish on the badge (don’t forget designation if you wish) and how you will pay them **directly** the \$10.00
- The badge has a “magnet” on the back for attachment.
- The badge is \$10.00 and that includes postage to mail the badge **directly to you**. Please tell them that is your request.

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The lady that I have worked with is Vicki Sharp.

**Johnny W’s — Phone: 303.755.3181 — e.mail: johnnyw.s@juno.com  
1412 So. Parker Rd (Albertson Shopping Center), Parker Rd and Florida, Denver, CO 80231**

To FAX them the correct information: 303.755.3189  
Usually Faxing them the information works the very best!

# Welcome New MAIs and SRAs

by Millie Wilson

## Congratulations on your hard work and achieving your designation!

### **Doug Agne, MAI**

I had the pleasure of working at the same company as Doug several years ago and realized quickly that he is very bright and a real gentleman. He is originally from Nebraska and came to Colorado to attend CSU, where he graduated with his degree in Occupational Therapy.

Doug has always loved to crunch numbers and finds that appraising is an excellent fit for him. He credits his mentor Mark Dyson for much of his growth and development in appraising.

He and his wife have three boys, no pets and they love the outdoors. Doug and his wife feel very blessed and know they will stay busy with the three boys. Congratulations!

### **William Bush, MAI**

Bill was born and raised in Boston, Ma. He relocated to Colorado in 2000. He is a graduate of Bowdoin College in Maine in 1999 with a bachelor's degree in sociology.

He and his wife Sasha were recently married in Puerto Vallarta, Mexico. No children but he does have a great dog named Cooper, who is his co-worker throughout the day, both in the office and in the field.

Bill recently started two different companies: Axis Real Estate Consultants, LLC, a commercial appraisal firm and Axis Real Estate investments, LLC, a redevelopment company that rehabs and renovates properties.

He credits Barbara Kaczmarek, an MAI in Denver, as a very good trainer and mentor. When Bill isn't working he enjoys golfing, skiing, fishing and spending time with family and friends.

Congratulation Bill!

### **Greg Kendra, MAI**

Greg and his wife make their home in Conifer in a log Home they built. At 9400 feet in elevation they enjoy mountain living and plan on staying in Conifer. In the future they may head south for some winters. They relocated to Colorado 5 years ago, from Chicago, and have traveled to 46 of the 50 states.

Greg received his education from Indiana University with a BSBA and an MBA with distinction, was earned at DePaul University, course of study was; Real Estate Finance. He has been a successful small business owner with a car wash he built and operated and has worked as a marketing

Analyst before becoming an appraiser. His interests include; hiking, reading and model building.

He was introduced to commercial appraisal by Rich Knitter in Oak Brook, IL, and credits several people who have helped him in the appraisal profession. They include; Scott Mc Henry, John Schwartz, Tom Power, Jim Bauserman and Marv Pugh. Greg describes his path to his MAI as a long and winding road. His greatest difficulty was finding the time and good data for his demo project. His advice for others is, take as much appraisal information as you can and do as much diverse work as possible. Congratulations!

### **Tim Lindsey, MAI**

Tim graduated from the University of Denver with a BSBA in economics. Tim is single and has no children. When not appraising he keeps busy painting, sculpturing and drawing. Tim is a real history buff who enjoys reading and studying the history of World War 2 and Economics as it applies to panics, crashes and debt deflation. He also reads and studies modern society its music, cities, culture, mythology, politics and group behavior.

The most valuable thing he has learned so far as an appraiser is "how to observe the world with my eyes wide open and become more suspicious and doubtful of people and organizations" and to look more deeply at a problem and all it's parts.

Tim's hopes for his future are to write fewer Appraisals and do more consulting. He also wishes to conduct some study in appraisals and their accuracy. If anyone knows of someone from the Federal Reserve, Treasury or some of the other related agencies please contact him as he would like to include the information in his research. Congratulations!

### **Anne Renaud-Wilkinson, MAI**

Anne graduated from the State University of New York with a B.A. in Biology. She worked her way through college spending summers as a wilderness ranger in the Adirondack Mountains. Known as Ridge Runners, she was the first women Ridge Runner to patrol the high peaks region of upstate New York. True to her French Canadian lineage she was also a canoe-racing enthusiast with a national ranking in both white water and marathon canoe racing. In 1996 she earned a gold medal in the women's marathon canoe event of the World Games.

## **Welcome MAIs and SRAs** *(continued)*

A canoeing adventure on the Mackenzie River of Northwest Territories developed her love of the west and she and her husband stayed in Alaska for the next few years living off the land in a remote cabin on the West Fork of the Kuskokwim. Moving south for warmer climes she spent the next 20 years in Montana where she was drawn into the field of rural land appraising. Like most appraisers she began her appraisal career with residential properties but was drawn more and more into rural land appraising. "It's was not a far stretch to bring all my educational background and love of the outdoors into a profession like land appraising. It was, however, a challenge to sit still long enough to complete the curriculum and appraisal experience necessary to achieve an MAI."

Anne pursued an MAI designation for several years, acknowledging that it was "probably out of morbid curiosity" that the Institute finally relented with the designation. Along the way she recognizes an inspiring cast of Institute characters that offered relentless encouragement if not valuable shortcuts with HP12C keystrokes. She give credits to Bonnie Roerig and Richard Borges for providing the final push and help with the demonstration appraisal.

Anne is currently working in her own office, RW Appraisal, in La Veta, Colorado. She shares the office with her husband HE whose is a General Certified appraiser as well. With children pursuing their own careers, Anne enjoys dragging her dogs around the mountains on trail runs and hikes. The recent move from Denver was in keeping with their desire to create a "smaller footprint" on the land.

"The Appraisal Institute has always held for me the of pretension of exclusivity with its conforming curriculum and rules. I have come to appreciate, however, the discipline it has instilled for tackling complex appraisal assignments while still allowing me to take my own road."

Having achieved the MAI designation, Anne would now like to "enjoy" the continuing educational opportunities afforded by the Institute with their wider ranging field of specialty classes and seminars.

### **Rodman Schley, MAI**

Rodman was raised in Nebraska and received his degree in Marketing Management from Bellevue University in Omaha, Nebraska. He relocated to Colorado and can't understand why anyone would want to live anywhere else.

Always interested in real estate, Rodman credits Mark Dyson for being his mentor, trainer and teacher. He reports the most valuable lesson he has learned so far as an appraiser is, "never try to

fool anyone into thinking you are always right, they will know better. It does not matter how long you have been appraising, you are always learning and growing in this profession." In the future Rodman wants to continue to learn, as well as, to guide and teach the next generation of appraisal professionals.

Rodman and his wife Gina are blessed with two daughters ages one and four. His favorite part of a long hard day is walking thru his door and seeing his three girls. Rodman enjoys winter sports and plays ice hockey and snowboards. He says he needs to improve a lot at the hockey part. Practice makes perfect Rodman! Congratulations on achieving your MAI.

### **Michael Sullivan, MAI, SRA**

MBA in Real Estate/Finance, University of Denver, Born and raised in Colorado. Two children studying English and International Affairs at CU-Denver and CU-Boulder. Special thanks go to many appraisers who either reviewed my work, taught me in class, helped with understanding real estate valuation concepts, or just provided friendship and support. These people include Mark Levine, Mike Crean, Nathan Medvidofsky, Lou Garone, Dan Medoff, Mark Linne, Steve Kane, Steve Snyder, Tim Lindsey, John Seward, Larry & Nikki Close, Dana Larson, Gail Mead, Jim Joyce, Deane Davenport, Nelson Bowes, Virginia Messick, David Lennhoff, Kerry Jorgensen, Bonnie Roerig, Ted Whitmer, Alan Blankenship, Stephen Fanning, and many others. I have really enjoyed taking the classes and I've learned a lot in studying for the comprehensive exam and preparing the demonstration report. Mostly what I've learned is that there is a lot more to learn, but I'm glad to finally be a full member of the Appraisal Institute. I think it's a great organization, one that I'm proud to be a part of!

### **Fred J. Wood, Jr., MAI**

MBA University of Wyoming 96, MSRECM - DU 2001, Taught ARGUS at DU. Raised in St Genevieve, MO. Hates the heat and humidity. Loves the Mts, backpacking. Married several times - Single - 2 kids - Daughter 30 lives in Laramie - Grandson EJ lives in Laramie - Son 13 lives in Jackson Hole, WY. Mentors - Brad Weiman, Ian MacKinnon, Jay Hedberg kept me going by riding my \_\_\_ often, though I never thought of stopping. Lessons - stay with it. Lesson as appriaser - tell all the story - learn who to write and it will take time, do the research. Future - SRA, CCIM. I can't see taking continuing ed just for the fun of it. Employment - 7.5 yr at Integra Realty Resources. Current employment - Appraisal Review - Vectra Bank Colorado 3.5 yrs.