

# Field Notes

The Greater Oregon Chapter of the Appraisal Institute Official Newsletter

## President's Message

**David W. Groth, MAI**

First, I would like to thank past president Terry Bernhardt for all his help in my transition to the presidency. He left the Chapter in a strong financial position and his assistance with several residential seminars helped make the Chapter more "residential friendly." I am amazed at the time, thought and effort he puts into the appraisal profession, in spite of his own busy schedule. His common theme is "I'd like to leave the profession better than when I entered it." Terry is doing that.



Thanks to Christie Fisher for "roping" me into this job. After minimal Chapter involvement for 30 years, it's a pleasure to reintroduce myself to the organization and give back a little to the profession that has given me so much. Thank you to my firm's partners for allowing me time to work for the Institute.

I would also like to thank Larry Ofner and Jerry Curtis for emceeding the installation banquet: there are no better hosts. Stacey Allison, the first American woman to climb Mt. Everest,

was an inspirational, entertaining speaker. Thanks also to all those who attended.

Kathleen Buono put together a great educational agenda for 2006. We hope that people take advantage of the course offerings that she has carefully crafted. They feature some excellent instructors. We feel strongly the Chapter has the best educational courses in the appraisal profession. Kathleen has passed the torch to Matt Larrabee whose qualifications are also excellent. Rosemary Tobiga will also co-chair this with Matthew. We thank Kathleen for all of her efforts.

In addition I want to note that, Vicki Champ, the Greater Oregon Chapter's

*Continued on page 2*

## Collaborating with Machinery & Equipment Appraisers

**Bruce B. Kerr, ASA &  
Shawn L. Olson, ASA**

As an appraisal firm specializing in valuations of commercial and industrial machinery & equipment ("M&E") and other personal property, we are occasionally engaged by real estate ("RE") appraisers. These assignments typically relate to appraisals of food processing facilities, commercial and retail businesses, forest products

facilities (sawmills, plywood mills, re-man plants), CATV systems, breweries, and other complex industrial properties.

"From a client service perspective, the RE appraiser can add significant value to his/her practice by understanding how M&E appraisers work."

In most cases, a RE appraiser has been contacted by a lending institution, law firm, governmental agency, or other party to provide valuation expertise for a property which may possess a significant M&E component. Our firm is then engaged as a sub-contractor to provide M&E valuation expertise to supplement the RE appraiser's analysis.

However, it's also been our experi-

ence that, when engaged by a client, the RE appraiser often:

- Does not ask if any M&E exists
- Does not care if any M&E exists
- Does not want to be involved in the valuation of M&E if any exists
- Does not recommend a qualified M&E appraiser

The likely result? A client may be forced to actively seek out an M&E appraiser on his/her own, may not have the M&E appraised at all, or may end up attempting to reconcile appraisals from two different firms which may use different value standards, appraisal dates, incongruous assumptions and conditions, etc. From a client service perspective, the RE appraiser can add significant value to his/her practice by understanding how M&E appraisers work, the scope of work and

*Continued on page 3*

## Inside

- Pg. 2 SRA Announces New Requirements
- Pg. 3 Collaborating with Machinery and Equipment Appraisers
- Pg. 4 Oregon Chapter Installs 2006 Officers
- Pg. 7 2006 Schedule

# President's Message Cont.

Education Director, continues to be an invaluable asset to me and to the Institute.

This will be the year of a new Chapter website, which will allow on-line registration for courses. By the time you read this, the site should be functional, making registration easier

for students and more efficient for Appraisal Institute staff. The continuing challenges within the organization are how to include new people to serve on committees and how to serve the entire state with a population centered in Portland. This is a balancing act, especially with regard to educational offerings, because of the need for financial accountability; i.e., adequate class attendance in some of the more "remote" locations, like Eugene, Medford, and Bend. We will work on this issue with our members in these locations.

"The goal of the Chapter this year is to continue on an upward track financially, offer great educational opportunities, and attract new members."

Both the states of Oregon and Washington are changing their licensing and educational requirements. We

encourage you to note these changes and we will provide the course offerings necessary for those of you who need to become licensed.

The "Scope of Work" will become critical in the future. We are fortunate to have Larry Ofner teach a

one-day course May 12 on Scope of Work:

Expanding your Range of Services, which will tie this topic together with USPAP.

The goal of the Chapter this year is to continue on an upward track financially, offer great educational opportunities, and attract new members. Hopefully, we can meet these goals with the help of a strong board. The membership is aging, and we need to involve energetic young members to take over the reins and continue to expand this important organization.

## SRA Announces New Requirements

There has been a buzz for the past couple of years about revising SRA requirements to update and make them more relevant. The residential demo report is now an option, with a new 45-hour class requirement (30 hour writing/15 hour case study) which will teach the fine points of complex property research, problem solving, and reporting. These classes will be available in the second half of 2006.

Many hard-working appraisers who have been unable to spend the hundreds of hours required for writing a demo may now take the classes for certification and continuing education credit—and secure an SRA in the process. As the Appraisal Institute prepares to celebrate its 75th Anniversary next year, the value of a designation should be enhanced.

The Chapter Meeting on April 20th will include a presentation on the SRA designation and the process for obtaining it. The Greater Oregon Chapter is committed to assisting its members become professionally designated—this is a great opportunity to start.

## GOCAI Offers Scholarships

Scholarships are available to help with professional education. Interested parties are encouraged to contact Mike Bernatz, Scholarship Chair for Greater Oregon Chapter, at [mike.bernatz@cushwake.com](mailto:mike.bernatz@cushwake.com). There are no grade point average requirements; however, applicants will submit a transcript of prior appraisal course work and experience, as well as a personal statement outlining qualifications and goals. In addition, merit and service-based community work experiences are encouraged. Recommendations are welcome. Students pursuing appraisal careers are also welcome to apply.

## GOCAI Member Benefits

One of the benefits of membership with GOCAI is an arrangement with RMLS which allows you very favorable pricing for their on-line data service. Subscribing to the RMLS system under the umbrella of GOCAI saves you a \$500 set-up fee and \$100 monthly as compared to subscribing as your own "office".

The annual invoices for GOCAI management of this account will be going out shortly. Please note that each individual who subscribes to RMLS must also belong to a local Realtor's Board. GOCAI offices will be requesting that proof of local board membership be included with your payment. This will prevent a possible interruption of your service later if you are found to be non-compliant.



### Help Wanted

Major commercial mortgage investment group seeks MAI appraiser to review outside written appraisal reports for a national portfolio of diverse income-producing properties. A six figure compensation package, including comprehensive benefits package, and relocation assistance, will be offered. Position located in high quality-of-life Midwest community. Interested candidates should forward a detailed resume as a Word Document, including most recent compensation level, to: [chrisgroup@charter.net](mailto:chrisgroup@charter.net). Christopher Group Executive Search

# Collaborating with Machinery & Equipment Appraisers

methodologies typically employed, and knowing the types of questions to ask when interviewing and/or collaborating with prospective M&E appraisers.

The purpose of this article, therefore, is to briefly address the existence, capabilities, and potential benefits of networking with M&E appraisers.

## Existence

While there are many personal property appraisers (residential contents, fine arts, etc.) in the US, relatively few specialize in valuations of M&E. Of those, only 400± possess the Accredited Senior Appraiser (ASA) designation with the American Society of Appraisers; ten are conducting business here in Oregon. Earning the ASA designation requires a minimum of five years full-time experience, the successful completion of the Society's multi-class curriculum, local Chapter interviews and acceptance, submission of sample reports, and completion of both the USPAP and Society's *Principles of Appraisal Practice and Code of Ethics* courses/exams. Continuing professional education is required to recertify every five years.

## Capabilities

A qualified M&E appraiser can assist in a variety of ways. For the RE appraiser, issues may arise during an engagement regarding unusual or unique assets, such as:

- Bulk material handling/conveying systems
- Docks or piers
- Refrigeration equipment

- Signage
- Underground storage tanks
- Alarm systems
- Bridge cranes
- Piping and wiring (building vs. production-related)

The M&E appraiser possesses experience in valuing such assets, and can provide additional support and documentation for your analysis, if needed. More importantly, collaborating with a qualified M&E appraiser will result in a clearly defined division of coverage so that assets are neither double-counted nor accidentally overlooked.

“The M&E appraiser possesses experience in valuing such assets, and can provide additional support and documentation for your analysis, if needed.”

In some cases, we've seen RE or business valuation (“BV”) appraisers attempt to estimate M&E values by either deferring to an asset's net book value, or by applying an arbitrary discount to its original cost. Either method will result in an

unsupportable value indicator. At a minimum, we strongly recommend that you contact a qualified M&E appraiser to discuss general value indicators, current market conditions, cost vs. value relationships, or other pertinent issues which may impact your analysis. Most M&E appraisers should be willing to provide some level of assistance.

It should be noted that many M&E appraisers possess certain areas of expertise, and may specialize in certain industries or asset types. You should always ask a prospective M&E collaborator if they have specific experience dealing with the M&E that is the subject of your interest.

## Benefits

It's often been said (rightly or wrongly) that appraisers tend to “play things close

to the vest”, do not readily share resources, information, or comparable sales data, and generally prefer to stay within their own limited areas of expertise. Nonetheless, we've found it very beneficial to network with other RE and BV appraisers, for the following reasons:

- Keeps us abreast of pertinent appraisal issues
- Provides opportunities for expanding existing client base
- Minimal concern of stealing clients
- Provides a “value added” service for all disciplines
- Increases market exposure
- Broadens education for other appraisers

Simply stated, you will be better prepared to help your clients, accept engagements that you might otherwise decline because a material part of the project involves M&E, provide seamless service when performing complex property valuations, and expand your network of colleagues and referral sources.

## Help Wanted

**REVIEW APPRAISER NEEDED IN SAN DIEGO** – Immediate opening for a commercial/residential review appraiser in the San Diego office of Integra Realty Resources. Integra Realty Resources Inc. is the largest commercial real estate valuation and counseling firm in the country with 54 offices nationwide. The successful candidate will hold the MAI designation of the Appraisal Institute. Commercial review experience is desirable. Salary is commensurate with experience. This is a full time, in-house position. Please send resume with salary requirements to: Jeff Greenwald, Managing Director, Integra Realty Resources-San Diego; [jgreenwald@irr.com](mailto:jgreenwald@irr.com)



# Oregon Chapter Installs 2006 Board of Directors

The 2006 GOCAI Installation Banquet was held on January 21, 2006 at the 5th Avenue Suites Hotel in downtown Portland.

Incoming President Dave Groth invited Stacy Allison to speak during the dinner program. Stacy was the first American woman to reach the summit of Mt Everest in 1988. Now living in Portland, Allison delivered a riveting account of the endeavour which included slides and which was at turns awe-inducing, spell-binding, and humorous.

Past Presidents of the American Institute of Real Estate Appraisers, Lawrence E. Ofner MAI and Gerald L. Curtis, MAI gave a light-hearted introduction to the incoming President which included a summation of his career with early photographs. Incoming officers for 2006 were recognized. They are: David W. Groth, MAI, Incoming President, Terry Bernhardt SRA, Past President, James D. Brown, MAI, Vice President, Richard P. Herman, MAI, SRA, Treasurer, Matthew Larrabee, MAI, Secretary, 3rd

Year Director, Beth Aquilizan, SRA, 2nd Year Director, Ryan Prusse, MAI and 1st Year Director Sam Romannaggi, MAI.

Special recognition for the evening included the bestowment of the Outstanding Service Award which was awarded by Wayne M. Richards, MAI, SRA, the recipient of last year's award, to Terry O. Bernhardt, SRA. Two President's Service Awards were given by Past-President Bernhardt. They went to Kathleen Buono and Beth Aquilizan, SRA.



Past and new GOCAI presidents, Terry and Dave, talk with the evening's guest speaker. (L to R) Stacy Allison; Dave Groth, MAI; Terry Bernhardt, SRA.



Husband and wife, Cynthia (left) and Aaron Brown (right), show off the newest appraiser in the family, eight week-old Aeryn Brown (middle).



Banquet attendees enjoy a few laughs with the evening's emcees, Jerry and Larry. (L to R) Jerry Curtis, MAI, SRA; Larry Ofner, MAI; J. Merrill Peterson, MAI; Rick Walker.



Jerry Curtis (left) installs the 2006 officers for the Greater Oregon Chapter. (L to R) Dave Groth, MAI; Jim Brown, MAI; Rick Herman, MAI, SRA; Matthew Larrabee, MAI; Beth Aquilizan, SRA; Sam Romanaggi, MAI; Terry Bernhardt, SRA.



Past president Terry Bernhardt, SRA, recipient of the Outstanding Leadership Award for 2005.



Beth Aquilizan, SRA (left) and Kathleen Buono (right) accept the President's Service award for 2005.

## Help Wanted

CBRE is currently seeking a practice leader to help oversee the commercial appraisal activities for the Portland/Oregon market. The Portland CBRE office is currently the largest brokerage practice in the City, and is seeking to expand the services offered to their clients. The practice leader will be involved in staff recruitment/development, client development, quality control and other practice related matters. CBRE is also seeking commercial Real Estate Appraisers with 1 plus years experience to estimate property value by providing appraisals and consultations; researching and analyzing property information; reconciling various indicators; and preparing appraisal reports. Appraisal work will involve both one-off assignments in addition to local and national portfolio assignment work. Join our growing Pacific Northwest practice that is supported by a national appraisal platform (largest commercial appraisal company in the United States), successful local and national brokerage program (most licensed agents in the Portland market), active asset services group and an expertly managed local/national market research

platform. Attractive compensation/benefits package. CB Richard Ellis (NYSE:CBG), a FORTUNE 1000 company headquartered in Los Angeles, is the world's leading commercial real estate services firm. The company serves real estate owners, investors and occupiers around the world through more than 300 offices (including partners and affiliates) in over 50 countries. CB Richard Ellis delivers to clients superior strategic advice and execution for property leasing and sales; property, facilities and project management; corporate services; debt and equity financing; investment management; valuation and appraisal; research and investment strategy; and consulting. Founded in 1906, CB Richard Ellis marks a century of excellence in client service this year. CBRE has the largest commercial appraisal group in the United States, and serves both national and local clients. Please visit our Web site at [www.cbre.com](http://www.cbre.com). For further inquiries, contact Scott F. Biethan, MAI (206.292.6198) or by e-mail at [scott.biethan@cbre.com](mailto:scott.biethan@cbre.com)

## Recent RESPA Settlements Show HUD Means Business Against Markups

Recent opinions of the U.S. Court of Appeals regarding the fee-splitting prohibitions of the Real Estate Settlement Procedures Act have buoyed Department of Housing and Urban Development lawyers who maintain the cases have confirmed their long-held position that markups of appraisals and other settlement services provided by third-party vendors violate RESPA.

Of the six U.S. appeals courts that have ruled on markups, the results have been split. The first three opinions went against HUD's position, with rulings that the statute prohibits fee-splitting between two parties, not markups by a single party. However, the three latest decisions have ruled against such markups.

In remarks before attendees of a RESPA conference sponsored by the National Real Estate Development Center, HUD assistant general counsel Peter Race said, "The decisions in the recent cases have undercut the rationale in the earlier cases. It is hard to argue that the statutory language is clear on its face when three other circuit courts and HUD (the agency charged with enforcement of the statute) are taking a different position," he said.

The Appraisal Institute has had a long-standing opposition to the mark-ups. Don Kelly, vice president of Public Affairs said, "Lenders jacking up appraisal fees while providing no additional service to borrowers is outrageous. We've fought against this practice for years now and it's good to see the courts are agreeing with us."

In the past 18 months, HUD has been very aggressive in investigating and pursuing cases involving referral fees and sham affiliations. Of the

45 settlements in the history of RESPA, the department settled 14 cases last year. Race said, "HUD will continue to closely look at markups of third-party charges. And we will take action when there is no work done or little work done to justify a markup of charges."

"Of the 45 settlements in the history of RESPA, the department settled 14 cases last year. Race said, 'HUD will continue to closely look at markups of third-party charges.'"

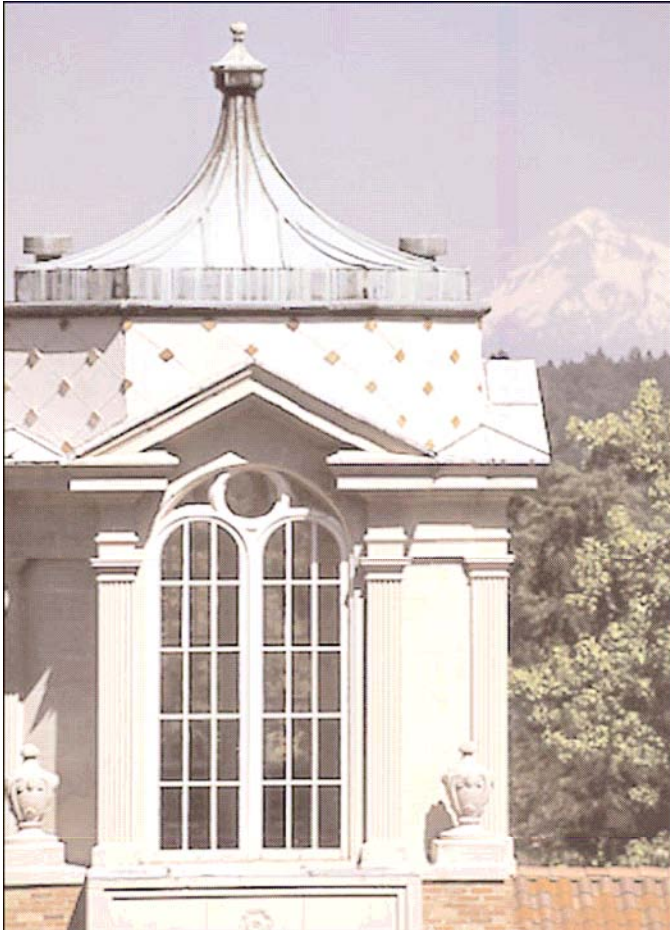
## ABA/Appraisal Institute Telephone Briefing and Panel Discussion

April 25, 2006, 11:00am-1:00pm we are hosting the teleconference call at the World Trade Center in Portland. After the teleconference we will have a panel of lenders and appraisers present their reaction to the teleconference and field questions from the audience. The Appraisal Institute has approved this for two hours of continuing education, ce has been applied for in the states of Oregon and Washington. The cost for members is \$35, non-members \$40. A box lunch will be provided. The flyer is available on the chapter website.

## Member Directories Arriving Soon

Our 2006 Chapter Membership Directories will be in the mail shortly. It is a good idea to keep one at your desk so that when a client calls requesting you perform a job outside of your coverage area, you can provide the name and number of fellow Chapter Members who do work in that geographical location. The Roster is sorted both alphabetically and by City.

Additionally, members can create a desktop icon to the Appraisal Institute online Directory. Directions are at [www.appraisalinstitute.org/helpshortcut.asp?tbm=B](http://www.appraisalinstitute.org/helpshortcut.asp?tbm=B).



## 3<sup>rd</sup> ANNUAL REAL ESTATE CONTINUING EDUCATION SEMINAR

**REAL ESTATE & THE ECONOMY:  
DOES THE ECONOMY DRIVE REAL  
ESTATE OR DOES REAL ESTATE DRIVE  
THE ECONOMY?**

**SATURDAY, APRIL 29, 2006  
MARYLHURST UNIVERSITY – FLAVIA SALON**

**9:00 A.M. – 5:30 P.M. (Registration opens at 8:00 A.M.)**

### **CENTER FOR PROFESSIONAL REAL ESTATE STUDIES MARYLHURST UNIVERSITY**

17600 PACIFIC HIGHWAY (HWY 43)  
MARYLHURST, OREGON 97036  
(ONE MILE SOUTH OF LAKE OSWEGO)

**FOR MORE INFORMATION:**

**Telephone:** 503.699.6250 or  
Toll free 800.634.9982 x 6250

**E-Mail:** realestate@marylhurst.edu

**This seminar is designed for:**

Real estate brokers, appraisers, planners, attorneys and title company professionals. Appraisers and brokers may take the seminar for 7 continuing education units (CEUs). Cost is \$160 per attendee and includes refreshments, a continental breakfast and a buffet lunch.

### **SEMINAR SPONSORS**



### **MODERATOR:**

#### **MIKE BURTON**

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Vice Provost  
Portland State University

### **FEATURED SPEAKERS:**

#### **JOHN MITCHELL**

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Chief Economist  
U.S. Bank

#### **JOSEPH CORTRIGHT**

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Vice President and Economist of  
Impresa, a Portland based consulting  
firm

#### **THOMAS POTIOWSKY**

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State Economist



## 2006 Greater Oregon Chapter Governance

### PRESIDENT

David W. Groth, MAI

### VICE PRESIDENT

James D. Brown, MAI

### TREASURER

Richard P. Herman, MAI, SRA

### SECRETARY

Matthew Larrabee, MAI

### PAST PRESIDENT

Terry O. Bernhardt, SRA

### 2006 DIRECTORS,

Beth Aquilizan, SRA  
 Ryan Prusse, MAI  
 Sam Romanaggi, MAI

### DIRECTORS, SUBCHAPTERS

PORTLAND: Mike Bernatz

### 2006 COMMITTEE CHAIRS

**GOV. AFFAIRS:** Douglas R. Rives, MAI  
**PUBLIC REL.:** Steve Hotaling, MAI  
**PROGRAMS:** Scott A. Henningsen, MAI  
**ED. COURSES:** Matthew Larrabee/Rosemary Tobiga

### SEMINARS:

Mark H. Hepner, SRA  
**FINANCE:** Richard P. Herman, MAI, SRA  
**NEWSLETTER EDITOR:** Beth Aquilizan, SRA  
**CHALLENGE EXAMS:** Paul H. Schaffner, MAI  
**SCHOLARSHIPS:** Michael Bernatz  
**ADMISSIONS, GEN.:** Aaron J. Brown, MAI  
**ADMISSIONS, RES.:** Terry O. Bernhardt, SRA  
**DEVELOPMENT & RETENTION:** Margot E. Hansen, MAI, Bill M. Jones, MAI  
**ASSOC. GUIDANCE, RES.:** Sara A. Fraser, SRA  
**AFFILIATES:** Bill Hettick, Affiliate  
**EXTERNAL AFFAIRS:** Sara A. Fraser, SRA  
**NOMINATIONS:** Terry O. Bernhardt, SRA  
**BYLAWS:** Sam Romanaggi, MAI

### EXECUTIVE SECRETARY

VanNatta Public Relations & Association Mgmt.  
 G. Harvey Gail, Communications, Finances  
 Vicki Champ, Education & Events

### The Greater Oregon Chapter of the Appraisal Institute

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 address

# Meeting and Class Schedule 2006

April 20	Associates Guidance Seminar and Social; Multnomah Athletic Club, Portland, OR
April 21	Course 420: Business Practices/Ethics (8 hours); Phoenix Inn, Tigard, OR
May 12	Scope of Work: Expanding Your Range of Services (7 hours); Phoenix Inn, Tigard, OR
June 2	Course 400: National USPAP Update (7 hours); Downtown Athletic Club, Eugene, OR
Sep. 11-16	Course 310: Basic Cap (40 hours); Phoenix Inn, Tigard, OR
Sep. 21-22	Course 705: Litigation Appraising (16 hours); Century Hotel, Tualatin, OR
Sep. 23	Course 776: What Clients Would Like Their Appraisers to Know (7 hours) Phoenix Inn, Tigard, OR
Oct. 20	Course 400: National USPAP Update (7 hours); Haydens Grill, Tualatin, OR
Nov. 2	Analyzing Commercial Lease Clauses (7 hours); Phoenix Inn, Tigard, OR
Nov. 3	Course 765: Appraising Convenience Stores (7 hours); Phoenix Inn, Tigard, OR
Nov. 16-17	Residential Market Analysis & Highest and Best Use (15 hours); Phoenix Inn, Tigard, OR

## Zillow Me

When making a financial decision, we appraisers know that relying on a Zillow.com estimate of a home's value can be as perilous to financial health as super-sizing a fast-food order can be to physical health. Members of our Chapter are now getting that word out to the general public.

Terry Bernhardt, SRA and Mark Hepner, SRA were interviewed for a March 26, 2006 Oregonian article regarding their experiences with the website, which provides free estimates of home values to users who simply type in a property

address. A comparison of Zillow automated valuation module estimates to known values revealed a lack of accuracy from the website. Bernhardt estimates the site to have an accuracy rate of 75% about three-quarters of the time, resulting in a 50% reliability performance.

"Bernhardt estimates the site to have an accuracy rate of 75% about three-quarters of the time, resulting in a 50% reliability performance."

The existence of the site just might create opportunities for appraisers, however. Appraisal Institute past-president Alan Hummel, SRA states that he is considering taking an ad out on Zillow offering his services to those with an interest in finding out what their houses are *really* worth.



## Field Notes January 2006

Greater Oregon Chapter  
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Return Service Requested