

Iowa Chapter Newsletter

From the President

Ranney Ramsey, MAI

National Conference – Indianapolis

This was the first time I had attended a National Conference of the Appraisal Institute; the Regional meetings were immediately before it making it convenient to extend my visit. I recommend this for anyone who would like to keep their pulse on the Appraisal Industry. All of the presentations were professional and well prepared. I will share with you some comments on a central theme of this year's conference.

Appraisal Foundation and the Future
Steven Elliott, SRA, MRA and Chair, The Appraisal Foundation Board of Trustees, was an invited speaker addressing concerns about the **Future of the Valuation Profession [Power Point available via AI web-site]**. Mr. Elliott clearly sees the future of the profession in the common pattern of the accountants [CPA] and lawyers [American Bar Association] - convergence toward a single dominant association. His remarks elaborated on the total population of appraisers in the United State and the number of licensed and certified appraisers and the number of those who were designated members of the Appraisal Institute.

He also mentioned the existence of Royal Institution of Chartered Surveyors [RICS], International Valuation Standards Council [IVSC], the European Group of Valuers' Association [TEGoVA], and the newly organized Valuers' Global Forum – an organization open to appraisers from around the world established by the

Appraisal Foundation, and the Alliance for Valuation Education [AVE] established by the Appraisal Foundation. The latter is of course a controversial topic for the Appraisal Institute.

At this point, Mr. Elliott presented his key question: **Where is all this going?** Unfortunately, although the answer was humorous, and in some respects, open ended, **the thought was that a single organization would emerge**. The form of his answer was to imagine Richard Borges retiring in 2053 from a future Universe's Giant Lending Consortium.

The answer bypasses a series of question that must be answered? **[1] Why does there need to be only one organization?** Let us grant that national and global economic trends – especially in finance - obviously require greater uniformity in data standards and procedures. In the United States, financial securitization has probably advanced uniformity of data as much as any other single force. Nonetheless, appraisal assignments remain diverse with many clients with many different interests. As a practitioner, the need to admit exceptions and recognize diversity seems almost as strong as the push toward uniformity.

Interested in pursuing a career in real estate appraising? Check out the Appraisal Institute website at:

www.appraisalinstitute.org

This question will probably be decided in the digital equivalent of a “smoke filled room.” Nonetheless, respected commentators such as the late Stephen Toulmin¹ have raised series objections to the notion that one set of knowledge standards can fit all cases emphasizing how the study of “factual narratives about particular objects of situations, in the form of substantive, timely, local, situation-dependent and ethically loaded arguments, is at its best a matter for Rhetoric” rather than Logic which deals with “explanations in terms of universal laws – with formal, general, timeless, context-free, and value-neutral arguments”. Not by accident, I chose Stephen Toulmin’s model of argument as offering the best guideline for professional argument when I taught our seminar on how to write outside the box of the appraisal form in order to meet our appraisal standards.²

More recently, Harry Collins and Robert Evans³, sociologists specializing on the nature of **expertise**, have presented an eye-opening look at tackling a second question [2]: **“What makes an expert an expert?”** The tendency has been to find the answer in a single discipline, a single method, or a single technique but they argue convincingly the answer is much more complex. Their recent book is just the beginning of working out new, insightful and relevant answers to this question. But their initial conclusions

1 Toulmin, Stephen, *Return to Reason*, 2001, Cambridge: Harvard University Press. As one reviewer says “For example in one chapter, ‘Economics, or the Physics That Never Was,’ Toulmin describes what went wrong when people tried to make economics into a formal, theoretical science along the lines of Newtonian physics. He argues from several examples that economic theory just embarrasses itself when it purports to be an essence-capturing theory of market principles. At the same time, he shows how economic concepts can be *useful* when applied pragmatically, with culture, context and other dimensions of human concern considered along in the mix.”

2 Toulmin, Stephen, *The Uses of Argument*, Cambridge: Cambridge University Press, 1958

3 Collins, Harry and Evans, Robert, *Rethinking Expertise*, 2007, Chicago: University of Chicago Press.

that experience in the specific type of problem at issue is the best guide for non-experts faced with judging the work of experts should be valuable advice for appraisers and reviewers.

The third question concerns [3]: **How much guidance as appraisers should we take from the historical evolution of the legal and accounting professions?** Mr. Elliott clearly presumes that the brief histories of accounting and law are valid analogies. I would refer my readers to other sources that might offer second thoughts. Deborah Anne Savage⁴ has offered an alternative look at the case of Pharmacy. She uses a variety of concepts: competencies, networks, and ownership boundaries. Her analysis and account of Pharmacy shows the problem as more complex than a simple evolution to a single organization, but involves questions about relations with other disciplines and core competencies when technologies and the base of knowledge change. Some evidence from the development of the appraisal profession supports this conclusion.⁵

In short, Mr. Elliott has asked an important question that will lead us to many more.

4 Savage, Deborah Anne, “Change and Response: An Economic Theory of Professions with an Application to Pharmacy,” Unpublished Ph.D. dissertation, University of Connecticut, 1993, Paper AAI9423817.

5 Ramsey, Ranney, “The Urban Land Economics Tradition: How Heterodox Economic Theory Survives in the Real Estate Appraisal Profession”, 2004, Bingley, UK: Emerald.

From the Chapter Vice-President

Dane Anderson, MAI

Appraisal Institute's New Strategic Initiatives

As you have most likely heard, on October 8, the Appraisal Institute announced three new strategic initiatives. The initiatives are:

- Issue proposed standards of valuation practice that could serve as an alternative for valuation professionals where national or other standards are not required;
- Expand delivery of Appraisal Institute education, becoming more proactive in identifying and pursuing appraisal educational opportunities; and
- Create a new certification organization to establish a future generation of cross-disciplinary valuation professionals and to enhance their marketability in a competitive job environment.

I contacted the national Appraisal Institute office to inquire more about the initiatives, but beyond their press release, they were not able to provide more information at this time. Below is a summary of the strategic initiatives based on the information released so far, some basic additional information obtained, and some of my thoughts.

Issue Proposed Standards of Valuation Practice

This initiative is indicated as developing standards that would be utilized when USPAP, IVS, or other standards are not required. These standards would serve as an alternative

to USPAP and IVS. No additional information was available on this item.

Given the third initiative of creating a new certification organization, it would appear these two initiatives might be complementary. Additionally, the information related to these strategic initiatives included a plan to issue a comprehensive revision of the Code of Professional Ethics, which would also appear to be related.

Expand Delivery of Appraisal Institute Education

The information released says the Appraisal Institute will expand its delivery of education through a wider number and scope of providers.

When I saw this, it made me think of a renewed push to get more involved with college real estate programs. This initiative has been indicated as an existing strategic initiative that is being brought back to the forefront. The Appraisal Institute has said in the past that our educational offerings are in strong demand internationally, which could be part of this initiative as well. Introduction of a cross-disciplinary profession would also allow the Appraisal Institute to cover a broader subject matter.

Create New Certification Organization

It has been indicated that this new certification organization would be a separate entity from the Appraisal Institute. A cross-disciplinary body of knowledge would be developed, incorporating principles, standards, methods, and ethics. This new

organization would issue certifications to cross-disciplinary professionals.

Overall, these initiatives have been undertaken by the leadership of the Appraisal Institute to reinforce the organization's leadership position in the United States and abroad, while

meeting existing demands and providing a future generation of cross-disciplinary valuation professionals. Hopefully national will supply more information in the near future further detailing the plans related to these three initiatives.

From the Treasurer

Jeffery Behrens

The Chapter Board met recently and discussed, among other items, the year-to-date budget and the proposed 2014 Chapter budget. The following table presents member dues, total income and net income/loss actuals for years 2008 to 2012 as well as the proposed 2013 budget, the year to date 2013 figures, and finally the proposed 2014 budget.

	2008	2009	2010	2011	2012	Proposed 2013	YTD 2013	Budgeted 2014
Member Dues	\$23,062	\$18,728	\$20,086	\$15,920	\$14,707	\$16,000	\$16,081	\$16,000
Total Income	\$150,141	\$119,799	\$118,659	\$99,741	\$73,262	\$82,275	\$99,589	\$100,780
Net Income (Loss)	\$13,327	\$11,966	(\$14,089)	(\$9,166)	(\$14,745)	(\$2,425)	\$10,519	\$690

The treasury is healthy considering recent downturns in member dues and education. Year-to-date member dues have recovered to 2011 totals and exceeded the proposed 2013 budget by a small amount. In addition, total Chapter income exceeded expectations this year largely due to education income. Rich Hughes is scheduling another excellent year of educational opportunities driving the proposed total 2014 income.

Since the only remaining expense item of significance is management, the 2013 fiscal year is projected to end with positive net income. A small net revenue gain is also proposed for 2014, while the Board has budgeted for expenses associated with hosting the Regional Meetings. The money market and checking account balances prior to payment of the management fee total \$78,217, which is equals about nine months of operating expenses.

From the Education Chair

Rich Hughes, MAI, SRA

The education committee has been very busy this year with a wide variety of educational offerings that have been attended by over 600 students. Our last educational offering this year will be in Cedar Rapids, on the 15th of November, and is titled "Property Taxes, Property Tax Reform and Real Estate Valuation".

The topic is very pertinent for all appraisers in the state of Iowa. The program will focus on property taxes and property tax reform. For the past few years, the Iowa legislature has been exploring ways of reducing property taxes on commercial properties. The reduction in commercial tax revenue to

the cities will then be offset by state revenue. The speakers at the four-hour educational offering on November 15th in Cedar Rapids will be Julie Roisen, the new Property Tax Division Administrator; David Halfpap, Senior Vice President with AEGON; and David Swenson, Associate Scientist from the Department of Economic at Iowa State University.

The educational program will be followed with a lunch and installation of the 2014 Chapter Officers.

The schedule for the 2014 educational offerings has been completed and will be on the chapter's website shortly. It has been expanded to include continuing education (CE), qualifying education (QE), and advanced education (AE). In addition to our local education program, the Appraisal Institute is introducing "Review Designations" courses for both designated appraisers in the early part of 2014.

2014 will be another busy year.

Continuing education (CE) offerings;

1. There have been a number of changes to USPAP for 2014 and this course will be offered in four different locations throughout the state.
2. A totally updated "Appraising Condos, Coops and PUDs" seminar is offered in March and "Appraising the Appraisal; Appraisal Review – General" will be offered in May. Both seminars will be offered in two locations.

Qualifying education (QE) offering;

1. The course "General Market Analysis and Highest & Best Use" will be offered in August for trainees needing state certification.

Advanced education (AE) for MAI candidates: you need to be aware of the following programs.

1. In 2014, Chicago will offer a telecast synchronous "Advanced Income" course. It will be four hours a day for four days over two weeks. You'll work from your laptop or home computer. This should save travel and lodging expense. If you are comfortable with this educational format, check it out.
2. In April 2014, the Iowa Chapter has scheduled "Advanced Concepts and Case Studies" in Des Moines. This is a 40-hour class that involves a lot of group discussion.

By the middle of next year, the Iowa Chapter should have 15-20 candidates that have completed all of the educational requirements for designation.

For designated appraisers;

1. In June of next year, Business Practices and Ethics will be offered. We typically only schedule this class every 3-4 years, so don't miss it. For designated appraisers, you need to attend this class once in your educational cycle.
2. Chicago is introducing new courses for AI "Review Designations". The "Residential Theory-Review" course will be in January and the "Review Theory-General" course will be in February.

ACE requirement:

The education committee does need some feedback from everyone on your "Advanced Continuing Education" (ACE) requirement. There are a number of options available that include advanced courses of 28-35 hour duration or the Professional Development Program (PDF) of 2-3 courses each. The PDF courses would be scheduled over a

3-year time frame. For example, the one PDF course that would probably appeal to most of our members is the “Litigation” program. It includes three courses of 2-3 day duration each that could be scheduled over three years. Check out the ACE requirement options on-line, as well as the PDF programs and email me at richhughes46@gmail.com

with your input. Chicago will be introducing a new PDF program called “Analysis for Valuation” in 2014.

If you need additional continuing education hours, don’t forget to consider the on-line offerings.

From Your Regional Representative

Kevin M. Pollard, MAI

A joint Region meeting was held on July 21, 2013, at the Hyatt Regency, in Indianapolis, Indiana, in conjunction with the Appraisal Institute Annual Meeting. President Ranney Ramsey, Vice-President Dane Anderson, and I attended. The main thrust of the meeting was to inform the Regions that the Strategic Planning Committee was in the midst of forming a new business model for the Appraisal Institute, and that its implementation would be forthcoming.

The other major topic of discussion was the Candidate for Designation Program. It has exceeded all expectations (with over 4,500 Candidates), and there is a tremendous need for Advisors to keep the program on track. Candidates must agree to a set time frame for obtaining the designations (a maximum of four years for the MAI, and three years for the SRA), and must meet minimum progress requirements annually. This also includes mandatory attendance at one Chapter Meeting each year, or an extension must be applied for (which just pushes the attendance requirement to two meetings the following year). I am currently an Advisor to seven Candidates, and didn’t see the meeting requirement in the original material I was provided in April. I apologize to those Candidates who received an email (very recently) notifying them that they had failed to meet this requirement. I have asked National to consider waiving this for 2013, since a large number of people were not aware of this requirement until late in the year, but doubt it will happen.

On October 17, 2013, Region II held a conference call (we only meet in person twice a year). Ken Wilson, MAI (incoming President of the Appraisal Institute) gave a Power Point presentation regarding a number of subjects, including three major strategic initiatives. They include issuing a proposed Standards of Valuation Practice (not intending to supplant USPAP), and a revised Code of Professional Ethics. The second initiative is to expand delivery of education through a wider number of providers (with Chapters remaining the primary vehicle for classroom education). The third would be to create a new certification organization, independent of the Appraisal Institute. In my view, this is an attempt to expand our membership horizontally, by attracting other valuation professionals (not just strictly “appraisers”). I don’t know how any of these will play out, but there is a big push to expand our membership to include other disciplines.

The only 45-day notice item to amend the By-Laws proposes to change the current compilation of “hours” toward continuing education cycles, to a “point” system. Your

Chapter leadership has serious reservations about this change, since it will conflict with all of the systems of the states in which we are licensed, and will be an unnecessary burden on Wayne. I have informed our Regional Director (Gail Hunyar) of our concerns, and hope for a response before the next Board of Directors Meeting.

The Review Appraiser designations will likely begin to be awarded sometime in 2014. The education is in development, with some courses already being offered in December. This is a major development for those people in this arena. For the most up to date information, and the designation requirements, go to:

<http://www.appraisalinstitute.org/airesources/review-designations/>

The Iowa Chapter will be hosting the next Regional Meeting in Des Moines April 4-5, 2014. The next joint Regional Meeting will be in Austin, Texas, August 3, 2014.

Don't hesitate to call or email me with any questions or concerns.
Kevin M. Pollard, MAI (563-355-6606) kpmai@mchsi.com

From The University of Northern Iowa Center for Real Estate Education

Dr. Art Cox, Director

Connecting to the "Real" World

We have been working hard this semester to connect our real estate students to the real world -- that is to you the real estate industry. We believe this is important for the students to learn firsthand about potential careers and potential employers. In addition, it allows you as a potential employer to learn more about a student as a future associate. We have taken advantage of several such opportunities this semester. Two students attended your appraisal seminar held in Cedar Rapids in late September. Fifteen students attended the Iowa Commercial Real Estate Expo in West Des Moines at the beginning of October. At the end of October I took eleven students to Kansas City to visit potential employers. The students benefitted tremendously to be able to compare the various, eight all told, companies back to back.



Another excellent the students connect to the people and companies in real estate is through the student real estate club, called Rho Epsilon. The club usually meets weekly, sometimes twice, with a different company presenting each time. This allows a larger number of students to learn, first hand, about careers and potential employers. A fun and also beneficial tradition, is the club and employers go to a local establishment, the Other Place, to continue the conversations over pizza. This allows the company representatives to meet students on a more individual and informal basis.

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This brings me to my last comment and a request. The job market has improved dramatically over the last year or so to point where we don't have enough students to fill all the internship and career opportunities available. My request is this: [Whenever you have a chance to talk to high school students, community college students, or their parents, please mention real estate to them.](#) Let them know UNI has the first 4-year degree program in the state of Iowa. Let them know being a real estate major at UNI will provide many career opportunities for them, certainly including appraisal, with great earning potential and a high quality of life.

Thanks for your continued support. If you have any questions or comments, please contact me at your convenience.

Art Cox, Director
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Member News

New Associates

We welcome the following Associates who joined the Chapter since our last Newsletter.

Kasie Dodd	P-Affiliate
Jeremy Mullen	Affiliate
Brian Thomas Velky	Candidate
Meredith R. Young	Candidate

Good luck to all of you in your path to an exciting and prestigious profession.

Scott Siemens has transferred to the Iowa Chapter from the North Star Chapter of Minnesota. Welcome Scott.

If the Chapter can be of help to any of you, please contact your Residential Associate Guidance Chair, Katherine Cox, SRA at kathy@messmerappraisal.com or 563-323-3384 and/or your General Associate Guidance Chair, Martin Corey, MAI at mcorey@oakwoodco.com or 309-721-3126(cell). Good luck to all of you.

The Iowa Chapter offers many benefits and welcomes new members. For information on the Iowa Chapter visit our web site www.aiofiowa.org.

Newly Designated

The Chapter has three newly designated members. Recent recipients of the MAI designation are Robyn M. Marshall of Real Estate Research Corporation; Tomasz P. Dowhan of Frandson & Associates; and Daniel W. Dvorak of Iowa Appraisal & Research Corporation.

Members on the Move

Ronald R. McWilliams, SRA has transferred to the East Florida Chapter. We wish Ron best of luck and will miss seeing him at the Iowa Chapter events.

Former Chapter member, Bruce Gunderson, MAI reported he stopped by to visit former Chapter member, Bill Carlson, MAI in Colorado Springs. He reports retirement suits Bill well and that Bill is enjoying his two grandsons. Bruce attached two pictures you may enjoy.



Bill Carlson and Grandsons



Bill Carlson and Bruce Gunderson

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UNI Scholarship Recipient

Eric Caldwell, a recipient of the Iowa Chapter's 2013 UNI scholarship attended the Foundation Scholarship luncheon in Cedar Falls on October 31, 2013. Eric informed us that he is soon to be gainfully employed with Integra Realty Resources' [IRR] office in St. Louis, MO.

Congratulations to Eric and to the local chapter for supporting another professional-to-be!

Current Chapter Members, Candidates and Practicing Affiliates

The Iowa Chapter members and candidates are 230 as of October 29, 2013. The June 2013 Newsletter indicated the Chapter had 246 members.

<u>Category</u>	<u>MAI</u>	<u>SRA</u>	<u>SRPA</u>	<u>Undeclared</u>	<u>Other</u>		<u>Total</u>
Designated	66	38	4				108
Candidate	34	8	0	0	4		45
	<u>GEN</u>	<u>RESI</u>	<u>LICENSE</u>	<u>TRAINEE</u>	<u>ASPIRING</u>	<u>OTHER</u>	
Practicing Affiliates	18	11	6	20	1	21	<u>77</u>
Total							230

IOWA CHAPTER - 2014 EDUCATIONAL CLASSES

To date, enrollment in our 2013 educational classes total:

Members	239
Non-Members	350
Total	589

Note: Total class enrollment for the same time period in 2012 was 574 students.

Total on-line enrollment for three quarters in 2013 was 161 students.

Educational classes for 2014 include:

March 20, 2014	USPAP	Sioux City	7 hrs
March 25, 2014	USPAP	Davenport	7 hrs
March 26, 2014	Appraising Condos, Coops, and PUDs	Davenport	7 hrs
March 27, 2014	Appraising Condos, Coops, and PUDs	Des Moines	7 hrs
March 28, 2014	USPAP	Des Moines	7 hrs
April 11, 2014	USPAP	Cedar Rapids	7 hrs
April 21-26, 2014	Advanced Concepts and Case Studies	Des Moines	40 hrs
May 8, 2014	Appraising the Appraisal; Appraisal Review-General	Davenport	7 hrs
May 9, 2014	Appraising the Appraisal; Appraisal Review-General	Des Moines	7 hrs
June 13, 2014	Business Practices and Ethics	Des Moines	7 hrs
August 19-22, 2014	General Market Analysis and Highest & Best Use	Des Moines	30 hrs
September 12, 2014	TBA Seminar	Cedar Rapids	7 hrs
Oct 9-10, 2014	TBA Litigation Series	Des Moines	14 hrs
November 21, 2014	Annual Meeting	Cedar Rapids	4 hrs

To register, go to the Iowa Chapter's website: <http://www.aiofiowa.org>.

Online Classes Offered Through the Appraisal Institute

Support our Chapter by taking advantage of these offerings.



[Online Education](#): Learn at your own pace anytime, anywhere. Top-notch Appraisal Institute courses and seminars come straight to your desktop with online education! Learn from any computer anywhere, whenever you have time. It's easy, convenient and a great way to get the education you want. [Check out the current course listing now.](#)

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