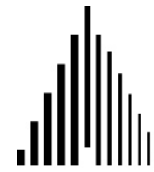


**Appraisal
Institute®**

*Professionals Providing
Real Estate Solutions*

**IOWA CHAPTER
of the Appraisal Institute**

***IOWA Chapter News
November 2011***



**Appraisal
Institute®**

*Professionals Providing
Real Estate Solutions*

FROM THE PRESIDENT

Heather Wren, SRA

Wrapping up the end of the year, it has certainly been one of change in our appraisal profession and the industry we serve. Residential appraisers are acclimating to the new UAD reporting format for some of their clients, aided by the timely educational offerings of our chapter this last July. Commercial appraisers are educating themselves to meet new requirements for valuing intangible assets particularly, as required by many lenders including the Small Business Administration (SBA).

It's an exciting time, though admittedly, appraisers no different than any others, sometimes balk and resist change. The best way to weather the changes is to inform yourself, voice your opinion and ideas, listen to ideas of others, and be an active part of the process. A recent example of this process within our own chapter this year is our efforts to update and change the national and chapter by-laws in a way which would support the healthy operation of our chapter's educational program. Through consistent communication from many members of our chapter to regional and national representatives of the Appraisal Institute (AI), we were effective in making our opinions and rational for them heard. The most recent national board meeting voted to amend the by-laws in a manner that we feel will be beneficial to our chapter with a reasonable level of regional oversight. The short term limits imposed by national by-laws on the terms served by a chapter education chair were altered to include an option for a waiver by the regional level, not the original regional and national level demanded in the previous change to the bylaws. As chapter board of directors, we are very pleased with this outcome. While it took some consistent communication by email, phone, and even in person to the head of the AI, it was certainly worth the effort.

Now is also the time to plan for your educational needs, both continuing education and professional information. Rich Hughes and the education committee have put together another varied line-up of educational offerings. Illinois appraisers also need to remember to get their USPAP requirement met within the first six months of the upcoming year – *a new change from Illinois' Appraisal Board.*

Associates, keep in mind that the demonstration report, the biggest stumbling block to many candidates, has an alternative in both the Residential and General programs now. If you haven't looked in to it before, there is no better time than today.

And, as always, wishing you a safe, happy and prosperous year!

FROM THE VICE-PRESIDENT

Rochelle Dietiker, Vice President

Recently, I had the opportunity to attend the Chapter Leadership Program in Chicago. At this meeting, I was reminded of the many benefits that the Appraisal Institute offers to its members. I want to take this opportunity to share with you a summary of these benefits.

The Value of Your Dues: Benefits Provided by the Appraisal Institute Over \$1,446.00 in 2012 Membership Benefits

2012 MEMBERSHIP BENEFITS VALUE

Discount for Iowa Chapter seminars (4 seminar offerings)	\$190.00
Discount for Qualified Education Courses (2 offerings)	\$200.00
Education Voucher (1 time use) for in-classroom seminars or courses	\$ 50.00
Social Program (2 times)	\$ 20.00
Novemberfest Social	\$ 10.00
Iowa legislative representation (and representation in Washington D.C.)	\$ 40.00
Discount (or free) webinars	\$ 30.00
Member discount for online education (\$20-\$75 per program)	\$ 50.00
Member discount on publications (\$15-\$30)	\$ 20.00
Complimentary subscription to <i>The Appraisal Journal</i>	\$ 48.00
Complimentary copies of the Appraisal Institute's <i>Valuation</i> magazine	\$ 48.00
Member discount on Site To Do Business (STDBonline)	\$720.00
Access to Lum Library (\$20 per service)	<u>\$ 20.00</u>
Total 2012 Membership Benefits Value	\$1,446.00

ADDITIONAL BENEFITS

“Find an Appraiser” Directory – generating more than 30,000 hits per month is free advertising for members that translates into a dues benefit with each job received.

Eligibility for two members to attend LDAC in Washington, D.C. (\$2,000 for each member)

Professional Networking

Complimentary listing in RIMS Central Directory

Discount on subscriptions to and access to National Collateral Database

Discount on IREM Income/Expense Analysis Reports

Members receive \$90 discount on profile listings in the JurisPro Online Expert Witness Directory

Discounts on Real Estate Research Corporation (RERC) reports

Eligibility for education scholarships (average value \$300 per recipient)

High-quality education courses and seminars

Complimentary copies of *Appraiser News Online* (ANO) e-Newsletter

Insurance coverage (E&O) available through Appraisers Liability Insurance Program

Discount up to 25% on select FedEx shipping and business services

Discount of 20% - 70% on 12,000+ Office Max products and services

Appraisal Institute Communities of Practice

Ethics and Counseling Hotline

Representation in Washington, DC

Model engagement letters, Career Center, Member Service Center

Public relations and marketing materials for self-promotion

Discounts from other professional organizations, and on Avis and Hertz car rentals

Changes lie ahead for this organization, making this a critical time in the history of the Appraisal Institute. Although change is not always welcomed with open arms, it often leads to the betterment of a business or an organization. With that said, I want to remind everyone to refer to this sheet during the months ahead as a reminder for all that this organization does and what it stands for.

Thank you for your past and continued support of the Appraisal Institute!
I wish everyone a Happy Holiday Season!

CHAPTER RECOGNITION

Rochelle Dietiker, MAI

On Friday November 18, 2011 the Iowa Chapter of the Appraisal Institute was presented with the President's Club award in recognition of financial support to the Real Estate program at the University of Northern Iowa. The award was presented by Michelle Rourke, Director of Development, College of Humanities and Fine Arts. Dr. Art Cox, Associate Professor and Interim Department Head of the Finance Department, is an integral member of the Iowa Chapter of the Appraisal Institute. He serves as the head of UNI's Real Estate program and was an Appraisal Institute Chapter board member from 2009 to 2011. Accepting the award, along with Dr. Cox, is the 2011 Iowa Chapter President Heather Wren, SRA, and the 2012 incoming President Rochelle Dietiker, MAI.



FROM THE EDUCATION CHAIR

Rich Hughes, MAI, SRA

The final education offering for 2011 (November 18th at Cedar Rapids) was a four-hour program on “The Public Finance Crisis and the Effect on Real Estate”. The presenters were David Halfpap, David Swenson, and Bill Greazel. David Halfpap, senior vice-president with Aegon, focused on the main issues arising at the federal level including both fiscal and monetary policy. David Swenson is with the Department of Economics at Iowa State University and focused on state and local issues, particularly property tax relief. Bill Greazel, Johnson County assessor, reviewed the assessment and protest procedures. With the Iowa governor proposing a 40% reduction in commercial assessments, this was a very informative program. The educational program was followed with a lunch and installation of the 2012 chapter officers.

The 2012 educational schedule is completed and three items of interest are:

- First, the number of USPAP seminars presented is reduced. The 7-hour USPAP will only be offered in the March/April time frame. That means if you need it in June and do not take advantage of our offering in March/April time frame, you’ll have to utilize the on-line program.
- Second, the seminar “Introduction to Green Buildings: Principals & Concepts” that is scheduled for March is the first in a series addressing the green issue. The follow-up seminar is “Case Studies” and I’ll schedule that in 2013. You’ll need to attend both to receive the green building certification.
- Third, a new seminar “Residential Applications-Using Technology to Measure and Support Assignment Results” will be offered in May and you must have a lap-top computer to attend. More and more technical seminars are requiring laptops as the topics become more computer originated. This seminar should tie in nicely with the “Residential Market Analysis” seminar offered in June.

Additional educational offerings include: “Analyzing Tenant Credit Risk & Commercial Lease Analysis” to be held in September. The qualifying education course “General Appraiser Income Approach/Part 1” is offered in July.

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

SIoux CITY FLOOD FORUM

Amanda M. Luscombe

On September 29th, the Iowa Chapter of the Appraisal Institute hosted a special flood/disaster forum at the Holiday Inn in Sioux City, Iowa. About twenty local appraisers and assessors attended. Chapter Associate Chair, Amanda Luscombe, was on hand to greet guests. Special presenters were Keith Westercamp, MAI, SRA of Appraisal Associates Company of Cedar Rapids; Scott Labus, Cedar Rapids City Assessor; and Greg Downes, SRPA of Downs & Associates in Iowa City.

Keith’s flood presentation included safety & health hazards, how to do the appraisal, and the value of real estate, and what happens after rehabilitation. Scott talked about how to handle assessments and what happens after the flooding. Greg spoke about the affects on the Coralville area after two floods within sixty days and how this impacted the appraisal and real estate process.

The appraisers in the Sioux City area had many questions and were appreciative of the Chapter and these

volunteers for putting together this insightful seminar. Special thank you to the three presenters for donating their time and knowledge for this event.



Attendees at the Sioux City Flood Forum

REVIEWERS CORNER

David Binner, MAI

We are approaching the end of another challenging year; however the fourth quarter generally has been a very busy time for most appraisers and I would imagine this year is no exception.

As appraisers, we have to be students of the market, yet be effective with our time as there are a lot of priorities that confront us. Obviously, everyone would like to expand their client base. In some cases, this expansion comes from marketing and customer service. Alternatively, it could be from filling a niche others have not filled. One of these niches may be through this going-concern class, offered by the Appraisal Institute, which is designed to help appraisers provide going-concern valuations for loans provided by SBA. I hope to audit the class and if there is some level of demand, maybe we can offer it in Iowa over a weekend in 2012.

Moreover, if any of you are doing some healthcare valuation, I have a 2010 healthcare valuation guide that, although designed for business valuation, has some practical information for hospitals, physical practices, ambulatory surgery centers, dialysis centers, and diagnostic imaging entities. If you need it, I will be happy to

assist. I find other good resources through the monthly real estate broker breakfast meetings or some of the CFA information provided monthly.

Moreover, as I see a variety of appraisals around the U.S., my goal is to hopefully provide some tips or ideas that may make life a little easier, especially as some appraisal requests may have some unique attributes. I have also contacted my counterparts at Bank of America, Bank of the West, and US Bank for their insights as well. I will provide those tips within a bullet point format.

- Over the past quarter, I came across an appraiser that provided a report in a two column format as one would read a newspaper. The report ended up having fewer pages, but provided the same material clearly. Some appraisers are moving standard definitions to a definitions page; others provide an outline as what pages the report meet FIRREA guidance.
- Obviously, with some regions having elevated levels of unemployment, there are some appraisers that are looking at the major employers (direct contact with employers or chambers of commerce) to see if they are expanding or contracting as it would have an impact on demand and value.
- If you are using comparables that are outside your immediate market area, you may want to check with two different appraisers to verify the data as sometimes there are inconsistencies in the comparable sales.
- Many appraisers, in developing the basis for the overall rates, are using extended data references beyond PWC; they may include ACLI rate data, RERC/Urban Land, Integra, Realty Rates as well as local and regional surveys, There still is some cap rate compression but it is tapering off in some markets. US Bank and Bank of the West also are looking for supporting information on cap rates as well.
- When making adjustments for size, the appraiser may want to take into account the typical tenant size based on asset sector and location; i.e., is most of the industrial activity in the 5,000 SF to 10,000 SF range, 10,000 to 20,000 SF or above. This may be the unit of comparison to make adjustments.
- Bank of the West and US Bank note that description of improvements may be a little to brief, warranting a question. Moreover, adding a survey with building foot print or elevations may assist the reviewer.
- Lastly, regulatory groups are looking to the appraiser to provide an allocation of personal property from real estate improvements. As you inspect, kept that attribute in mind. Bank of America notes this as an area that you may want to discuss before finalizing a report as there may be differing approaches to an allocation of personal property or a going concern value valuation. The appraiser will likely need to segregate the real estate valuation from the going-concern valuation.
- Both US Bank and Bank of America are indicating it may be a good idea to proofread data that becomes part of assumptions in a DCF (especially using Argus) as the narrative in an appraisal report may be different from the Argus assumptions.

In closing, our Chapter is working with Appraisal Institute's Appraisal Standards Committee in responding to Financial Accounting Standards Board Exposure Draft on Topic 973. One of our newest MAI's, Jessica Mills, is assisting in providing a response with me on the draft. Thank you Jessica!

Have a prosperous holiday season; I would encourage everyone to stay healthy over the winter especially as the Governor is pushing for Iowa to be a Wellness state. The walking /jogging/ (10,000 steps) routine that is suggested is a great idea; I am doing it and have covered 1,000 miles through October.

FROM THE LDAC 2011 REPRESENTATIVES

Amanda M. Luscombe & Jeremy Keller

The annual Appraisal Institute Leadership, Development, and Advisory Council convened in Washington, D.C. on July 25-28, 2011. Two representatives, sponsored by the Iowa Chapter, were Amanda M. Luscombe of Holstein and Jeremy Keller of Cedar Rapids. Amanda is a Certified Residential Appraiser and owns and operates Luscombe Appraisals in Holstein, Iowa. Jeremy is also a Certified Residential Appraiser runs an office in Cedar Rapids and works with Koestner, McGovern, & Associates.

This was Amanda's second year and Jeremy's first at LDAC. Both are pursuing their SRA designations and Amanda also served as a team leader for lobbying this year.

LDAC council members meet and work with the leadership within the Appraisal Institute to discuss current issues in the chapters and appraising today. LDAC participants network and learn skills for future leadership within the Appraisal Institute. LDAC's goal is for members to return for at least three years to form legislative relationships for lobbying in DC and prepare for more duties within the Appraisal Institute. One of the most important aspects of LDAC is the lobbying that is done on behalf of the Appraisal Institute and appraisers everywhere. Over 100 appraisers met with members of both the Senate and House of Representatives to discuss appraisal issues in current legislation.



Senator Grassley, Amanda M. Luscombe & Jeremy Keller

This year, LDAC members successfully lobbied against H.R.1755, the Home Construction Lending Regulatory Improvement Act of 2011 which was introduced by Rep. Gary Miller (R-CA) and Brad Miller (D-NC) on May 5, 2011. The bill intended to enable federal and state chartered banks and thrifts to meet the credit needs of the

nation's home builders, and to provide liquidity and ensure stable credit for meeting the nation's need for new homes. However, there were significant appraisal concerns because H.R. 1755 directs the banking regulators to rewrite banking and appraisal guidelines to require use of hypothetical, "as-completed" values, when assessing the collateral of residential AD&C loans they intend to fund to completion. While "as completed" value can help understand bank risk at the end of construction, it masks potential risks occurring today that are captured by "as-is" market value appraisals. Further, H.R. 1755 *prohibits* consideration of any distressed sale, such as a foreclosure or short sale, as a comparable sale by an appraiser. This would establish a dangerous precedent of legislating the appraisal process, and could lead to an asset bubble. We believe it is important for banks to know their collateral risk, and getting the "as completed" market value is helpful to determining it. However, "as completed values" help identify actual and immediate risks. At the same time, we understand and sympathize with the plight of many developers. Banks should continue to be encouraged to restructure and modify loans with active collateral risk assessment as a part of that process. We supported the bill as long as the appraisal provisions were removed.

The second bill, we successfully lobbied for, was the Sensible Accounting to Value Energy Act of 2011 (SAVE Act), which was introduced and co-sponsored by Senator Michael Bennet (D-CO) and Senator Johnny Isakson (R-GA). Among other things, the bill aims to improve the mortgage underwriting process used by federal mortgage agencies by ensuring that energy costs are included in the underwriting process. Relative to the appraisal process, it would define such assignments as "complex" appraisals, which require use of competent appraisers, and help ensure that appraisers have access to building information to analyze the effects of such improvements in the market place. This bill ensures that appraisers are provided with all relevant information relating to energy efficient features of a property, and those high performance properties are appraised by an appraiser with enhanced competency, so they can more thoroughly analyze and make appropriate judgments for building energy performance and help lenders understand their collateral risk. Thanks in part to lobbying from the Appraisal Institute, this bill was successfully introduced about two weeks ago.

Panel discussions we participated in included the following:

- *Sharpening Our Skills Beyond Point-in-Time Real Estate Appraising: Where Do we Grow Now?* ~Claire M. Aufrance, MAI
- *Could AI be the home for Non-Real Estate Appraisers? If so, is its name still suitable?* ~Eric P. Haims, MAI
- *Appraisal Institute Education in 2020: What Will It Look Like and How Do We Get There?* ~Michael B. Goldstein, MAI
- *You, Me, Us & Them: a Growing Presence in a Shrinking World*~ Robin C. Amarin, MAI

Discussion topics were very interesting and they shape the direction of where the Appraisal Institute goes from here. We encourage all Iowa appraisers to consider applying to attend LDAC. It is a commitment of time, but you will be rewarded richly with the opportunity to meet and work with some of the finest appraisers in the nation. We thank the Iowa Chapter for the opportunity to be a part of this conference as it was an amazing opportunity.

MEMBER NEWS

New Associates

We welcome the following Associates who have joined our Chapter this year.

Shawna A. Neal

Associate Residential

Chad Martindale	Associate Residential
Jillisa M. Ingham	Associate Aspiring
Marlena LeBlanc	Affiliate
Travis Ryan Cronbaugh	Associate Residential
Daniel Richard Remer	Associate General
Brandon Fitzsimmons	Associate Residential
Scott C. Vakulskas	Associate General
Andrew Paul Black	Associate Residential
Danielle T. Peebler	Associate General
Jonathan M. Wienhold	Affiliate
Jacob Folger	Associate Residential
Jeffrey William Frese	Associate General
Kevin Kerns	Associate General
Kyle Barton Hildenbrand	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.

Member News



Rochelle Dietiker, MAI and Brett Blanchfield, MAI with President Heather Wren, SRA

Brett Blanchfield and Rochelle Dietiker received their MAI designations since our June 2011 Newsletter. Congratulations Brett and Rochelle.

Members on the move include:

- Eric J. Roeder, MAI transferred to the North Carolina Chapter.
- Bruce R. Gunderson, MAI transferred to the Rio Grande Chapter.

We are sorry to lose these members, but wish them well in their new endeavors.

Current Chapter Membership

The Iowa Chapter membership breakdown currently is:

<u>Category</u>	<u>MAI</u>	<u>SRA</u>	<u>SRPA</u>	<u>Undeclared</u>	<u>Other</u>	<u>Total</u>
Designated	58	37	4	0	0	99
Associates	89	34	0	3	0	126
Affiliates	0	0	0	0	4	4
Total						229

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 - 2011 EDUCATIONAL CLASSES

Enrollment in our 2011 educational classes totaled:

Novemberfest	70 Students
USPAP Update	270 Students
Report Writing	232 Students
Qualified Ed	110 Students
Continuing Ed	324 Students
Subtotal	1,006 Students
On-line	98 Students
Total	1,104 Students

IOWA CHAPTER - 2012 EDUCATIONAL CLASSES

Educational classes for 2012 include:

<u>Date</u>	<u>Seminar</u>	<u>City</u>	<u>Hours</u>
March 15, 2012	USPAP	Sioux City	7 Hours
March 27, 2012	USPAP	Davenport	7 Hours
March 28, 2012	Introduction to Green Buildings: Principals & Concepts	Davenport	7 Hours
March 29, 2012	USPAP	Des Moines	7 Hours
March 30, 2012	Introduction to Green Buildings: Principals & Concepts	Des Moines	7 Hours
April 13, 2012	USPAP	Cedar Rapids	7 Hours
May 18, 2012	Residential Applications – Using Technology to Measure and Support Assignment Results	Cedar Rapids	7 Hours

June 14, 2012	Residential Market Analysis	Des Moines	7 Hours
June 15, 2012	Residential Market Analysis	Davenport	7 Hours
July 11-14, 2012	General Appraiser Income Approach/Part 1	Des Moines	30 Hours
Sept. 14, 2012	Analyzing Tenant Credit Risk & Commercial Lease Analysis	Cedar Rapids	7 Hours
Nov. 16, 2012	Novemberfest	Cedar Rapids	4 Hours

On-Line Classes

In 2011, 98 students participated in on-line classes offered through the Appraisal Institute's on-line classes. 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](#)