

THE KANSAS CITY CHAPTER OF THE APPRAISAL INSTITUTE

# THE APPRAISAL REPORT

FALL 2011 EDITION

## CANDIDATE FOR DESIGNATION PROPOSAL

As part of a new mission adopted by our national board last year, and consistent with requirements under our by-laws, a notification of a proposed amendment was released on October 14, 2011. This 45-Day Notice process is intended to provide an adequate period of time for review and response by membership to proposals the board will soon vote upon. Entitled 'Candidate for Designation' this proposed amendment represents significant changes to our associate membership category.

The proposal is available to members online and supported by an FAQ document. If adopted and fully implemented, the Appraisal Institute would consist of: Designated members, Candidates for Designation and Affiliates (practicing and non-practicing), as newly defined. The emphasis would be on Designated members and those seeking to become designated.

According to the FAQ, this proposed Candidate for Designation Program would help identify and motivate qualified individuals to become designated in a more timely and effective manner. On balance, this proposal is consistent with our mission shift from serving as a professional association to implementing a professional society model. However, various aspects of the proposal sent mixed messages in my opinion, most notably as to the importance of our associate members. Several individuals and chapters wrote to request revision, resulting in clarifying changes to the proposal, which were adopted by our national board last week during their fall board meeting.

Our Region II Chair and representative on the national board, Bob Grace, MAI, SRA provided meeting highlights that I'd be happy to forward. Despite a decline in membership (down 6.3%), the Appraisal Institute maintains our historical share, currently measured at 26%. This mission shift along with various changes to education and designation qualifications over the past few years, appear to be aimed at strengthening the organization. The Candidate for Designation Program will also provide opportunities at the chapter level, to mentor and be mentored. Please reach out with any questions or concerns. I am proud to be associated with a growing chapter, which will be designating several members in 2012.

Happy Holidays,

Mark H Maschger, SRA 2011 Chapter President

**Congratulations to our newest MAI designee -  
Jason T. Roos, MAI**



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## LDAC 2011 RECAP BY MICHAEL S ELLIOTT



On July 26-28, 2011 I had the privilege of attending the Appraisal Institute's annual "Leadership Development and Advisory Council" (LDAC) in Washington, D.C. on behalf of the Kansas City Chapter. This annual conference brings together Appraisal Institute leadership with aspiring chapter leaders from across the country and is held just blocks from the U.S. Capitol building. A total of 109 members attended this year's event, up significantly from 66 in 2002. The Kansas City Chapter was fortunate to be able to send a member as we were the only representative from either Kansas or Missouri. Attendees ranged from chapter presidents, seasoned appraisers to relatively new appraisers just out of college.

LDAC has two main components – a series of discussion groups as well as an opportunity to lobby our congressional representatives on appraisal-related issues. For the first time this year the LDAC committee worked prior to the conference with the Appraisal Institute's Strategic Planning Committee so that the topics developed for discussion at LDAC were directly related to ongoing, immediate issues the organization is facing. The four topics discussed this year were ideas for moving beyond "point-in-time" appraising, how to integrate international members into the Appraisal Institute, the possibility of adding non-real estate appraisers to the Appraisal Institute and what Appraisal Institute education will look like in the future. It is important to note that all these topics are simply for "discussion" to get ideas from the wide range of Appraisal Institute members present and not to decide on policy. The international member topic (presented by Robin Amorin, MAI) drew great interest at the conference as several international members were present for this LDAC. I was personally surprised at the large numbers of new MAI designations being awarded yearly in countries such as China and Mexico.

On the second day of the conference I had an opportunity to visit in person with staff members for our local congressional representatives – Rep. Kevin Yoder (Kansas) and Rep. Emanuel Cleaver, II (Missouri). At the time LDAC was occurring in July was the last week of the "debt ceiling" budget negotiations and time with the Congressman was scarce. Of particular concern at this year's LDAC was legislation regarding the valuation of High Performance properties (sometimes referred to as "green" buildings). In essence the "SAVE Act" – introduced in the Senate this summer – would direct the Federal mortgage financing agencies to update their appraisal standards to better allow appraisers to take the impact of energy efficient items on a residential property into consideration. It also directs the agencies to ensure that appraisers are provided with the relevant information relating to the energy efficient features of a property (for more accurate comparison) and that these high performance properties are appraised by an appraiser with enhanced competency (which is of particular concern to Appraisal Institute members).

Other legislation of concern was the Home Construction Lending Regulatory Improvement Act (H.R. 1755). This bill, while developed with good intentions, directs banking regulators to rewrite banking and appraisal guidelines to require the use of "hypothetical, as-completed" values when assessing the collateral of residential development/AD&C loans. While the "as completed" value can help a bank with an understanding of its risk at the end of construction, it masks the potential risks occurring today that are captured by "as-is" market value appraisals. Of even greater concern, however, H.R. 1755 prohibits consideration of any distressed sale (such as a foreclosure or short sale) as a comparable sale by an appraiser. This establishes a dangerous precedent of legislating the appraisal process and could lead to an asset bubble. Again, while this bill had good intentions of limiting further damage to the home builder market, it is in essence a "home builder bailout" bill and has dangerous implications for the appraisal profession. Unfortunately one of our local representatives (Rep. Kevin Yoder) is a co-sponsor of this legislation. While we have made his office aware of the significant issues with this bill, at the time of this article is written the bill was still pending in committee. I urge anyone with concerns about this bill to contact your local representative.

At the conclusion of the conference the attendees had an opportunity for a question and answer session with Appraisal Institute leadership, including current National President Joseph C. Magdziarz, MAI, SRA; President-Elect Sara W. Stephens, MAI; and Immediate Past President Leslie P. Sellers, MAI, SRA. While many of the questions revolved around the four LDAC topics mentioned earlier, there was much discussion about the proposed changes discussed and introduced at the August Appraisal Institute annual meeting in Las Vegas. The incoming leadership was very engaged with the attendees and highly focused on the future of the organization. I was able to relay to the leadership our local chapter's particular concerns such as the future of local chapter education. I found the LDAC conference to be a very worthwhile learning experience as well as an opportunity for our local chapter's voice to be heard among decision-makers. With the progress and structural changes made at this year's event, LDAC promises to be a valuable contribution to the Appraisal Institute for many years to come.

## WHAT HAPPENS IN VEGAS... BY TJ JAWKS, MAI



I recently attended the Appraisal Institute's Annual Meeting in Las Vegas, Nevada. The event was held August 15th through the 17th in The Cosmopolitan of Las Vegas hotel and casino, located within the new City Center development on The Strip. The event attracted more than 300 appraisers and real estate professionals from around the country, as well as international attendees.

The three days of meetings were packed full of first-rate educational programs, panel sessions, exhibit programs and networking events. A wide-array of seminar and continuing education courses being presented simultaneously offered attendees the opportunity to select programming relative to their specific career levels and areas of expertise. I attended the newly launched "Appraising the Appraisal," "Loss Prevention," "In the Wake of the Interagency Appraisal Guidelines: Outstanding Issues," "Advancing the Profession" (a panel discussion) and "Consumer Education." All of the courses and seminars were tremendously insightful, and an added value was the personal interaction from top-level appraisers attending the courses who collaboratively discussed the current issues facing appraisers across the country today.

Between educational offerings, many national companies, including Datappraise, Narrative1, Real Wire, Appraiser's Paradise, Colliers International, Marshall & Swift, REIS, LIA, and others hosted exhibit booths. They offered free demonstrations of new-to-market products, as well as company SWAG.

Each evening The Institute hosted a networking hour, which provided time to connect with appraisers from around the world. All of the national-level Appraisal Institute officers were in attendance and easily accessible during the social hour, as well as between events. On many occasions, my conversations with these folks generally lead to "best practices" discussions. Appraisers discussed how they handle specific issues in the field, keys to managing businesses operations, and/or their opinions on the future of the Appraisal Institute. Among the attendees, fellow Kansas City Chapter members included Mark Maschger, SRA; Laird Goldsborough, MAI; and Bruce Fitzsimons.

The three-day event was a great success and well worth the time spent out of the office. I encourage all members of our chapter to consider attending this annual event. The knowledge gained via meetings, seminars, and discussion with fellow colleagues is invaluable. FYI - Next year's annual meeting is in San Diego, July 31th through August 2nd.

## EDUCATION UPDATE

MICHAEL SEPTER SERVED AS OUR 2011 EDUCATION CHAIR, OVERSEEING WELL-PLANNED AND ATTENDED EDUCATIONAL OFFERINGS. THANK YOU MICHAEL!

OUR THANKS TO 2012 EDUCATION COMMITTEE MEMBERS: KEN JAGGERS, MAI; JASON ROOS, MAI; AND JOHN DALY, MAI, FOR WORKING TO DEVELOP OUR 2012 EDUCATION SCHEDULE. THE COMMITTEE REPORTED TO THE BOARD DURING OUR OCTOBER MEETING AND OUTLINED THEIR STRATEGY FOR CHAPTER EDUCATION. THE SLATE BELOW REFLECTS THEIR EFFORTS, AND OTHER COURSES AND SEMINARS MAY BE ADDED EARLY NEXT YEAR. PLEASE CONTACT THE CHAPTER OR ANY COMMITTEE MEMBER WITH QUESTIONS OR RECOMMENDATIONS FOR EDUCATION.

CONSIDER SIGNING UP FOR EDUCATION NOW. THE CHAPTER DEPENDS ON YOUR SUPPORT.

### 2012 AI Education Schedule

February 3, 2012 – 7-hour USPAP – Bernie Shaner

March 2, 2012 – Appraising the Appraisal: Appraisal Review General – Richard Borges

March 30, 2012 - Supporting Capitalization Rates – Tom Kirby

April 30 – May 3, 2012 - General Appraiser Income Approach Part I – Mark Rattermann

June 20, 2012 - Convincing Residential Appraisals – Mark Smeltzer

September 28, 2012 - Analyzing Tenant Credit Risk – Ted Anglyn

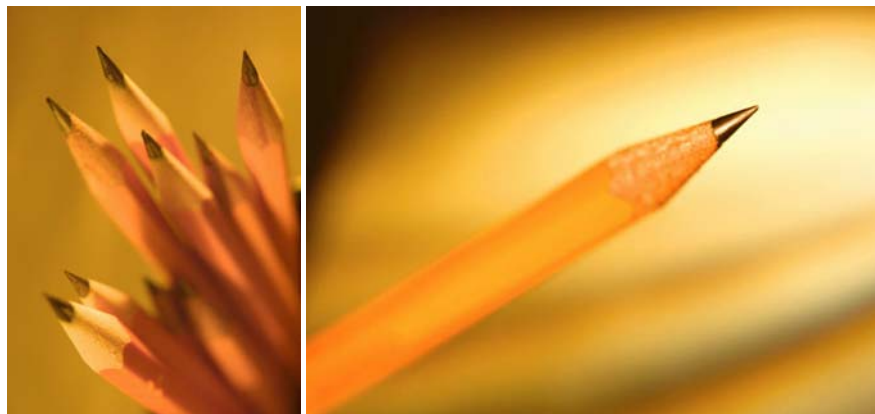
October 1-4, 2012 - General Appraiser Income Approach Part II – Mark Rattermann



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HAVE YOU SEEN OUR  
WEBSITE LATELY?

[WWW.APPRAISALINSTITUTEKC.ORG](http://WWW.APPRAISALINSTITUTEKC.ORG)

## MEETINGS/EVENTS

OUR THANKS TO TJ HAWKS FOR PLANNING OUR 2011 MEETINGS AND EVENTS. THE CHAPTER HOSTED SEVERAL LUNCHEONS, EDUCATIONAL EVENTS AND A JOINT NETWORKING EVENT IN 2011.

OUR ANNUAL INSTALLATION PARTY WAS GREAT FUN!

## SPECIAL THANKS

RANDALL C BRYSON, SRA HAS BEEN APPOINTED TO SERVE AS CHAPTER REPRESENTATIVE TO THE MISSOURI APPRAISERS ADVISORY COUNCIL (MAAC). WE WILL LOOK FORWARD TO FUTURE UPDATES FROM RANDY.

OUR THANKS TO KENNETH L. NICHOLSON, SRA FOR SERVING OVER THE PAST FEW YEARS AS OUR MAAC REPRESENTATIVE.

[WWW.MISSOURIAPPRAISERS.ORG](http://WWW.MISSOURIAPPRAISERS.ORG)

## APPRAISAL INSTITUTE MEMBERSHIP—IT'S WORTH IT!

Are you considering Appraisal Institute membership?

Membership really does make a difference. The following is just a sampling of the benefits you'll receive. Visit the chapter website ("Become a Member" along the left-hand side of the screen) to learn more.

### DESIGNATIONS MAKE A DIFFERENCE!

Make no mistake: An Appraisal Institute designation is a hard earned distinction achieved by only the most dedicated real estate appraisers. As a result, Appraisal Institute designations are highly respected by those seeking professional opinions of value - individual property owners, investors, government agencies, corporations, lenders, and the courts among others. Appraisal Institute designations differentiate the true professional from the average appraiser. Knowing that an Appraisal Institute designation identifies you as one of the best in the profession is important, but every once in a while it's nice to know "What's in it for me?"

There are many programs and benefits that are a part of Appraisal Institute membership.

### THE FINEST IN APPRAISAL EDUCATION!

Almost 50,000 participants annually can attest to the fact that the Appraisal Institute provides professional training that no other organization can match. A variety of educational courses, seminars, and workshops allow you to meet continuing professional education requirements while staying on top of the latest in appraisal theory and technique. Members receive tuition discounts (reimbursements) on courses and seminars .

### UNEQUALED PROFESSIONAL PERIODICALS!

Appraiser News Online and Valuation Insights & Perspectives keeps you up-to-date with issues and events affecting the appraisal industry as well as activity within the Appraisal Institute. The Appraisal Journal serves as a forum for the exchange of ideas, providing in-depth exploration of appraisal issues and valuation techniques.