



Field Notes

The Greater Oregon Chapter of the Appraisal Institute Official Newsletter

President's Message

David W. Groth, MAI

Now I know why newspaper columnists get the "big bucks" to be creative on a daily basis. It's tough for me to be creative on a quarterly basis, but the pay is so good the motivation is there.

Our Chapter's health is strong, thanks to the hard work of our consultant VanNatta Public Relations (Vicki Champ and Harvey Gail) and the work of a few dedicated Chapter volunteers. They work tirelessly for the benefit of a large number of members. The Chapter just renewed VanNatta's contract for two ad-



ditional years. Our Chapter is 500 strong and our bank balance continues to grow.

Speaking of health, my friend, Larry Ofner, MAI, continues the cancer battle. If any warrior can prevail, he will. I'm cheering for him, as are many others. Barton Delacy, MAI, SRA, my former business associate, recently suffered two strokes.

I also want to recognize our new editor of Field Notes, Beth Aquilizan, SRA, this is not an easy job and it takes time to "corral the troops" (including me) to get

the necessary work completed.

GOCAI is discussing eliminating the Portland Subchapter organization to concentrate on one entity and have regularly scheduled meetings at the same location. Does this sound like the old days? It may be. Hopefully this will stimulate attendance at the meetings we do have; yes, these meetings will be held in Portland.

Other changes include the ability to register for Chapter classes online. I would like to encourage our members to use it. This should be a time saver for both the student and the Chapter.

The requirements for the SRA designa-

Continued on page 2

House Approves a top Legislative Priority of the Appraisal Institute

The House of Representatives approved a top legislative priority of the Appraisal Institute on July 28 when it passed Internal Revenue Service appraisal reforms as part of the Pension Reform Act, H.R. 4, by a vote of 279-131. The provisions require appraisals for non-cash charitable contributions (conservation and historic preservation easements) and estate taxes to be performed by qualified appraisers, such as those who have earned a designation from a professional appraisal organization

"We believe the reforms will result in increased confidence in the tax system and significant savings for taxpayers."

like the Appraisal Institute and who meet other requirements. The IRS appraisal reforms also require appraisals to be performed in conformance with generally accepted appraisal standards and impose accuracy-related penalties on taxpayers and appraisers who provide substantial or gross misvaluations. The bill

now awaits a vote in the Senate, which may occur prior to the August recess.

"We are pleased to see the House

approve the IRS appraisal reforms, and we eagerly await Senate consideration so that they can be enacted as soon as possible," said Don Kelly, Vice President of Public Affairs of the Appraisal Institute. "Injecting appraisal standards into IRS appraisal requirements and

Continued on page 2

Inside

- Pg. 3 Appraisal Groups Support Regulators for Scope of Work Statement
- Pg. 4 Builder's Blitz Results in 400 New Homes
- Back cover 2006- Schedule

President's Message

Continued from page 1

tion have now changed. The demonstration report is no longer required. The goal was to make the requirements both more realistic and relevant. Sorry Mark Hepner, I know you just finished your demo, and I know if you could do it, anybody could.

Matthew Larrabee, MAI, Rosemary Tobiga, Stephanie Kampschor and Mark Hepner, SRA, are finalizing the 2007 education calendar. In the fall of 2006 we are offering USPAP and the two introductory courses required for licensing **at a significantly reduced rate**. We hope you take advantage of the courses.

I hope the summer finds everyone well, interest rates stable, and that the price of gasoline stays below \$5.00 per gallon.

Oregon Chapter offers Fall Education Opportunities

Terry Bernhardt, SRA

The Greater Oregon Chapter Fall Education schedule includes 4 seminars and 5 courses to be offered in the Portland area (see attached calendar of events). The 75-hour qualifying education package "appraisal boot camp" will be offered in a sequence from September 28th to October 13th (with 6 off days) to enable an appraiser assistant registration. All courses can be taken separately, if desired.

Residential Market Analysis & Highest and Best Use is a new 2-day course, which will be required post-2008 in order to be licensed. It is an excellent 15-hour review and continuing education course for currently licensed appraisers.

Appraisers interested in achieving the SRA designation can look forward to the 45-hour Residential Demonstration Report Alternative class early in 2007. This package

combines a 15-hour Case Study, with a 30-hour Advanced Residential Report Writing class. The initial "dress rehearsal" class was given in Chicago in late Spring, with 35 attendees. Seven of the attendees took care to complete an experience review prior to attending the class. All seven passed, and to their surprise received their SRA certificate barely 10 days later.

One of the attendees stated "The class was 6 days of hell, but it beat the 6 years of hell most demo report writers experience". Needless to say, the remaining 28 classmates are scrambling to complete an experience review. This will represent, in one classroom, more SRA's than have been designated in the previous five years—nationwide.

Please contact Terry Bernhardt, SRA, 503-223-7000 or tbernhardt@valuationtrust.com, for details.

Top Legislative Priority

Continued from page 1

requiring appraisals to be performed by qualified appraisers will shore up weaknesses in the valuation of conservation and historic preservation easements, among other things. We believe the reforms will result in increased confidence in the tax system and significant savings for taxpayers." The reform package has been advocated by the Appraisal Institute,

"We are pleased to see the House approve the IRS appraisal reforms," said Don Kelly, Vice President of Public Affairs of the Appraisal Institute.

American Society of Appraisers and the American Society of Farm Managers and Rural Appraisers in several joint comment letters, lobbying efforts and action alerts during the 109th Congress. The provisions extending the requirements to estate taxes were added in during House consideration, following a recommendation provided by the appraisal coalition earlier this year.



Appraisal Institute™

Professionals Providing Real Estate Solutions

OFFICE FOR RENT

\$475/Month
Southwest Portland – Beaverton area. Share resources (RMLS, MetroScan, CoStar, etc.). For details, call Steve Pio, MAI (503.469.8854) or Pete Arvidson, SRPA, SRA (503.469.9200).

Appraisal Groups Support Regulators for Scope of Work Statement

In a July 24 letter, the Appraisal Institute thanked the federal financial institution regulatory agencies for emphasizing the “scope of work,” the need for an engagement letter, and the lack of emphasis on turnaround time and price, in their June 22 statement, “The 2006 Revisions to the Uniform Standards of Professional Appraisal Practice (USPAP).”

The Appraisal Institute was joined by the American Society of Appraisers and the American Society of Farm Managers and Rural Appraisers in its letter. In particular, the groups wrote that they were pleased the Agencies emphasized three points that regulated financial institutions and appraisers must pay attention to: 1) federal banking regulatory standards are supplemental standards to USPAP; 2) Clients will need to reconsider their ordering procedures in light of the changes in USPAP; and 3) Clients should consider appraiser competency and not allow lower cost or reduced delivery time to compromise the determination of an appropriate scope of work.

“Many appraisers may not fully understand that federal banking regulatory standards are supplemental standards to USPAP and thus are binding on appraisers doing valuations for federally insured financial institutions. Yet, if an appraiser fails to comply with federal banking supplemental standards, the appraiser may be in violation of the USPAP Ethics Rule. Fortunately, this joint agency statement makes the requirement clear to practicing appraisers,” they wrote.

Additionally, the groups said they were encouraged by the agencies’ statement regarding engagement letters as being the best way for clients and appraisers to communicate and clarify expectations. The groups are developing a model engagement letter, which they anticipate will be completed soon and which they will share with the agencies as soon as it is available.

They also praised the agencies’ recognition that price and turnaround times are not the primary factors to consider when engaging an appraiser. “While important, too often these variables supersede other important factors including competency and consideration of professional credentials or designations in determining the awarding of an assignment. Inevitably, appraisal quality suffers when price and turnaround times are the main criteria, and we hope your efforts to highlight this important point are heeded,” the group wrote.

The letter was sent to Ben S. Bernanke, Chairman, Federal Reserve System; John Cunningham Dugan, Comptroller of the Currency; John M. Reich, Director, Office of Thrift Supervision; Sheila C. Bair, Chair, Federal Deposit Insurance Corporation; and Joann M. Johnson, Chair, National Credit Union Administration.

Wanted: Senior Review Appraiser

If you are currently a fee appraiser, holding the MAI designation, and tired of 80 hour work weeks, consider a salaried/bonus position with a highly-sophisticated commercial mortgage investment organization, located in a family-friendly Midwest environment. Individual must possess superior financial analysis and oral/written communication skills, and will be challenged to review third-party commercial appraisals for a diverse portfolio of income-producing properties. Top-notch compensation package will be offered, together with a comprehensive relocation/benefits package. Interest candidates should forward a detailed resume, including current compensation level, to: chrisgroup@bellsouth.net.

AI’s Vision & Mission Statements



The Appraisal Institute has adopted the following statements:

Vision Statement: To be the global authority providing real estate solutions.

Mission Statement: As America’s largest real estate appraisal organization, the mission of the Appraisal Institute is to support and advance its members as the choice for real estate solutions and maintain professional credentials, standards of professional practice and ethics consistent with the public good.

Wanted: Appraiser to provide Appraisal for Habitat’s newest Venture

Habitat for Humanity is constructing a 16-unit duplex development at 8309 SE Lambert. GOCAI would like to provide them with pro-bono appraisals of the units. If you are interested in donating your professional expertise, please contact Beth Aquilizan, SRA at (503) 228-7716.

City of Bend Requires Business License

Information from http://www.ci.bend.or.us/business_license/index.html

General Information

The City of Bend officially established a business license ordinance January 18, 2006 (**Bend Code Sections 7.700-7.790**). The purpose of the business license is to provide accurate and detailed information on businesses for better public safety response.

Download Business Application & Other Forms

* *The City currently does not accept electronic form submissions* *

- (1) Business License Application **Guideline** Notification Letter
- (2) Business License **Application** (*please use NAICS listing for codes*)
- (3) Business License **NAICS Code** Listing
- (4) Business License **Exemption Form**
- (5) Information **brochure**

USEFUL INFORMATION

When Should A Business Register?

Businesses should be registered for the business license by the end of 2006.

*The City will stagger notices to businesses in the upcoming months notifying the business owner of the business license ordinance. Business owners may mail in their applications or come to City Hall to apply for a permit. (City Hall Administration, 710 NW Wall Street.)

How Much is the License Fee?

Business owners are required to pay a \$50.00 license fee to operate in the City.

What Defines A Business in Bend?

All businesses that are defined as for-profit businesses under the U.S. Internal Revenue Service code are required to have a business license.

- * Real estate agents, under state law, cannot be required to separately pay for a business license to operate. Real estate agencies are required to pay business license fees.
- * Professions such as hairdressers and medical care providers, who work in offices but are independent contractors, will be exempt from paying for a business license. Each office will have to pay a fee.
- * Service businesses operated by those younger than 18, such as a lawn-mowing business, lemonade stand or newspaper delivery business, are not required to have a business license.

* Any business that physically conducts business inside the city of Bend, regardless if they have a physical structure in Bend is required to have a business license, including delivery and repair businesses.

* Internet businesses and home-based businesses physically located in Bend also are required to get a license.

Do Non-Profits Have to Register?

Non-profits should register with the City, but are not required to pay the license fee.

Enforcement

An 18-month grace period has been established before a \$500 fine is issued for those who fail to register for the business license.

For More Information

For questions or more information, please call (541) 388-5513.

Builder's Blitz Results in 400 New Homes

GOCAI was involved in Habitat for Humanity's 2006 Home Builder's Blitz in which more than 400 homes were constructed nation-wide within one week. Four homes were built in Portland beginning June 3. GOCAI provided pro-bono appraisals on the homes and has been involved in providing appraisals to Habitat and other programs benefiting low-income purchasers since the early 1990's. If you would like to be added to the referral list as an appraiser please contact Beth Aquilizan, SRA, 503.228.7716.

RMLS Requires Realtor Board Affiliation

Under an agreement with RMLS (Multiple Listing Service) active GOCAI members receive favorable pricing for the on-line data service. By subscribing to the RMLS system as a GOCAI member, you save the \$500 set-up fee and monthly fees of \$100. Each individual subscribing must also belong to a local Realtor's Board. Please be sure to comply with this requirement as membership is tracked by RMLS and cancellation of service could occur.

GOCAI Represented at the AI Leadership Development and Advisory Conference

In May the Appraisal Institute held the 36th annual installment of the Leadership Development and Advisory Council (LDAC) in Washington, D.C. Participants from Oregon included Michael E. Bernatz of Cushman and Wakefield, W. Grant Norling of PGP Valuation, Inc., and Jon and Katie Banz, Powell Valuation, Inc.

The program included leadership and lobbying training, a surprise trip to Mount Vernon, group discussion sessions, and most importantly a successful afternoon lobbying on Capitol Hill. There was also plenty of time for fun, as over 300 attendees connected with each other over food and drinks in the evenings. A few more adventurous souls even managed to patronize some of the area's best known pubs.

Leadership and discussion sessions provided a forum for participants to debate current issues impacting the appraisal profession. The 2006 discussion topics were: "Facing a New Era: "Future Role of Chapters" presented by Juan J. Jimenez, MAI; "AI Conference - If We Build It, Will You Come?" by Victor D. DiSanto, MAI; "AI Reports: The Next Step" by Kevin Harden, SRA; and "The AI and State Regulators: Can a partnership exist?" presented by Craig S. Benton, MAI.

These topics were debated among peer groups with conclusions used as recommendations to the national board of directors for strategic planning purposes. The first topic, "Facing a New Era: "Future Role of Chapters," revealed import contributions that individual chapters make to the Appraisal Institute, while also recognizing that challenges chapter memberships face vary due to geographical and economic differences. Overall, improved communication between individual chapters, and more importantly, the chapters and national, was viewed as the critical aspect to sustaining successful local chapters.

The second and third topics, "AI Conference - If We Build It, Will You Come?" and "AI Reports: The Next Step," generated lesser excitement than their counterparts. Interestingly, these topics were discussed less among LDAC participants for the very reason they have received little national attention - a general lack of information surrounding the benefits of these resources. With respect to the later topic, lackluster interest was due to the fact that many appraisers at the conference work in the commercial sector and do not typically utilize form reports. The conclusion arising from these topics revealed that national services are more desirable and effective when members feel

such resources add value to their practices.

The fourth topic was entitled "The AI and State Regulators: Can a partnership exist?" It addressed the need to work with The Association of Appraisal Regulatory Offices (AARO) to improve appraisal regulation enforcement, and to assist state regulatory agencies with legislative tasks requiring unification from the appraisal profession. Spirited discussions between LDAC peer groups exposed different challenges for various state regulatory agencies, including



From left to right: Grant Norling, Mike Bernatz, Katie Banz and Jon Banz.

the fact that some states do not have independent appraisal boards. Concern was also raised because some state appraisal boards have been reluctant to work with Appraisal Institute chapters for fear of being aligned with a single group. These issues, combined with the increasing need for state appraisal regulation due to growing mortgage fraud, illustrated the importance of national coordination between the Appraisal Institute and AARO. Possible solutions included joint sponsorships with AARO, offering Appraisal Institute education to state agencies, and employing a national liaison to work with other appraisal bodies and state agencies regarding regulation and enforcement issues.

Issues addressed by LDAC participants on Capitol Hill included H.R. 1295 and H.R. 4297. Sponsorship of H.R.

Continued on page 6

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

PO Box 573, 3340 Commercial St SE,
Ste. 210

Salem, OR 97308-0573

Ph: 503-316-1979 Fax: 503-585-8547

www.oregonappraisers.org

email:

aioregon@oregonappraisers.org

Field Notes articles to the above email address

Meeting and Class Schedule 2006

Sep. 11-16	Basic Income Capitalization (40 hours); Phoenix Inn, Tigard, OR
Sept. 20	Strecker Memorial Golf Tourney, OGA Course, Woodburn, OR
Sep. 21-22	Litigation Appraising: Specialized Topics and Applications (16 hours); Phoenix Inn & Suites, Tigard, OR
Sep. 23	What Clients Would Like Their Appraisers to Know (7 hours) Phoenix Inn, Tigard, OR
Sept. 28-29	15-Hour USPAP, Phoenix Inn & Suites, Lake Oswego, OR.
October 2-3, 5-6	Appraisal Principles, Phoenix Inn & Suites, Lake Oswego, OR
October 9-10, 12-13	Appraisal Procedures, Phoenix Inn & Suites, Lake Oswego, OR
Oct. 20	Course 400: National USPAP Update (7 hours); Phoenix Inn & Suites, Tigard, OR.
Nov. 3	Appraising Convenience Stores (7 hours); Phoenix Inn & Suites, Tigard, OR
Nov. 16-17	Residential Market Analysis & Highest and Best Use (15 hours); Phoenix Inn, Tigard, OR

LDAC

Continued from page 5

1295, in concert with S. 2280, was supported by the Appraisal Institute to secure passage of mortgage fraud legislation in the House and Senate to address weaknesses in the real estate and appraisal regulatory structures, including the ban of inappropriate client pressure on appraisers and increased enforcement powers of the federal Appraisal Subcommittee.

LDAC also urged Congress to enact the appraisal reforms provided in the Senate-passed version of H.R. 4297, the Tax Relief Act of 2006. The recent passage of the Pension Protection Act, H.R. 4 is a victory for the Appraisal Institute and its members. This important appraisal reform is an accomplishment for LDAC members, who lobbied for provisions of the act that recognize professional appraisal designations as a qualification for individuals performing appraisals for non-cash charitable contributions. The IRS appraisal reforms also require appraisals to be performed in conformance with generally accepted appraisal standards and impose accuracy-related penalties on taxpayers and appraisers who provide substantial or gross misvaluations.

APPRAISERS! Looking for a Slow Winter? Enroll in AI courses-start a designation! Sponsor your employees with AI education. Build your professional resumes. Interview and hire AI course graduates.

Be prepared to "catch the next wave".....



Greater Oregon Chapter
PO Box 573
Salem, OR 97308-0573

Field Notes

September 2006

Return Service Requested



The *Field Notes* is published bi-monthly by the Greater Oregon Chapter of the Appraisal Institute, PO Box 573, 3340 Commercial St. SE, Suite 210, Salem, OR 97308
ph: 503-316-1979 - Fax: 503-585-8547
www.oregonappraisers.org