



Appraisal
Institute®

Professionals Providing
Real Estate Solutions

Greater Oregon Chapter

In This Issue

[Appraising Temporary Easements](#)

[Willamette Jet Boat Trip](#)

[ACLB Summary](#)

[Temporary Rule Changes](#)

[Thomas Brothers Maps](#)

[Golf Tournament](#)

[Upcoming Events](#)

Quick Links

[Website](#)

[Education / Events](#)

[Newsletter Editor](#)

[Appraisal Institute](#)

[Oregon ACLB](#)

[Join Our Mailing List!](#)

[Forward to a Friend](#)

December 2013 Field Notes

Message from the President: Ryan S. Prusse, MAI ryan@rspa-pdx.com



My brief term as President of the GOCAI is nearing its end. Many thanks to our Executive Director (Vicki Champ) and the Board (Beth, John, Brian, Bob, Dean, Katie, Jeff and Tim), in addition to all of the other volunteers that keep watch over membership, finances, education and government relations throughout the year. With the Year 2013 drawing to a close, I'd like to recount some of the activities and accomplishments of your Board.

The Candidate for Designation program was successfully rolled out, with a significant number of member-mentors signing up to offer support to the next generation of AI designees. Big thanks to John Donnerberg for organizing the summer's Jet Boat excursion on the Willamette River where members young and old enjoyed a relaxing afternoon in very wet clothes. GOCAI will continue to support events and educational offerings to foster mentorship, retention and eventual designation. Portland is one of only a handful of US sites for the 2014 Capstone course, and AI National reports only a few slots still available.

Financially, the Chapter ends the year with a small loss. Multiple course offerings were cancelled due to lack of attendees and the falling demand for some live education offerings. As our ranks of new Candidates increase, the Chapter will evaluate what Advanced and Qualifying Education courses will generate the greatest benefit. Conversely, our periodic education seminars were well-attended, due in large part to the quality of the speakers and timeliness of the topics. Multiple Chapter-sponsored educational scholarships were awarded in 2013 from a very short list of applicants (hint: fill out an application and submit).

Our Chapter sent two participants to LDAC in Washington DC in 2013, continuing a tradition of leadership development important to the sustenance of our local organization. We are actively evaluating candidates for 2014, and budgeting funds to offset travel costs. The Chapter golf tournament was well-attended in 2013, and even turned a profit. One more Chapter meeting will take place at the end of December, via Conference Call, for those Candidates still needing to satisfy that annual requirement. It will be cost-free with call-in instructions posted on the Chapter website.

Legislatively (and "regulatorily"), GOCAI spear-headed a push at the ACLB level to ease the Prior Report(s) Disclosure rule to only 1-4 Family SFR appraisals for federally-regulated transactions. We also have an ear to the ground regarding the appointment of a new ACLB Administrator. The upcoming

legislative session is expected to bring a new set of challenges and opportunities in the form of bills introduced in Salem with appraisal, valuation and/or green building initiatives.

I'd like to end this article with a call to the less-active members of our Chapter. I have enjoyed my involvement over the past 10 or so years as a Director and during ascension to the office I now prepare to vacate. I've had the opportunity to get to know far more members, acquaint myself with the local and national issues facing our profession and enact change where necessary. I will look back at the past few years without regret. Best of luck to your new President, Beth Aquilizan, and the remaining Board members as we look forward to a successful 2014!!

2014 Installation of Officers Banquet and Awards

Friday, January 17, 2014 following the two hour seminar(3-5pm), Understanding Qualitative Analyses in the Oregon Market, Timothy J. Holzhauser, MAI as the presenter.

To register for the two hour seminar register only [click here](#).

If attending the seminar and banquet contact Vicki Champ in the Chapter Office by phone or email to sign up and make your entree selection.

If you sign up for the seminar and the dinner we are offering a \$15 discount on the seminar.

**Seminar only \$50(members)/\$60(non members)
Seminar and Dinner \$80(members)/\$90(non members)**

Installation of Officers Entrée selections are:

- **Brick Chicken with scallion whipped potatoes and roasted glazed carrots-\$45**
- **Carlton Farms smoked pork Loin with rosemary potatoes and green beans-\$45**
- **Butternut squash & gorgonzola ravioli with vegetables-\$45**

The social starts at 5pm following the seminar. Dinner and program at 5:45pm

**Location:
Hotel Monaco
506 SW Washington Street
Portland, OR.**

If staying the night at the hotel let Vicki know so we can get you the best lodging rate for the evening.

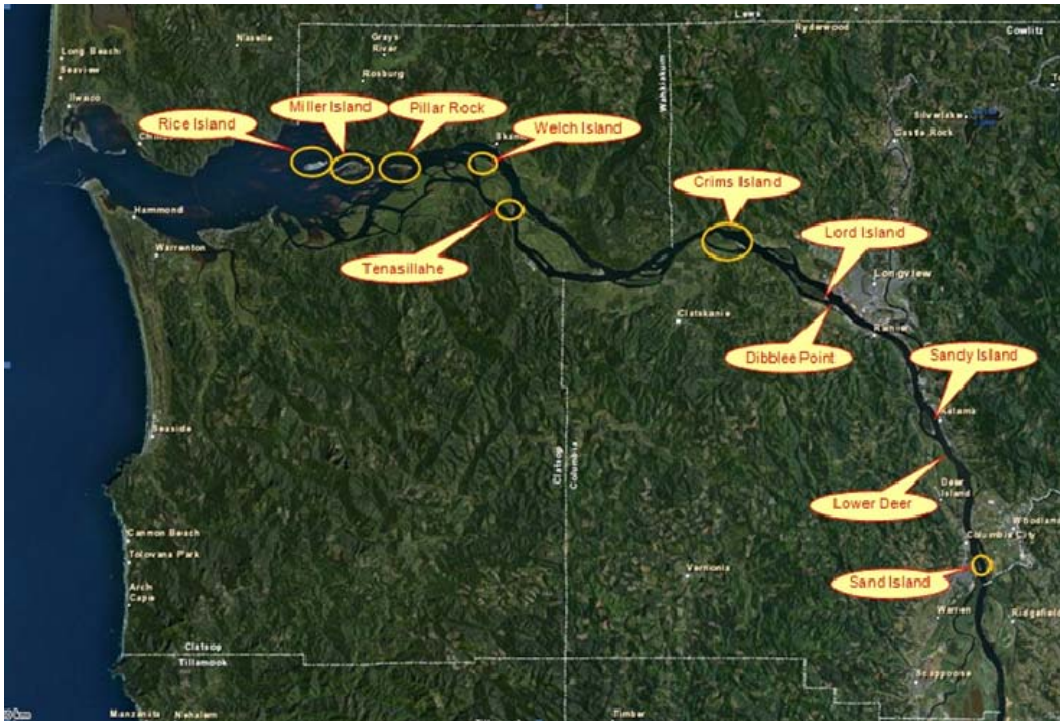
Feature Article

Appraising Temporary Easements on Dredge Disposal Sites (or, what was I thinking when I bid on this one?)

Rebecca Liddell, MAI
Senior Vice President, Manager
Valuation Advisory Services, Kidder Mathews
rliddell@kiddermathews.com

What do you do when an RFP comes across your desk that is so obscure you're not even sure what is being asked of you? You can dismiss it as probably too much work (this may be a good call), interview the client for more information, or close your eyes, submit a bid, and hope for the best. I am naïve enough to do the latter.

In February 2012, two years after starting Kidder Mathews' Portland VAS office, I had the opportunity to submit a bid-and subsequently accepted-a most bizarre assignment. The job: appraise temporary easements (25 years) on 11 dredge disposal sites on the Columbia River, from Astoria to St. Helens - with a retrospective date of value. The client was the US Army Corps of Engineers, working in conjunction with the Ports of Portland, Vancouver, Kalama, Longview and Woodland.



After putting it off for as long as reasonably possible, I got to work. I read three books: 1) Appraising Conservation and Historic Preservation Easements, 2) Real Estate Valuation in Litigation and 3) The Appraisal of Rural Property. I scoured the Lum Library for reference material regarding anything remotely close to this type of problem and discovered very little. Of course there are several articles out there on appraising temporary construction easements (and with this I had experience), but this particular problem was something else entirely. Wayne Lusvardi's article entitled, "Appraising Temporary Physical Easements: Eliminating the Guesswork," wrapped up a helpful piece with the following, relevant, statement:

"You cannot reduce the appraisal of temporary physical easements to a neat set of formulas or rules. However, 'there ought to be a law,' or at least some better rules, to guide appraisers in the valuation of temporary physical easements. With the lack of accepted appraisal guidelines...one need not guess why there is a prevailing practice of using contrived rules for valuing temporary easements."

Surprised by the lack of resources, it was apparent that interviews were going to be germane to the research phase. Perhaps one of the most colorful conversations I had was with the author of Appraising Conservation and Historic Preservation Easements, Richard J. Roddewig, MAI, CRE, FRICS. He was happy to have received my call and spoke candidly about easements, USPAP, Yellow Book and other related (and some unrelated) issues. I spoke with various members of the USACE, USDA Natural Resource Conservation Service, the Fish and Wildlife Service, other governmental agencies, and countless helpful Appraisal Institute members to whom I owe more than a nod for their assistance (including and particularly my mentor, Peter Shorett). Here's a brief overview of the problem, and how I decided to tackle it.



Background Information

The Columbia River Channel Improvement Project is a

collaborative effort between the US Army Corps of Engineers and several lower river Port Districts in Washington and Oregon. The purpose of the project is to improve navigation in the Columbia River by deepening the navigation channel to accommodate the current fleet of international bulk cargo and container ships, and improve the condition of the Columbia River estuary through the completion of various environmental restoration projects. This project requires significant land area for the disposal of dredge spoils.

Determining Highest & Best Use

A question to ask in determining highest and best use is whether there is a private market for dredge disposal sites. Various market participants were interviewed in order to determine the answer. A confidential source knowledgeable in this field and with experience with this project reported that he did not believe that any private party would purchase the subject sites for use as disposal sites for dredge spoils. He reported that the most likely buyer of this type of property would be a non-profit conservation or governmental conservation agency. In his opinion there is "no value in the dredge material because it is abundant."

After much analysis about each of the criterion for highest and best use, it was determined that the most probable uses of these sites were for habitat conservation and passive recreation. Given the scope of the assignment as an UASFLA-compliant report, the highest and best use of all properties was concluded to be passive recreation. Thus commenced the interviews with duck hunters.

The value of each larger parcel was determined by analyzing sales of various properties, with emphasis on those sites purchased for passive recreation such as hunting. Following this, I concluded to the current values of the part taken, or easement areas. This gave us what I call, the "Base Value in the DCF."

Next, I wanted to determine what the physical state of the sites will be after the 25-year easement term runs through. Here are some questions that needed to be answered:

- What reasonably probable loss will the owner sustain from this temporary easement, and what are the obligations of both parties?
- Has the temporary acquisition caused a demonstrable loss to the ultimate highest and best use of the parcel of land that the market recognizes?
- Has the temporary acquisition caused a loss to the interim market usage of the land?
- Does the temporary acquisition result in an incidental interference with the market usage or the owner's beneficial use of the land?

The answer to these questions is generally no because the highest and best use of the sites for passive recreation remains even as a dredge disposal site. At the end of the easement term, the dominant tenement will restore the sites to a condition acceptable to the servient tenement. A primary difference, however, was that the elevations of the sites were expected to change given the depositing of the dredge spoils. It was determined that the HBU in 2030, at the end of the easement terms, would be the same as the present HBU.

Determining the Appropriate Methodology

There are various recognized methodologies for appraising temporary easements, including: full 100% value, rate of return on land, normal rent, capitalized rent loss, percentage of fee value, lump sum, no payment and special benefits. The appraisal methodology selected should correspond with the degree of loss caused to the property.

The impact to land due to an easement can range from 100% fee value to something less, depending on several factors, such as the amount of impact on the servient tenement and the effects of the easement. A conclusion of the appropriate methodology was ascertained given what we knew about the subject properties, including but not limited to the following:

- The easement term is 25 years;
- At the end of the easement term, the condition of the easement areas range from similar to more significantly changed; and
- There is inadequate data in the market to conclude a rental rate or rate of return for this property type.

It was concluded that the most reliable way to value the 25-year easements was to deduct the present value of the after condition easement of each site from the before condition value of the easement of each site (including damages). There were no special benefits.

The discounted present value of the after condition of the easement area was deducted from the before value of the easement area in order to reflect the loss in value to ownership over the 25-year period. This difference, or resultant loss in value to ownership, is reflective of the value of the 25-year easement.

SAMPLE ANALYSIS - DISCOUNTED CASH FLOW

Year	1	2	3	4	5	6	7	8	9	10
Period End Date	Feb-06	Feb-07	Feb-08	Feb-09	Feb-10	Feb-11	Feb-12	Feb-13	Feb-14	Feb-15
Base Value	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122	\$55,204	\$56,308	\$57,434	\$58,583	\$59,756
Market Conditions @ 2%/Yr	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195
Future Value	\$51,000	\$52,020	\$53,080	\$54,122	\$55,204	\$56,308	\$57,434	\$58,583	\$59,756	\$60,950
Condition Adjustment	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%	-15%
Value to Owner	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$51,807
Discount Rate:	10.0%									
Present Value:	\$19,974									
Rounded:	\$20,000									
Before Condition Value	\$50,000									
PV of After Condition Value	-\$20,000									
Difference/Value of the Easement	\$30,000									

Final Thoughts

And thus, the assignment wrapped up. I am so grateful for my career in real estate appraisal because I am exposed to new experiences and challenges each day. The benefit of consistent personal growth is often overshadowed by the stress of deadlines and a relatively short calendar. I am grateful to those that have helped me on this journey.

Willamette Jet Boat

August 22, 2013
 John Donnerberg, MAI
john@donnerberg.com

Thirty-three members and guests of our chapter enjoyed a beautiful day on the Willamette River on August 22nd. The Greater Oregon Chapter of the Appraisal Institute sponsored this private charter on the Willamette Jet Boat as a way for candidates to meet other members of the chapter in a fun and casual environment. It was also a way to thank the members of our chapter who have volunteered to be a part of the AI mentorship program.



Several members brought guests including children and grandchildren. The family-friendly tour ran from Swan Island to Willamette Falls in Oregon City and back. A lot of us got soaked in the thrilling 40-mile-per-hour ride.

Candidates were encouraged to join in the fun by taking advantage of a 50% discount on the price of admission. Mentors, and those registered to be mentors, were invited to join us for free as a thank you for service to the chapter.

Several members of our chapter including chapter president Ryan Prusse, gathered at Lucky Lab Brewing Company for dinner and beer after the ride.

ACLB Summary

ACLB Quarterly Public Meeting Notes: October 28, 2013

Owen Bartels, MAI, MRICS
obartels@irr.com

Introduction

The last several months have been busy ones for the Board. Bob Keith (formerly the board's Administrator), Chuck Fisher (formerly the Compliance Specialist), and Karen Turnbow have resigned/retired from their positions. Gae Lynne Cooper has been appointed Interim Administrator. The Compliance Specialist position remains vacant. Against that backdrop the Board continues to address legislative action and its implications as well as a troubling fiscal position.

Administrator Position

The position of Board Administrator yielded several public comments. While confidence was expressed in the Interim Administrator, several public comments expressed a preference that the new Administrator have extensive appraisal experience and good understanding of USPAP.

Chair of the Board Daneene Fry explained that the board has not yet taken action to select a permanent Administrator but that the public would be notified when the process begins.

My personal urging to GOCAI membership is to be involved in this process! We have an opportunity to help steer the regulatory board overseeing our work and our livelihood. Please, reach out to GOCAI or directly to the ACLB and share your opinions. Should the administrator be an appraiser or professional manager? What sort of experience would you like to see? We need to speak up now and as a group!

Compliance Specialist Position

There is also a need for a new Compliance Specialist. Anyone passionate about the integrity of our profession and brave enough to stand in the path of the slings and arrows it will no doubt draw please step forward!

Potential Rules Changes

Speaking of compliance and oversight, a rules change has been proposed that impacts the Enforcement Oversight Committee. Under this new rule, if adopted, the ACLB will categorize future complains as an "allegation." Those would not go on the appraiser's record unless they are deemed by the Enforcement Oversight Committee to hold merit. Under this rule, at least two appraisers would review each allegation. If you like this suggestion, now's the time to speak up! You might do so by emailing the Interim Administrator, Gae Lynne Cooper, at gaelynne@oregonaclb.org.

Another potential rules change relates to the reporting of prior reports (OAR 161-025-0060(1)). A proposal has been forwarded to limit this requirement to one to four-unit single family appraisals. If adopted, reporting of prior appraisal work would no longer be required for commercial, agricultural, and non-lending work. Remember, this rule is specific to the state of Oregon and is not a USPAP requirement. If I might take a moment to levy my own opinion on the matter, I think this is a capitol idea and would like to encourage you all to support it as well! The more individual state rules we impose the less comprehensive the "Uniform" Standards of Professional Appraisal Practice become.

Temporary Rule Changes

Dean Cameron, MAI

deanjcameron@msn.com

Attached is the temporary rules adopted by the ACLB Board today. The main change is the creation of an allegation process that is overseen by the Enforcement Committee. In the past any issue sent to the ACLB regarding an appraisal was automatically logged in as a "complaint" and went into the appraisers records. The appraiser had to report this to other clients and to their insurance. Now if a consumer or a client sends in a complaint, it is logged in as an "allegation" which does not go in the appraisers official file, until after the Enforcement Committee reviews the issue and determines that it has merit. This is a positive step toward protecting appraisers from frivolous complaints.

Secondly, the Board chose to temporary eliminate the rule regarding disclosure of prior reports. The topic has been scheduled for public discussion for the January meeting and depending upon the public input received, it may be reinstated in the Administrative Rules. My take is that this has been a handy tool for enforcement, helping the ACLB track prior reports to look for mistakes and pressure from clients to change a report. However, it is above and beyond USPAP. I do not believe that Oregon or any other State should start passing supplemental rules independently. We lose the meaning of Uniform Standards if we go down that road. If

every State has different supplemental rules, it makes it difficult for those of us with multiple licenses to stay current and increases the probability of an unintended error that create a violation.

I recommend our membership write letters to the ACLB and thank them for the consideration and effort made to create the "allegation" process. This protects innocent appraisers and is a temporary rule that should become permanent. Secondly, we should stand in support of eliminating the prior disclosure rule. Special rules in each State are contrary to the intent of USPAP.

[Click this attached link for a list of temporary rule changes](#)

A Farewell to Thomas Brothers Maps

Beth Aquilizan, SRA
bethomson@earthlink.net

Thomas Brothers Maps are no longer being published. For those of us who rely upon them it will force us to change how we locate our properties.

I typically would buy one or two a year for my business as the most-used pages would tend to get torn and ripped out after awhile. They would always be available at Costco and book stores but over the past year they were not showing up at Costco and I was in need of a replacement.

Upon researching where to purchase one I learned that after a long history of being a West Coast institution, they are no longer being printed. Thomas Brothers Maps was started in 1915 in Oakland, CA by three brothers. In 1999 Rand McNally purchased the company and moved the business to the East Coast, laying off most of the California employees and outsourcing the majority of the mapping work to Bangalore, India.

It appears that this change of direction, in combination with competition from GPS devices for mapping services, caused Rand McNally to discontinue the printed maps. Those of us who have relied upon them will be forced to become comfortable with digital mapping for locating properties.

Because of the disappearance of the books, RMLS is no longer requiring the Thomas Brothers map location for their listings. I assume that County Assessors and Emergency Responders, both of whom currently use Thomas Brothers grid maps for locations, will also utilize another method to specify location.

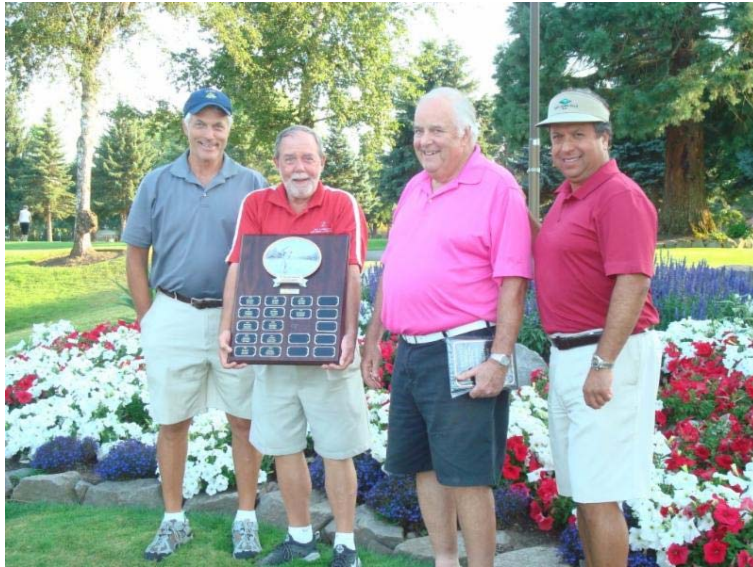
Appraisers I have spoken to who have always been on the forefront of using high-tech methods for their business tell me they have never used Thomas Brothers maps anyhow, so not all of us are facing a new learning curve.

Apparently people believe there is still demand for the books as I have seen used Thomas Brothers maps advertised for re-sale on line for prices up to \$600. I intend to "bite the bullet" and begin using GPS technology to locate the properties I want to view....just as soon as the laminated version of my last-purchased Thomas Guide wears out.

Strecker Memorial Golf Tournament-August 12, 2013

Our annual tournament was held at Rock Creek Country Club in Portland. The weather was perfect, maybe even a little too warm. Thirty four showed up for golf, sunshine, barbeque dinner, and an all around good time, Thank you to our sponsors for helping make it happen...

RSP & Associates-Reception
Colliers International-Beverages
Longest Putt- Integra Realty Resources
Prizes-Kidder Mathews



First place winners were:
Dennis Fitzgerald, Craig Zell, Gail Webb and Dale Bell (above)

Second place winners were:
Scott Henningsen, David Balfour, Robert Conratt and Robert Robertson

Upcoming Events

<u>Date</u>	<u>Description</u>
January 17	Understanding Qualitative Analyses in the Oregon Market(2 hours)
January 17	Chapter Installation of Officers Banquet and Awards(following the 2 hour seminar)
January 23	Litigation Assignments for Res. Appraisers:Doing Expert Work on Atypical Cases(4 hours)
January 24	7 Hour National USPAP Update
February 21	Case Studies in Appraising Green Residential Buildings(7 hours)
March 14	7 Hour National USPAP Update

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,

Vicki Champ
Greater OR. Chapter of the Appraisal Institute

