June 2012 Field Notes

Dear Vicki,

Message from the President:

Robert (Bob) Greene, MAI, SRA

2012 Chapter President

After being sworn in as 2012 GOCAI Chapter President at the Installation Banquet on December 8, 2011, Bob Greene spoke about the road that led him to this place and about the challenges and opportunities he foresees in the months and years ahead. Excerpts from his talk are given below.

When I moved from Chicago to Portland in 2006, I certainly never expected to be here, or a place like this. I drove here over three and one half days from my previous home in Winnetka, Illinois, at the invitation of Brian Glanville.... I am a Midwesterner by birth, and I have lived in Michigan, eastern Kansas, southern Missouri, and Illinois. I can't tell you how thrilling it was to pass through the mountains, drive past Spokane, and descend into and follow the Columbia Gorge to my destination.

When I say I never expected to be here, I don't just mean Oregon, or Portland. I mean an installation banquet for a chapter of the Appraisal Institute, especially one where I am myself being installed.... I do not think I bring much to the position except possibly fresh eyes. Because just as I see Portland and Oregon and the Pacific Northwest with unclouded eyes, just because it's new to me,... so I think I bring some insight to our chapter because it's not the only one I've belonged to you.

I can tell you, with the authority of a newcomer, this is an extraordinary chapter, and I want to tell you how.... First, I can't tell you how astonished I was to discover that not one but two AI presidents have come out of this chapter, Spence Powell and Brian Glanville. And our Region I Chairman is Terry Bernhardt, who also serves on and is a major contributor to the national board. But also there is in the Oregon chapter a sense of welcome, and if you want to serve, as I did, there is a home here for you....

As I look out here, I see the faces of many people who have made distinguished careers in their chosen profession. They are a various group, but they have one thing in common: none of them could have accomplished what he or she has accomplished without the Appraisal Institute. Because real estate appraisal is my second career, I think that in this as in so many things, I can see what is so obvious it is easy to overlook. When I decided that appraisal is what I wanted to do, and I needed the education, it was the Institute's courses that made it possible, and I want to
tell you, I feel I received an Ivy League education from the Appraisal Institute. And when I needed hands-on experience and training, it was from AI-designated members that I began to learn how the theory of real estate valuation manifested itself in actual practice. And when I came across novel and unfamiliar problems, it was from the journals and books and publications of the Appraisal Institute that I learned how to address those issues. Finally, when I had achieved a certain level of competence and experience, it was the designations of the Appraisal Institute that provided the recognition of what I had done. And perhaps even more important than that, as I served on chapter and national committees, I have enjoyed the fellowship, the counsel, and the wisdom of people I respect and admire.

Markets are continually rebalancing, changing, creating incentives and rewarding what is needed, adjusting supply and demand. What we do as individual appraisers is to provide to buyers, sellers, lenders, the IRS and other branches of government, everyone who has any kind of ownership or other interest in real estate, some confidence in their investments. We are not like brokers or lawyers, who have fiduciary obligations to their clients . . . our loyalty is ultimately to the public, to provide honest, objective, and competent counsel. The whole edifice of our free-market economy is pitched on that foundation.

And that, I think, is what makes the Appraisal Institute such a remarkable institution. It really does not, except incidentally, exist to serve its members, even though we benefit from it. It exists to advance the profession of real estate valuation. Now we have been through a tricky patch in the last few years, where I think some in our organization wanted to emphasize self-protection and benefits to its members. But that's a trade organization, not a professional organization. But our ship is righting itself again. I was in Chicago in August and in a conversation, Rick Borges, who will be national President next year, said to me, "We've always been strongest when we have put the interests of the profession above the interests of ourselves as individuals."

Finally, I'd like to talk about the people we have recognized here with new designations. My old boss said acquiring the designations is not like a marathon, it's like a triathlon. It's not easy, and it's not quick. But even as we applaud these newly designated members—because we know how hard they have worked and the dedication it required—there is a greater honor, one, however, that is not always recognized. You don't get a lapel pin. It is the kind of honor that is rewarded by a sense of self-satisfaction and the gratitude of those who encourage, cajole, and educate younger associates into designation and full membership in the appraisal profession. I am talking about the mentors or sponsors who encourage our younger or newer members. For every designated member here, there is at least one such person in his or her background. I know that I carry in my heart three names, as I know do many of you.

And one last thing. If what you have heard here tonight has caused you to wonder what you might do to serve our profession . . . there is a place for you in the Oregon chapter.

I really only have two or three goals for the coming year.

- First, I'd like to build on...our newsletter, so it comes out more often, but with fewer pages...

- Next, I'd like to establish some formal structure that will encourage our candidates to become designated, some kind of formal mentorship program so that candidates have someone who gives them counsel and aid and encouragement in pursuing their designations. I don't yet know what form it might take. If you, as an associate member, have a suggestion, I hope you will share it. And if you, Mr. or Ms. Designated Member, have an idea, please share it with the chapter. And if you want to volunteer, in this or any other capacity, well God bless you. There is a place here for you.

Finally, one last thing. Something will come up this year, and more than likely none of us knows what it is. But it will require our response, and how we respond will say everything about who we are. Are we committed to the public welfare in our valuation practice? Are we willing to step forward when circumstances demand it? I have alluded to some of the challenges facing our profession and our organization. I do not doubt that we will meet those challenges and prevail. But I am also convinced that success will not come from the top down, it will come from the bottom up. It will begin with us, at the chapter level. You and me.
Feature Article

After half a life in this business, what I wish I had known sooner
Submitted by: Craig Zell, MAI, SRA

When I was asked to write about “what I wished I knew when I first began appraising,” I had very few thoughts. My cousin just retired from government work and is a part of the Tier 1 PERS system. He is now playing golf. Would I have been better off as an employee of an agency? I became an appraiser 30 years ago after 10 years in the real estate industry, but to address the topic several things come to mind.

- Education,
- Time management,
- Quick decision making,
- The art of interviewing, and
- Speed-reading

I began appraising only residential homes in a market that was void of sales, and financing—if available at all—demanded interest rates over 15%. I never imagined appraising commercial properties. There was no new construction as feasibility was absent and builders were too concerned about market conditions to begin any new projects. Sound familiar? It would be several years before I would appraise a subdivision which I continued for years afterward and which was a concentration of my business.

Through the years I have been blessed to have the help and assistance of many from the Appraisal Institute as well as others that were “paying it forward” in educating appraisers. Looking back, however, I wish I had learned more of the art and skill of writing. I had no idea that I would make a career out of writing narratives on commercial properties and publishing “books.”

Also looking back, and maybe more important, I spent many nights and weekends working and studying for designations, often at the expense of my wife and three, soon to be four children. What I didn't know and should have learned is how to balance work and family. To quote someone famous, “St. Peter never heard anyone at the pearly gate say they wished they had spent one more day at the office.” I now have grandchildren and hope I have time to learn more balance.

Another trait I wished I had developed sooner was to be more decisive and have the strength of my opinion. I was taught to listen and weigh all of the information rather than study and research quickly and conclude convincingly. In this business there is data that can be contradictory and that can confuse the issues, and it is important to develop the skill to wade through that data and discover the story behind each sale through the art of interviewing. I wish I had discovered this art sooner.

Although I took a course of speed-reading and retention in college, I lost the ability through non-use. It would have been extremely important to have known and used this art in the early years and throughout my career.

Finally, I didn't know that 30 years would go by so quickly. What do you wish you had known at the beginning of your career? craig@zellco.com

Things I wish I had known when I started appraisingSubmitted by: Barry C. Wilson

I'm sorry that I didn't know how much fun it is to be your own boss earlier in my career. My 30-year career with HUD was satisfying in many respects. However, in any large organization a person always has a boss, no matter what level of position a person holds. I almost always had good bosses, but there was always that aspect of needing clearance of some sort to work toward your own goals.
For nearly the last 18 years I have had my own sole proprietor appraisal business. I am my own boss and can make any business decisions I want to make. I can set my own goals, self-judge my success, or lack thereof, and make any necessary changes to how I do things.

If I had totally understood that option, I may not have stayed with my first appraisal-related job for the entire 30 years.  

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**AI News and Developments**

**National news: New Qualifying criteria, and new candidate and review designations**

Submitted by: Terry Bernhardt JD, SRA, Appraisal Institute Region 1 Chair/Director

Our appraisers should be aware of several important changes and developments affecting appraisers on a national basis, as discussed below.

New Qualifying Criteria for Appraisers: Background Checks and College Degree

The Appraiser Qualifications Board (AQB) recently released their "2015 Appraisal Criteria". The AQB has a federal mandate to continually review requirements for qualifying and continuing education, examination content, and instructor qualifications which must be updated to reflect the roles and needs of the valuation industry.

The new criteria—if approved—calls for two major changes: a criminal background check, and a four-year college degree requirement for certified residential and certified general credentials.

The background check (a federal mandate, as many states, including Oregon have done this for years) is an attempt to disclose potentially dangerous individuals from gaining access to homes and businesses (convicted felons, child molesters, fraud/scam artists, etc.), many of whom lied about such sanctions on their original license applications.

The college degree requirement may have a greater impact on practicing appraisers. A degree is a foundational component of "professional" status, something we (should) all aspire to. Agreed, intimate knowledge of Shakespeare and western civilization doesn’t necessarily equate to better quality appraisal reports. But, a college experience teaches much more than classroom content. Some of the most important are research and technical analytical skills, and broad communications skills—two of the most critical components of any appraisal report.

So what are the alternatives? There is a degree-bypass route currently available, requiring 21 semester hours of certain class work for certified residential, or 30 semester hours for certified general credentials. That option should continue until the adoption of the new criteria, with a projected implementation date of January 1, 2015. Many non-degreed appraisers have substantial hours of coursework to their credit—before work, the draft, or family obligations intervened—and should be able to easily complete the alternative requirements.

We have two outstanding colleges teaching real estate in the Portland metro area—Portland State, with a bachelor's/master's program in their business and urban studies program; and Marylhurst University, with bachelors and masters degree completion programs for working adults with families. The PSU program includes a credential in real estate development. The Marylhurst program allows extensive testing-for-credit and an experiential accreditation program that can convert work experience into college credit. This includes many alternative routes to credit other than the traditional classroom—on-line, hybrid classroom/on-line, and intensive weekend seminars. Some of these classes may be taken for cross-credit—degree, continuing license education, etc.

The Appraisal Foundation, by federal law, mandates "minimum appraiser standards`. The Appraisal Institute seeks to define and defend "professional standards`. Therein lies our role and mission as an organization. We are much more than a source of education classes and ethics guidance. We are attempting to elevate the profession through a wide range of training opportunities, "best practices" tools, and individual development enhancements.
"Candidate for Designation" and "Review Designation" Programs

The new "Candidate for Designation" program is in the final stages of adoption, and the new Review Designations for both residential and commercial members are pending. Both represent individual opportunities to grow and prosper in an increasingly competitive marketplace.

tbernhardt@appraisaltrustcorp.com

Bill to eliminate semi-independent status of Oregon ACLB defeated
Submitted by Robert M. Greene, MAI, SRA

The Oregon Legislature recently considered a bill that would eliminate the "semi-independent" status of the Oregon ACLB. The testimony given in opposition to that bill by Bob Greene, 2012 GOCAI Chapter President, is attached. The bill was ultimately defeated.

TESTIMONY REGARDING SB 1587

I. Good afternoon. My name is Robert M. Greene. I am addressing the committee both as a certified real estate appraiser in the state of Oregon and as the president of the Greater Oregon Chapter of the Appraisal Institute. The Appraisal Institute is the preeminent professional organization for real estate appraisers in the United States. It has nearly 24,000 members, the largest body of real estate appraisers in the country, and it is truly a professional organization, that is, it is concerned with the standards, reliability, professionalism, and independence of the profession. We are interested, of course, in our own welfare, but beyond that we have committed ourselves to the highest standards of excellence and public service. It is an article of faith for us that we are best served when the greater good of the public is served. The Greater Oregon Chapter of the Appraisal Institute has 481 members, including members residing in Washington but licensed in Oregon. It is the largest such group in our state, and its goals mirror the goals of the Appraisal Institute in general.

II. I have been asked by the Officers, members of the Board of Directors, and members of the chapter to speak in opposition to Senate Bill 1587, which would remove the Appraiser Certification and Licensing Board from its current semi-independent status. I fully agree with the Chapter's opposition to this bill. There are three primary reasons.

III. The current semi-independent Appraiser Certification Licensing Board (ACLB) has been recognized by the national Appraisal Subcommittee as a model for good governance and supervision of the Uniform Standards for Professional Appraisal Practice. The Appraisal Subcommittee is the overarching national committee for appraisal standards, the mission of which is to maintain the integrity of valuation standards for federally related transactions, including mortgages by federally chartered lending institutions.

It is relevant to note here that the current status of the board arose partially out of a negative report by the Appraisal Subcommittee in 2001, in which the ACLB in its prior status, could not keep up with enforcement. If that issue had not been successfully addressed, which included creation of the current semi-independent status, IV. Secondly, real estate valuation is a complex profession that has implications for virtually all citizens in the State of Oregon, for those who invest in real estate either as lenders or owners, for homeowners, for taxpayers, and for assessing bodies such as the counties and the Oregon Department of Revenue. The public is better served by a semi-independent body that has the experience, the specialized knowledge, and the dedication to master the field. Moreover, this particular moment, when real estate has been buffeted by a host of fundamental economic and financial forces, is a poor time to jeopardize a well-regarded regulatory body.

V. Finally, the majority of our members are in favor of the current semi-independent status of the Appraiser Certification and Licensing Board. I do not believe everyone is entirely happy with everything about the Board, but there are no complaints of which I am aware that cannot be addressed under the current status, and I am sure they will be. A proposed change will make the regulatory process less responsive, not more.
VI. As a coda, I note that a series of amendments has been proposed, although the amendments appear to be a complete re-write and an utterly different proposal. The so-called "dash-one" amendments to the original bill seem to concern three areas, which I will briefly address:

i. **Barriers to entry.** The qualifications for real estate appraisers licensed to appraise for federally related transactions—which includes virtually all properties for which mortgage financing is necessary—is not set at the state but under the umbrella of The Appraisal Subcommittee, a federal body. The Oregon ACLB’s mandate is to enforce the universal requirements. The State cannot alter those requirements without jeopardizing appraisal for federally related transactions in Oregon.

ii. **Conflict of interest.** I am not personally aware, nor are any of the members of the Board of our organization aware, of demonstrated conflicts of interest. We are, however, aware of a single charge of conflict of interest, which was reviewed and cleared to the satisfaction of the General Counsel Division of the Oregon Department of Justice.

iii. **Conflict resolution.** To the best of my knowledge the "dash-one" amendments do not provide a framework for dispute resolution superior to those mechanisms already in place.

VII. In conclusion, I and the Greater Oregon Chapter of Real Estate Appraisers, along with our colleagues in the National Association of Independent Fee Appraisers, the American Society of Farm Managers and Rural Appraisers, and the National Association of Appraisers—all or most of which have representatives here today—urge you not to approve Senate Bill 1587, either in its original or in its amended form.

federal lending in the state of Oregon might have been jeopardized.

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**Member Spotlight**

**Brian H. Brooks, SRA**

Submitted by: Hillary Huefner, MAI

Brian Brooks, SRA, grew up in Michigan and worked in the Detroit area until about four years ago when he and his wife, Bridget, moved to Oregon. Brought to the Pacific Northwest by family responsibilities, Brian has enjoyed exploring the West Coast and has developed a love of Oregon; he intends to stay here permanently. His first encounter with the Appraisal Institute at the chapter level took place after he moved to Oregon. He has found the Oregon Chapter very supportive and dynamic and he is grateful to be involved.

As an appraiser, Brian particularly likes doing review work, and he savors the opportunities to get deeply engrossed in a complicated appraisal assignment. After hours, Brian enjoys reading, and he is wryly aware of the fact that buying two books for each one he finishes is unsustainable; traveling, he has attended Detroit Red Wings hockey games in three different west coast cities recently; and his favorite food is "whatever my wife is cooking", because Bridget is a gourmet cook. Brian likes learning and new experiences; he will attend an opera (his first) by Phillip Glass in Berkeley next fall, and he lists The Lives of Others (a 2006 German movie) as one of his favorites, describing its message as "surprising and incredible." Brian also enjoys sports; he swims regularly and he likes to watch tennis, hockey and football.

Although Brian grew up in a privileged environment where service to others was a touchstone, he dealt with health issues during his college years, the fallout of which left him hungry and self-reliant. He now describes that time in his life as "very rewarding," and he points to that time as a pivotal chapter of his life. At the start of his appraising career Brian took a fundamentals appraisal class, and when he discovered that he had finished the final exam faster than anyone else in the class and had achieved the class high score, he knew he had found a profession that was a good fit for him.
Brian is the owner of Brooks Appraisal Services, and he is the 2012 GOCAI secretary. Welcome to Oregon, Brian, and thanks for your service to our chapter.

News About Our Members

Newly designated member, Matthew Arndt, SRA

Matthew Arndt, owner of Bridgetown Appraisal in Hillsboro, recently earned his SRA designation. Congratulations, Matt! To help us get to know him better, Matt provided the following answers to the following questions:

1. Where were you born and raised? I was born and raised on a dairy farm in Wisconsin. I moved to Oregon when I was 13.
2. Where did you go to college and what did you study there? I went to college at Portland State University, and I have a B.S. in history and philosophy.
3. Favorite things:
   1. Food: Cheese
   2. Animal: Dogs
   3. Type of Music: Alternative/Goth
   4. Movie: Star Wars
4. What do you like to do in your free time? In my free time I like to watch the Packers, Brewers, and Milwaukee Bucks, play basketball and tennis, go to concerts, listen to and collect music, play all sorts of games, and spend time with friends.

bridgetownappraisal@comcast.net

Bob Greene, 2012 GOCAI Chapter President, publishes article in The Appraisal Journal

An article written by Bob M. Greene, PhD, MAI, SRA our 2012 GOCAI Chapter President, was published in the Winter 2012 issue of The Appraisal Journal. The article, entitled "Market Conditions Adjustments for Residential Development Land in a Declining Market" suggests a method for analyzing rates of depreciation for raw residential subdivision land in markets without adequate comparable sales data. The article begins on page 54 of the Winter 2012 issue. It can also be accessed by clicking on the following link: http://www.lumlibrary.org/webpac/pdf/TAJ2012/TAJ_WI12_p054-060_Feature_Market_Conditions.pdf

On a related note, the Appraisal Institute recently published Guide Note 11, "Comparable Selection in a Declining Market." Click the following link for the full text of that note: http://www.appraisalinstitute.org/ppc/downloads/2011_guidenote_11.pdf

In Memorandum: Hunter Vissotzky

Hunter Vissotzky, son of GOCAI member John Vissotzky, MAI and employee of Auble, Jolicoeur & Gentry of Spokane, passed away at age 32 on March 1, 2012 of complications related to an enlarged heart. Hunter grew up in Brush Prairie, Washington and graduated from Washington State University. He loved hunting, fishing, cars, music, and art. Hunter took several classes from our chapter in 2007 and 2008 and was close to becoming an MAI. We send our condolences to the Vissotzky family.
New Appraisal Firm in Town

Bob Greene, PhD, MAI, SRA and Owen Bartels, MAI recently opened a new appraisal firm in Portland. Called GBA Valuation, Inc., the firm will offer real estate appraisal services for mortgage underwriting, eminent domain work, litigation and expert witness testimony, real estate investment counseling, and estate planning and tax reporting. For more information, visit the GBA website at www.gbavaluation.com.

Free Money
Scholarships available, and other free chapter education

Scholarships Available-
The Greater Oregon Chapter has scholarships available for chapter members. Preference in awarding scholarships is given to Associate members, but any chapter member is eligible to apply. The scholarships consist of full tuition for courses presented by GOCAI. The scholarship application is attached: Click here. The scholarship application is also available on the chapter website (www.oregonappraisers.org).

Free Chapter Meeting-
Our chapter leadership has decided to pay for one 2-hour chapter meeting for each member of our chapter who is current on his or her membership dues (either paid in full or up-to-date on the payment plan option). Chapter meetings are held frequently; you can get your free 2-hour chapter meeting by asking Vicki to register you for the desired meeting.

For more information about either of these “free money” programs, please contact Vicki at aioregon@oregonappraisers.org

Upcoming Events

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<td>August 13</td>
<td>Strecker Memorial Golf Tournament *</td>
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<td>September 11</td>
<td>2 Hour Excel Class **</td>
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<td>September 12-13</td>
<td>Practical Regression Using Excel **</td>
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<td>September 14</td>
<td>7 Hour USPAP Update **</td>
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<td>September 17-21</td>
<td>Genl. Appr. Income Approach, Pt. 1 **</td>
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<td>Sept. 28-29 and October 5-6</td>
<td>Basic Appraisal Procedures **</td>
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*The golf tournament will be held at Rock Creek Country Club, 1:30pm
**All other events will be held at Phoenix Inn & Suites/9575 SW Locust Street Tigard, OR

For a complete list of upcoming classes and events, and to register for any of these classes, please visit the GOCAI website, www.oregonappraisers.org

Sincerely,

Hillary Huefner, MAI
Newsletter Editor

Vicki Champ
Greater OR. Chapter of the Appraisal Institute