



**IOWA CHAPTER
of the Appraisal Institute**

***IOWA Chapter News
October 2012***



FROM THE PRESIDENT

Rochelle Dietiker, MAI

Recently Designated Members of the Iowa Chapter

Since June, the Chapter has two newly designated members. Recent recipient of the MAI Designation is Dennis Cronk of Cook Appraisal. Jeremy Keller, of Koestner, McGivern & Associates, is our newest SRA designated member. Congratulations on their accomplishment!

Capstone Program - Many on the path to designation often indicate that the demonstration report is the most difficult hurdle to becoming designated. The new Candidate Program (to begin January 1, 2013) is meant to help guide people through the designation process. However, already in January 2012, the Institute initiated what is called *The General Demonstration Report – Capstone Program*. This is a new option to complete the demonstration of knowledge requirement for the MAI designation. Like the traditional requirement, the same skills and knowledge base are required to produce a complete demonstration appraisal report. However, this program was designed to offer an option that accelerates the completion of the report. Instead of selecting and compiling data on a property, participants are provided with a subject property and data to analyze and then write the report in a limited time span of approximately two months. Participants must attend two webinars and a 7-day classroom session where facilitators will be on hand to answer questions and offer guidance. On day seven at noon, the full report must be submitted for grading.

The program is designed to be completed in approximately two months; therefore, participants must realize they will need to commit a considerable amount of that time on analysis and writing tasks prior to the classroom setting. One pre-class writing assignment (fundamental market analysis) is required before the second webinar. It is important that participants understand they will need to spend a minimum of 150-200 hours to successfully complete this program. And during the 7-day classroom session (at the end of the two months), participants should expect to work on their reports after the 7-hour days spend in the classroom (10-12 hours a day that week will not be unusual). I would note that at least three members of the Iowa Chapter have taken part in this program. Furthermore, I want to mention that this is comparable to the existing 45-hour Residential Demonstration Report Writing Package that fulfills the demonstration of knowledge requirement for the SRA designation. For more information on the Capstone program, click here: [More information on the Capstone Demo program can be found on the Appraisal Institute Website – click here.](#)

This program has proven to be extremely popular. I believe that the remaining 2012 offerings are sold-out, however look ahead to 2013 and consider registering!

Candidate for Designation Program - Official enrollment for the Candidate for Designation program began on June 1, 2012. As of September 30, 2012, the Iowa Chapter has 33 participants enrolled in the program. This is great, however I want to continue to encourage those members in our chapter that have yet to alert the Institute on their enrollment status to do so.

The Candidate for Designation program will become the path to Designated membership in the Appraisal Institute. Those wanting to become Designated members will enroll in a proactive, structured program, similar to an MBA program that will offer guidance and financial incentives for Candidates to make progress toward designation.

If you are an Associate Member working toward a designation and you have even one item left to complete, it is essential that you sign up for the Candidate for Designation program before January 1, 2013. This will ensure that if there are any changes (or future changes) in the designation requirements, it will not impact you. Click here to enroll in the Candidate for Designation Program. [Click Here to enroll in the Candidate for Designation program today!](#)

The success of this program will depend in part on the level of commitment from our existing designated members. An integral part of this program involves recruiting designated members, or “advisors”, to work one-on-one with a Candidate and help them through the designation process (for which continuing education credit can be earned). As many of you know, the appraisal profession has become more and more complicated to enter into, which in some ways is good for those already in the industry. However, with fewer and

fewer people receiving the designation, we are toying with its future extinction. To those of you already designated, you said “yes” to the Appraisal Institute when you received your designation. It is time to say “yes” again, and work to ensure its place in the market for future appraisers! When called on, I hope you will consider taking part in this opportunity. Click here for information on how to become an Advisor.

[Click here for information on how to become an Advisor!](#)

General Demonstration Report Writing Seminar is Available Online

General Associate members preparing a demo now can access this important seminar in a convenient online format. The seven-hour program focuses on the mechanics of demonstration appraisal report writing and will help ensure that the appraiser's presentation is logical and understandable. The seminar also will provide an extensive examination of the cost, sales comparison and income capitalization approaches; highest and best use; reconciliation and the final value opinion. For more information on this seminar, click here:

[For more information on this seminar, click here.](#)

Appraisal Institute E-books

The Appraisal Institute has released five of its publications in the electronic book format through Amazon.com, offering readers multiple ways and price points at which to access the books' contents. The electronic offerings – ranging in price from \$9.99 to \$14.29 – include three of AI's latest titles and two other seminal works.

“Appraising the Appraisal: The Art of Appraisal Review,” by Richard C. Sorenson, MAI, is available for \$7.99 (Kindle Edition). The soft cover version remains available at \$45 for members and \$60 for nonmembers. “An Introduction to Green Homes,” by Alan F. Simmons, SRPA, LEED AP, is available as an e-book for \$4.15 (Kindle Edition). The soft cover is available through the Appraisal Institute for \$35 for members, \$45 for nonmembers. “An Insider's Guide to Home Buying,” by Mark R. Rattermann, MAI, SRA, with a soft cover price of \$14 for members, \$18 for nonmembers, is available as an e-book for \$4.24 (Kindle Edition).

Rattermann's 2007 book, “Valuation by Comparison: Residential Analysis and Logic,” is \$7.99 (Kindle Edition) through Amazon, while the soft cover is \$40 for nonmembers, \$30 for members; and “Scope of Work,” the 2006 edition by Stephanie Coleman, MAI, SRA, also is available for \$7.99 (Kindle Edition). The spiral-bound version remains available for \$30 for members, \$40 for nonmembers.

To order the e-books, visit www.amazon.com and conduct a title search for any of the above. To order the physical versions, visit www.appraisalinstitute.org/store. The e-books are also available at <http://ebookstore.sony.com/>, www.barnesandnoble.com.

Designated Members: Update Your Appraisal Institute Member Profiles!

Doing so will showcase your experience and connect you with prospective clients. In addition to appearing in search results for your geographic area, you'll also appear in the "Search by Services" results when clients look for members who can appraise specific property types.

Also, take advantage of new and/or enhanced features such as the new "Upload Resume" section and automatic photo re-sizing in the "Upload Photo" area.

In addition to checking off specialty property types, you can now further qualify your experience by checking off three qualifying statements for each specialty area and include narratives of recent assignments.

For a complete overview on how to update the profile, click this link - http://www.appraisalinstitute.org/myappraisalinstitute/prof_update_instructions.aspx

Get Involved with the Leadership Resource Registry

The Leadership Development and Training Committee has launched the Leadership Resource Registry. You have the opportunity to submit your preferences for volunteer service on the chapter, regional and national level. You may also indicate your interest for service on future project teams, panels and other leadership positions.

To access the registry:

- [Click here to login](#)
- Click on the Membership tab (gold tab at top left of page)
- Then, click on AI Volunteer Opportunities (about halfway down list on left side of page)

You will automatically be walked through the Service Registry application to outline your interests and strengths. You can then select the chapter, regional and/or national level registry to identify the committees or panels on which you have an interest in serving.

For questions regarding chapter committees, you may contact your chapter's executive director - Wayne Hennessey at iachap@netins.net. For questions on the regional and national level, please contact Ashley Forman at aforman@appraisalinstitute.org.

Please do not hesitate to contact me with any questions or comments. Thank you for your continued support of the Appraisal Institute!
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FROM THE CHAPTER VICE-PRESIDENT

Ranney Ramsey, MAI

The Role of Argument in Appraisal Reports

I have argued previously in this newsletter that the appraisal profession could benefit from paying attention to recent contributions in the field of economics that apply to professional standards. In this brief note, I want to add to that position by suggesting that additional work in the field of communication is also important for us.

Practical Contribution

How so? Communication touches specifically on the standard of reporting value opinions. Communication deals with this problem through its treatment of argumentation. If we begin with the presumption that an appraisal report is an extended, informal¹ argument then some of the contributions in this area that bear on how to understand and improve our reporting easily apply. Many examples of these contributions are offered in Karen Oberman's seminar on "The Value of Communication". More work of this kind should be encouraged as communication departments regular seek new fields of argument for analysis and study.

In particular, the applicability of the 'Toulmin'² model of argument to appraising is striking and direct. Its use in understanding the appraisal process and in trouble shooting the practical problems of writing a well written appraisal report is just being tapped. The problems that this model addresses are going to multiply as appraiser take on new, non-traditional roles as counselors and advisors in different specialized areas as well as using new, non-traditional roles and often sophisticated statistical models.

Theoretical Contribution

But the real power of this approach is that it also carries some powerful theoretical underpinnings that are consistent with the appraiser's role as a professional practitioner and that means specifically a professional that has to apply standards to different problem situations.

I have argued elsewhere³ that the reason there is a reconciliation section in the appraisal report was the early recognition that no single method or technique had proved adequate to handle the range of practical problems that real estate appraisers typically confront. As a result, the reconciliation section appears in the 1st edition of The Appraisal of Real Estate as a way of handling conflicting results. It puts the appraiser in the driver's seat as the source of judgment about how these approaches apply. Judgment does not mean a "feeling" or "gut reaction" but a reasoned analysis of the applicability of each approach to the appraisal problem for the intended user.

There is an often repeated argument for statistical analysis that it is just a more complicated version of the sales comparison approach. It uses the same techniques of comparison as traditional methods. To a point, this analogy is correct, the procedures and reasoning are similar when explained. However, the application of the statistical principles often implies a silent principal reasoning: that these patterns or statistical inferences reflect "the probable reasoning and behavior of participants in the market".

For example, very simple statistical tests of different units of comparison, such as sales price per square foot versus sales price per unit, can be tested for an indication of which provides a "better" pattern in the data. Nonetheless, "better" is always relative to the calculations and behavior of market participants. If market participants are not aware of and do not use a specific technique then appraisers confront higher burdens of proof to show that nonetheless their behavior does, in fact, follow this pattern - "as if they were following these rules or methods." And this may sometimes be the case, Adam Smith thought so when he talked about the "invisible hand" of the market. The role of the appraiser will be an arbiter of these conflicting considerations in specific cases. More work for the appraiser as the source of reasoned argument.

Conclusion

Over the years, I remember reading articles arguing that appraisers needed to adopt rigorous, "scientific" standards of proof. These almost always assumed that the use of a statistical or mathematical model would be sufficient to eliminate the role of "subjective

judgment.” As a counter riposte, other articles emphasized the important of the appraiser’s judgment about local market, local considerations and features that made typical survey techniques inapplicable and irrelevant. Both arguments, in retrospect, have their appropriate role. The appraiser, as arguer, cannot avoid the challenge of new tools [certainly the market is not going to] but, equally well, the appraiser’s role as an arbiter who “judges” will be more “judicial”. The arbitrary use of “I think” will need to be increasing replaced with reasoning “in the light of this data”, recognizing “the limits of this method,” and recognizing that “for the purpose of this assignment” is “such and such a method” is an “acceptable solution of the problem at hand”.

¹Informal argument does not mean a ‘casual argument’; it is a phrase intended to differential ordinary arguments in common use that are not present with “forma’ methods such as symbolic logic or the syllogism.

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

³*The Urban Land Economics Tradition: How Heterodox Economic Theory Survives in the Real Estate Appraisal Profession*, presented at the Conference on Heterodox Economics in the 20th Century, University of Missouri at Kansas City, 2002; published as chapter 15 in *History and Methodology of Heterodox Economics*, Vol.22 C, ed., Warren Samuels, Professor of Economics emeritus, Michigan State University, 2004

Return to Reason, Stephen Toulmin, 2001, Cambridge: Harvard University Press. See Chapter 7, Practical Reason and the Clinical Arts.

FROM THE EDUCATION CHAIR

Rich Hughes, MAI, SRA

As the Education Committee prepares for our end of the year educational offering (Novemberfest), we are also looking forward to a challenging 2013. The 2013 continuing education (CE) and qualifying education (QE) schedule has been completed. However there may very well be a number of changes to the schedule due to the recent candidate for designation program and the recent proposal to go to a 3-year educational cycle.

The education program at this year’s Novemberfest is titled “Capital Markets and Real Estate Development”. It is schedule for November 16 in Cedar Rapids (Clarion Inn on 33rd Ave. SW). The presenters are David Halfpop, David Swenson, and Mike Espeset. David Halfpop, senior vice president with Aegon, will focus on the issues arising at the national level including both fiscal and monetary policy. David Swenson is with the Department of Economics at Iowa State University and will focus on the availability of capital and real estate development within the state. Mike Espeset, president of Story Construction which is based in Ames, will relay his observations and concerns within the construction business. The educational program will be followed with a lunch and installation of the 2013 chapter officers.

Next year’s CE and QE schedule has been completed and is on the chapter’s website. Just remember that USPAP is only offered in March and April. Additional seminars include “Appraising the Appraisal: Appraisal Review-Residential”, “Valuation by Comparison: Residential Analysis and Logic”, and “Marketability Studies: Six-Step Process & Basic Applications”.

For those individuals that took “Principles of Green Buildings” in 2012, the seminar “Case Studies in Appraising Green Residential Buildings” is scheduled for May 2013. For residential appraisers, having attended both seminars, this will complete the requirements within the Professional Development Program.

For QE, General Appraiser Income Approach/Part II is being offered in July.

State Certified Associates have until January 2013 to sign up for the designation program. Currently, the Iowa Chapter has approximately 33 candidates committed to the program. This will provide a good nucleus in which to identify common advance educational (AE) requirements and possibly schedule those AE classes. The Education committee will be looking for a minimum of 12-15 attendees for each AE class.

In the recent 45 day notice, there was a proposal to change the educational cycle from 5 years (100 hours and an advanced CE class) to 3 years (75 hours and an advanced CE class) for designated appraisers. The vote on this issue is scheduled for AI’s board meeting in November. Changing to a 3-year cycle with the increased requirements, will necessitate a sufficient revision to our educational schedule. If you have an opinion on the matter, be sure and e-mail your comments before the November board meeting.

If you need continuing educational hours, don’t forget to consider the on-line offerings. Also in October, there are a number of 2-hour Webinars, all of which look very interesting.

FROM THE TREASURER

Dane Anderson, MAI

Although our chapter continues to have a strong financial position, we have managed our reserves downward in recent years and our education income continues to decline. A summary of the historical member dues, total income, and net income/loss are summarized in the following table.

	2007	2008	2009	2010	2011	YTD 9-2012	Estimated YE 2012	Budgeted 2013
Member Dues	\$20,487	\$23,062	\$18,728	\$20,086	\$15,920	\$13,677	\$16,000	\$16,000
Total Income	\$100,693	\$150,141	\$119,799	\$118,659	\$99,741	\$64,788	\$74,288	\$82,275
Net Income (Loss)	\$8,442	\$13,327	\$11,966	-\$14,089	-\$9,166	-\$5,609	-\$4,109	-\$2,425

Although the year end losses have declined since 2010, our income has continued to decline and we project a flat income for 2013. The chapter will not offer the voucher program in 2013. We will no longer be sponsoring a hole at the annual UNI Real Estate golf outing. In the future, we may need to decrease our donation to this program if we continue to operate at a loss. However, the program has contributed several appraisers to our state and the leadership continues to prefer to keep the donation and scholarships going.

As of August 2, 2012, the chapter had approximately \$66,921 in certificates of deposit, \$2,149 in checking, and \$8,814 in a money market account. National recommends reserves of 50 to 100 percent of expenses for chapters and we continue to have reserves in this range.

With the trend towards online education, the chapter will likely have flat to declining revenue in the future. Please continue to support the chapter by attending our offerings!

MEMBER SEEKING IOWA HOUSE SEAT

Bob McGivern, SRA

Mark Nelson, a commercial appraiser from Davenport, is running for Iowa State House District #93. Mark is running as a Republican against Phyllis Thede, the incumbent. The district includes the eastern portions of Davenport, and western Bettendorf.

For the past 20 years, Mark has worked with Kevin Pollard at Roy R. Fisher, Inc., a Davenport appraisal firm with over 80 years of history. He specializes in complex income and multifamily properties. In the past five years, his work has shifted from almost all mortgage appraisal work to roughly 50% litigation support, most of which are tax appeals. He has done appraisals for tax appeals in Nebraska and Wisconsin, as well as Iowa and Illinois, working for both the taxing bodies and the taxpayers. His primary campaign theme is reforming Iowa's overly complicated, and job killing property tax system.

Mark has been active in the community, serving on the Davenport Park and Recreation Advisory Board for over eight years, the past five as chairman, along with coaching and umpiring with the local Little League. In 2009, he founded a taxpayer advocacy group, defeating an educational referendum that would have significantly increased property taxes. In 2012, he used this group to educate tax payers on the property tax system, and the pending tax increases related to the residential rollback.

Mark lives in Davenport with his wife, Ann Marie Campagna, DC, and has two grown children. For more information, go to the campaign web site www.MarkNelson4Iowa.com, or email mark at info@marknelson4iowa.com. Donations are accepted on the web page.

SEE US ON FACEBOOK

“Like Us”

The [Iowa Chapter has created a Facebook page](#), which will be used to quickly inform members and non-members alike about upcoming events, trends, and news relevant to Iowa real estate. This is a relatively new page, so help us out and “like” the page.

If you're interested in submitting content or news, contact Wayne Hennessey, Rochelle Dietiker or Bob McGivern. We plan to have relevant news from various parts of the state, as well as educational updates.

MEMBER NEWS

New Associates

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

Forrest Pearson	Associate General
Brenda Swaim	Associate Residential
Jamie Horton	Associate General
Meredith Steffen	Associate General
Ed Gorden	Associate Residential
Kyle Corcoran	Associate General
Charles Gohr	Associate General
Adam Klassen	Associate General
Donald Guarino, III	Associate General
Mardi Burmeister	Associate Residential
April Pearson	Associate General
Katheryn Hogue	Associate General

If the Chapter can be of help to any of you, please contact your Residential Associate Chair, Katherine Cox, SRA, at kathy@messmerappraisal.com or 563-323-3384 and/or your General Associate Chair, Brett Blanchfield, MAI at blanchfields@mac.com or 515-710-5223. Good luck to all of you in your path to an exciting and prestigious designation.

Recently Deceased

Our condolences to the family of William “Bill” Tucker, Urbandale, Iowa. Bill was an independent real estate appraiser in the Des Moines area. Also, our condolences to the family of Greg Morehead, Albia, Iowa. Greg was a current board member of the Iowa Real Estate Appraiser Examining Board and spent many hours working on behalf of the industry.

Current Chapter Membership

The current Iowa Chapter membership breakdown is:

<u>Category</u>	<u>MAI</u>	<u>SRA</u>	<u>SRPA</u>	<u>Undeclared</u>	<u>Other</u>	<u>Total</u>
Designated	62	39	6	0	0	107
Associates	99	38	0	1	0	138
Affiliates	0	0	0	0	3	<u>3</u>
Total (10/01/2012)						248
Total Growth in Membership since 1/1/2012						16

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

IOWA CHAPTER - 2012 EDUCATIONAL CLASSES

To date, enrollment in our 2012 educational classes total:

USPAP Update	239 Students
Green Property	77 Students
Fundamentals	24 Students
Residential Technique	30 Students
Other	<u>204 Students</u>
Subtotal	574 Students
	(Members 267;
	Non-members 307)

Note: Total class enrollment for the same time period in 2011 was 914 (359 members, 555 non-members.)

The remaining educational class for 2012 is:

<u>Date</u>	<u>Seminar</u>	<u>City</u>	<u>Hours</u>
Nov. 16, 2012	Novemberfest	Cedar Rapids	4 Hours

To register, go to the Iowa Chapter’s website: www.aiofiowa.org.

Online Classes Offered Through the Appraisal Institute

Support our Chapter by taking advantage of these offerings.



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.