

LUNCHEON MEETING SCHEDULED

Thursday, February 12, 2004

Mr. Foy Mitchell, Chief Appraiser
Dallas County Appraisal District

will present

School Finance Issue DCAD Appraisal Record System

Location: Prestonwood Country Club, 15909 Preston Road, Dallas, 75248

Board of Directors Meeting: 9:30 to 11:15 a.m.

Program and Lunch: 11:30 a.m. to 1:30 p.m.

Meal and/or Program Cost: \$20.00 per person (No Shows Will Be Billed)*

Reservations Required: Deadline-Tuesday, February 10

Call 972-233-2244 or e-mail ainorthtexas@worldlogon.com

Pending approval by the Appraisal Institute for 2 hours continuing education credit

Accepted by the Texas Appraiser Licensing and Certification Board for 2 hours continuing education credit

*North Texas Chapter Members are welcome to attend the program free of charge
if they do not eat a meal or apply for continuing education credit.

Mark Your Calendar! **Upcoming Chapter Meetings**

Tuesday, March 16

Thursday, April 22

Thursday, May 13

President's Message

by John G. Hirschy, MAI, SRA

Happy New Year!!! I am sure that many of us have been setting goals for the year 2004. I ask that you join me in working to achieve three goals that I have set for our Chapter for the coming year.

1. Increased Chapter Membership. Yes, that's right – increased Chapter membership. The Chapter has lost designated members for about a decade now. At first it was due to a sudden drop in appraisal demand due to the RTC fulfilling its federal mission by going out of existence in 1992. More recently, it appears to be mostly due to retirement of aging members and career changes.

Over the last two years AI nationally has added 128 designated members and a whopping 951 associate members!!! Associate members are the future life-blood of this organization. Our Chapter has 29 more associate and affiliate members today than it did two years ago. I believe we can attract between 15 and 30 new associate members during the year 2004.

Some of this growth will occur naturally, but we can enhance this growth by: 1) bringing non-AI members to Chapter meetings, 2) encouraging non-AI members to join AI, and 3) befriending potential associates and affiliates at our Chapter meetings. February is the Appraisal Institute's recruitment month. Please bring an associate to our Chapter meeting. This leads into my second goal for the Chapter.

2. Members being strong, positive advocates for the Appraisal Institute. Yes - strong, positive advocacy for AI, not just with potential AI members, and the public-at-large, but also with each other. By the way, National is in its second year with a positive cash flow, and the Chapter has recovered from its negative cash flow during the year 2001. Financially, both National and the Chapter are healthy.

Three things that you can do to be a strong, positive advocate are:

- 1) when you refinance or buy a new home request an SRA, SRPA or MAI to do the appraisal;
- 2) encourage your friends and associates to do the same - use an SRA, SRPA or MAI for their appraisal needs; and

- 3) when asked to share your comparables with a non-AI member, tell them, "I charge non-AI members, but share comparables with AI members. Would you be interested in becoming an AI Associate member to receive free access to my comparables?"

You will not be alone in promoting the Appraisal Institute. All of the Chairs and their Committees are advocating AI. The Chapter Board of Directors is currently considering the use of a public relation's expert to assist in promoting AI locally. I, and others, are available for public speaking should you know of a group that wants to know about the Appraisal Institute.

3. Encourage long-standing designated members to experiment with other aspects of real estate. I recognize that a few will consider this goal heresy. Some designated members' employment will not permit them to experiment with other aspects of real estate. But for many, this is a reasonable goal.

Let me explain. Professional appraisal development can take many different routes: appraisals for financing; appraisals for eminent domain; appraisals for estates; appraisals for legal support; and appraisals for other purposes. Professional development can take the route of diverse product types, including larger and more complex assignments. For a long-standing designated appraiser that has been progressive in his or her development, many of these traditional routes for development – types of appraisals and product types – have been followed. The routes can become familiar, closed-ended and repetitive.

Just as many CPAs have stepped beyond their traditional rolls of tax, audit, and general accounting into estate planning and stock/bond sales, so appraisers can look beyond the traditional rolls of valuation for reporting.

We currently have SRAs, SRPAs, and MAIs who are involved in the broader field of real estate doing brokerage, property tax consulting, investing, and development. All of these branches of real estate require expert valuation skills. The long-standing designated appraiser can further his development by participating in these associated industries. There are insights to be gained by being a leasing agent, doing a build-to-suit, selling a property, doing property tax consulting, buying an investment property, or developing land or redeveloping an existing property that will make us better appraisers. I believe in life long personal development. If you are a long-standing designated appraiser with

inclinations to experiment with other aspects of real estate, I encourage you to do so. You will be a better appraiser for having done so.

I will do my part in promoting these three goals during the year 2004. I believe working together to achieve these goals will benefit us all. Please share with me your successes as we move forward through the year. We can do much to encourage one another.

Let me close by expressing my gratitude for your allowing me to be the year 2004 President of this Chapter. I consider the responsibility a wonderful opportunity, and hope to magnify the office in a way that is pleasing to each of you and a benefit to all of us. Thank you.

138 Education Hours Offered in February and March 2004

The Education Committee has been very busy the last several months planning and scheduling 2004 education programs. The Committee's objectives are to: (1) provide members programs necessary to earn the MAI and SRA designations, and to satisfy continuing education requirements; and (2) to provide education to individuals not affiliated with the Appraisal Institute. To accomplish those objectives, the North Texas Chapter will be offering 138 education hours in February and March, 2004 (see attached 2004 Education Schedule). The courses and seminars are:

USPAP Update 2004 (Course 400)

March 2 (LandSafe, Plano)

March 3 (LandSafe, Plano)

USPAP 2004 (Course 410)

February 6-7 (Univ. of Phoenix, Dallas)

March 15-16 (Southfork Hotel, Plano)

Appraisal Principles (Course 110)

February 29-March 6 (Southfork Hotel, Plano)

Appraisal Procedures (Course 120)

March 7-13 (Southfork Hotel, Plano)

Appraising Manufactured Housing Seminar

February 9 (GDAR, Dallas)

February 10 (Ramada Conf. Ctr., Tyler)

Detailed information about these programs is available in the 2004 Education Catalog. In addition, information about all other 2004 education offerings is listed in the catalog.

Contact the Chapter Office (972-233-2244 or ainorthtexas@worldlogon.com) to obtain a catalog. It can be mailed, emailed or faxed to you. (2004 Education Catalogs have been mailed to all North Texas Chapter members). A registration form is included in the catalog, or you may register online at www.ainorthtexas.org.

Highlights of Nov. 2003 National Board of Directors Meeting

Two themes - creating greater efficiencies of operation in all areas of activity, and continuing to step up our focus on the "designated difference" were undercurrents in much of the discussion and action taken at the Fall 2003 meetings of the Appraisal Institute held in Chicago. Following are highlights from the Board of Directors meeting.

- The 2004 budget was approved with no national dues increase. The budget includes funding a series of significant projects for the coming year. Among them is one targeted at evaluating residential admissions requirements and processes to ensure that the Appraisal Institute's residential designation remains highly competitive in the marketplace.
- The Board received an update on the ongoing 717 (Education Evaluation) Project, including the results of a feasibility study of the business structure of the Appraisal Institute's education program, analyzing its current position in the overall education marketplace to better determine the direction the organization should take going forward. Additional data will be gathered and analyzed before a business plan for the future is recommended.
- Further steps were taken in developing a major visibility campaign for members that will focus on the value of Appraisal Institute designations to the marketplace. A pilot version of the PR campaign will be test-marketed during 2004.
- Approval was granted for collecting information from designated members on their preferred areas of business practices and related data, for use in the electronic Directory of Members. The additional data and member profiles will assist Directory users in locating designated members for specific assignments.
- Valuation for Financial Reporting remains a high priority project for 2004 with development of appropriate education and related resources to help members meet client needs in this area. Involvement with U.S. and international bodies

influencing VFR is continuing. Another project is directed at identifying new markets for appraisers and valuation professionals.

- A Membership Diversity Strategic Plan was approved, promoting commitment to the concept through a series of initiatives throughout the organization, as well as working with other organizations such as CREW Network (Commercial Real Estate Women), the National Society of Real Estate Appraisers, the National Association of Hispanic Real Estate Professionals, and the Asian Real Estate Association of America.
- A Best Practices statement for Board Leadership was adopted which will serve as the foundation for restructuring governance of the organization. The role of the Board is to scan, plan, monitor and adjust to facilitate knowledge-based decision-making for outcomes of value to members, according to consultant Linda Ridge. She has been working with and guiding a member task force in its efforts to create a more efficient governance structure for the Appraisal Institute.
- A report on the development of the Commercial Appraisal Report Data Standards (CARDS) was received. The objective of this project is to work with all segments of the commercial real estate industry to identify and define the data elements that are part of the commercial appraisal report and to establish standards for how those elements are communicated.
- As a result of the success of the Washington Appraisal Summit held in September, funding was authorized for a second Summit to be held in Washington next year.
- Richard Powers, MAI, SRA, was elected by the Board to serve as the 2004 Vice President.

The 2004 officer team of Gary Taylor, MAI, SRA, president; Bruce Kellogg, MAI, president elect; and Richard Powers, MAI, SRA, vice president, was sworn in at the conclusion of the Board meeting by President Alan Hummel, SRA, 2003 President. They assume office January 1.

Additional coverage of the Fall Board and national committee meetings will be posted on the Appraisal Institute's Web site shortly. Consult www.appraisalinstitute.org regularly for more information and assistance.

As a member of the North Texas Chapter, if you are in attendance at the February 12 meeting and your name is drawn, you will win \$200!

In Memoriam

The North Texas Chapter acknowledges with sincere regret the recent passing of Robert Porcher, MAI.

The Chapter also acknowledges the passing of the following beloved family members of North Texas Chapter members:

The mother of Lance Coyle, MAI
The father of Jay Massey, MAI, SRA
The brother of George Naeter, MAI
The mother of Cheryl Rowland, SRPA, SRA

Independence of Collateral Valuation Process Addressed by Federal Agencies

October 28, 2003 - The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the National Credit Union Administration (NCUA) (the agencies) issued a joint statement to address concerns identified during examinations about the independence of the collateral valuation process on October 28, 2003. This statement applies to all real estate-related financial transactions originated or purchased by a regulated institution for its own portfolio or as assets held for sale. It provides further clarification of, and should be reviewed in conjunction with, the agencies' appraisal and real estate lending regulations and the *Interagency Appraisal and Evaluation Guidelines* (Guidelines). The Guidelines establish minimum standards for selecting individuals who may perform

appraisals and the independence of the lender and individual performing the appraisal.

Appraiser Competence - Institutions need to ensure that the individual selected to prepare an appraisal is competent to perform the assignment. Consideration should be given to the individual's qualifications, experience, and educational background.

Appraiser Independence - The appraiser should have neither a direct nor indirect, interest, financial or otherwise, in the property or transaction. Independence is compromised when an institution uses an appraiser who is recommended by the borrower or allows the borrower to select the appraiser from the institution's list of approved appraisers.

Lender Independence - It is important to ensure that the program is safeguarded from internal influence and interference from an institution's loan production staff. Individuals independent from the loan production area should oversee the selection of appraisers and individuals providing evaluation services. To ensure independence, loan officials, officers or directors with the responsibility for ordering appraisals and evaluations should not have sole approval authority for granting the loan request.

Appraiser Engagement - The institution, or its agent, is required to engage the appraiser. The only exception to this requirement is that an institution may use an appraisal prepared for another financial services institution, provided that the institution determines that the appraisal conforms to the agencies' appraisal regulations and is otherwise acceptable. Selection occurs when, based on an oral or written agreement, the individual accepts the assignment to appraise or evaluate a particular property. Moreover, appraisal or evaluation development work should not commence until the institution finalizes the selection process.

Institutions may not use an appraisal prepared by an individual who was selected or engaged by a borrower. An institution's use of a borrower-ordered appraisal violates the agencies' appraisal regulations. Likewise, institutions may not use "readdressed appraisals" -- appraisal reports that are altered by the appraiser to replace any references to the original client with the institution's name. Altering an appraisal report in a manner that conceals the original client or intended users of the appraisal is misleading and violates the agencies' appraisal regulations and the Uniform Standards of Professional Appraisal Practice (USPAP).

To foster control and accountability, the agencies encourage an institution to use written engagement letters when ordering appraisals, especially for large,

complex, or out-of-area commercial real estate properties.

Paraphrased by Jack Poe, MAI

The full text is available at

<http://www.occ.treas.gov/ftp/advisory/2003-9a.pdf>.

VA to Increase Number of Appraisers on Roster

In an effort to improve its customer service for its users and the general public, the Home Loan Guarantee Services division of the U.S. Department of Veterans Affairs has recently announced it intends to increase the number of appraisers on its roster. It hopes that doing this will help ensure timeliness and general quality. Its goal is to add over 2,000 appraisers to its approved roster over the next one to two years.

The VA encourages all qualified, active residential appraisers to apply. To obtain an application for the VA fee panel, visit <http://homeloans.va.gov/cav.htm>. The application is two pages long and can be submitted online for your convenience. Applications are automatically sent to the appropriate regional loan center depending upon the state in which you work/reside.

If you have any questions, call Bill Garber, Director of Government Affairs in the Appraisal Institute Washington office, at 202-298-5586 or bgarber@appraisalinstitute.org.

Alternative Requirements for MAIs to Earn the SRA Designation

MAI members interested in earning the SRA designation must become a residential associate member. In addition, the following requirements must be met:

- Copy of general state certification is needed only if the applicant must submit proof of completing a residential course.
- Submit the Application for Final Level Residential Appraisal Experience (2000 hours and 18 months)

Membership is continuous, therefore, all courses apply toward requirements.

Calendar of Events

February

- 6-7 *SPP, Part A* (410)-University of Phoenix
9 *Appraising Manufactured Housing Seminar-GDAR*
10 *Appraising Manufactured Housing Seminar-Ramada Tyler Conference Center*
12 Board of Directors/Chapter Luncheon Meetings-Prestonwood Country Club
29-3/6 *Appraising Principles* (110)-Southfork Hotel, Plano

March

- 7-13 *Appraisal Procedures* (120)-Southfork Hotel, Plano
15-16 *SPP, Part A* (410)-Southfork Hotel, Plano
16 Board of Directors/Chapter Luncheon Meetings-Prestonwood Country Club

April

- 15-19 National Committee Meetings-Chicago, IL
22 Board of Directors/Chapter Luncheon Meetings-Park City Club
23-24 *SPP, Part A* (410)-University of Phoenix

Announcements

Thank you For Donations – North Texas Chapter members generously provided donations to The Parkland Foundation during the holiday season. The gifts will benefit newborns, toddlers, young children, teenagers, adults, and seniors in the burn unit, the neonatal intensive care unit, outpatient clinics, and social services. Your contributions are sincerely appreciated, and have helped make the holidays more joyful for many wonderful people.

Learning Opportunity - The Right of Way Appraisal Group, Inc. (ROWAG) is a group of AI members who specialize in Eminent Domain appraisal and litigation support. Among our clientele are the Texas Department of Transportation, various counties and cities in the Metroplex, regional transit authorities, TxDOT outsourcing firms and other public agencies. We appraise large projects with varied appraisal issues requiring timely delivery. Current trends indicate that demand for services of this type will rapidly increase in the near future. In anticipation of this increased demand, we are seeking State Certified General appraisers who are interested in becoming proficient in this field. No ED experience necessary. If you are interested, please send a resume to: ROWAG, PO Box 121984, Arlington, Texas 76012.

North Texas Chapter

2004 Officers

President..... John Hirschy, MAI, SRA
Vice PresidentGeorge Naeter, MAI
Secretary.....Shannon Fawcett, MAI, SRA
Treasurer Mark O'Briant, MAI

2004 Committee Chairs

Client Advisory Marc Farmer, MAI
Data Exchange Charles Kelly, MAI
Education Jim Underhill, MAI
Finance Mark O'Briant, MAI
Guidance Kevin Carson, MAI
Legislative Affairs/FACT.....Greg Stephens, SRA
Meeting Sponsorship.....Michael Ernest, SRA
Membership Development/Retention... Mitchell Todd, MAI
Newsletter..... Jack Poe, MAI
ProgramsShannon Fawcett, MAI, SRA
John Hirschy, MAI, SRA
Bryan Humphries, MAI
Public Relations..... Jimmy Jackson, MAI
Telephone.....James Jacobs, SRA
Web Site.....Richard Baker, MAI
Jim Getto, MAI, SRA

Chapter Office

Executive Director Ruth A. Kelton
Assistant..... Nancy Young
972/233-2244
972/239-6857 (fax)
www.ainorthtexas.org (web site)
ainorthtexas@worldlogon.com (e-mail)

Marketplace

POSITIONS AVAILABLE

Commercial Appraiser wanted to join 20-year old established East Texas appraisal practice. Must have minimum of two years experience and State License or Certification. Applicants will be kept confidential. Reply to Craig Chesley, MAI, SRA, PO Box 8970, Tyler, Texas 75711.

Dallas, TX– Cushman & Wakefield of Texas is seeking experienced appraiser. Word and Excel proficiency required, Argus or Dyna a plus. Prefer minimum 3 years commercial appraisal experience. Must be state-certified. Competitive compensation package with full benefits. Please e-mail your resume to connie_sandlin@cushwake.com or fax to 972-663-9930.

2004 Education Schedule Appraisal Institute, North Texas Chapter

Date	Course/Seminar	Instructor(s)	Location	Continuing Education Credits	Tuition
February 6-7	USPAP 2004 (410) MCE Approved	James E. Jacobs, SRA	University of Phoenix (D/FW Campus)	AI-15 hours/1 exam hour ACE-15 hours/1 exam hour MCE- 15 hours/6 legal hours	\$199-members \$199-nonmembers
February 9	Appraising Manufactured Housing Seminar (DALLAS LOCATION) MCE Approved	Richard M. Heyn, SRA	Greater Dallas Association of Realtors	AI-7 hours ACE-7 hours MCE-8 hours/1 legal hour	\$145-members \$195-nonmembers
February 10	Appraising Manufactured Housing Seminar (TYLER LOCATION) MCE Approved	Richard M. Heyn, SRA	Ramada Tyler Conference Center	AI-7 hours ACE-7 hours MCE-8 hours/1 legal hour	\$145-members \$195-nonmembers
Feb. 29-March 6	Appraisal Principles (110) <i>(1) Licensure Package</i>	M. Lance Coyle, MAI George Naeter, MAI	Southfork Hotel Plano, TX	AI-36 hours/3 exam hours ACE-36 hours/3 exam hours	\$425-members \$500-nonmembers
March 2	USPAP Update 2004 (400) MCE Approved	Gregory E. Stephens, SRA	LandSafe Plano, TX	AI-7 hours ACE-7 hours MCE-8 hours/8 legal hours	\$145-members \$195-nonmembers
March 3	USPAP Update 2004 (400) MCE Approved	Gregory E. Stephens, SRA	LandSafe Plano, TX	AI-7 hours ACE-7 hours MCE-8 hours/8 legal hours	\$145-members \$195-nonmembers
March 7-13	Appraisal Procedures (120) <i>(1) Licensure Package</i>	M. Lance Coyle, MAI Tom R. Kirby, MAI, SRA	Southfork Hotel Plano, TX	AI-36 hours/3 exam hours ACE-36 hours/3 exam hours	\$425-members \$500-nonmembers
March 15-16	USPAP 2004 (410) MCE Approved <i>(1) Licensure Package</i>	Gregory E. Stephens, SRA	Southfork Hotel Plano, TX	AI-15 hours/1 exam hour ACE-15 hours/1 exam hour MCE-15 hours/6 legal hours	\$199-members \$199-nonmembers
April 23-24	USPAP 2004 (410) MCE Approved	James E. Jacobs, SRA	University of Phoenix (D/FW Campus)	AI-15 hours/1 exam hour ACE-15 hours/1 exam hour MCE-15 hours/6 legal hours	\$199-members \$199-nonmembers
May 3	USPAP Update 2004 (400) MCE Approved	George N. Naeter, MAI	University of Phoenix (D/FW Campus)	AI-7 hours ACE-7 hours MCE-8 hours/8 legal hours	\$145-members \$195-nonmembers
May 4	Appraisal Review: Single-Family Residential Seminar MCE to be Submitted	Kathy J. Coon, SRA	University of Phoenix (D/FW Campus)	AI-7 hours ACE-7 hours	\$145-members \$195-nonmembers
May 10-11	The Appraiser as an Expert Witness: Preparation & Testimony (700) MCE to be Submitted	John Underwood, Jr., MAI, SRA	University of Phoenix (D/FW Campus)	AI-15 hours/1 exam hour ACE-15 hours/1 exam hour	\$300-members \$375-nonmembers
June 10-11	USPAP 2004 (410) MCE Approved	James E. Jacobs, SRA	University of Phoenix (D/FW Campus)	AI-15 hours/1 exam hour ACE-15 hours/1 exam hour MCE-15 hours/6 legal hours	\$199-members \$199-nonmembers
August 8-14	Advanced Sales Comparison and Cost Approaches (530)	E. Nelson Bowes, MAI Larry T. Wright, MAI, SRA	Southfork Hotel Plano, TX	AI-36 hours/4 exam hours ACE-36 hours/4 exam hours	\$600-members \$675-nonmembers
September 13	USPAP Update 2004 (400) MCE Approved	George N. Naeter, MAI	University of Phoenix- (D/FW Campus)	AI-7 hours ACE-7 hours MCE-8 hours/8 legal hours	\$145-members \$195-nonmembers
September 14	Subdivision Analysis Seminar MCE Application to be Submitted	Marc Farmer, MAI	University of Phoenix- (D/FW Campus)	AI-7 hours ACE-7 hours	\$145-members \$195-nonmembers

2004 Education Schedule
Appraisal Institute, North Texas Chapter

Date	Course/Seminar	Instructor(s)	Location	Continuing Education Credits	Tuition
September 20-21	Litigation Appraising: Specialized Topics and Applications (705) MCE Application to be Submitted	John Underwood, Jr., MAI, SRA	Greater Dallas Association of Realtors	AI-15 hours/1 exam hour ACE-15 hours/1 exam hour	\$300-members \$375-nonmembers
October 12-13	Evaluating Commercial Construction Seminar MCE Application to be Submitted	James C. Canestaro	University of Phoenix (D/FW Campus)	AI-16 hours ACE 16 hours	\$250-members \$325-nonmembers
October 15	Evaluating Residential Construction Seminar MCE Application to be Submitted	James C. Canestaro	University of Phoenix (D/FW Campus)	AI-8 hours ACE-8 hours	\$145-members \$195-nonmembers
November 15	USPAP Update 2004 (400) MCE Approved	Gregory E. Stephens, SRA	Greater Dallas Association of Realtors	AI-7 hours ACE-7 hours MCE-8 hours/8 legal hours	\$145-members \$195-nonmembers
November 16	Business Practices and Ethics (420)	Gregory E. Stephens, SRA	Greater Dallas Association of Realtors	AI-7 hours/1 exam hour ACE-7 hours/1 exam hour	\$145-members \$195-nonmembers
December 2	Appraisal Review: General Seminar MCE Approved	Vincent M. Dowling, MAI, SRA	Greater Dallas Association of Realtors	AI-7 hours ACE-7 hours MCE-8 hours/1 legal hour	\$145-members \$195-nonmembers
December 3	Supporting Capitalization Rates Seminar MCE Application to be Submitted	Vincent M. Dowling, MAI, SRA	Greater Dallas Association of Realtors	AI-7 hours ACE-7 hours	\$145-members \$195-nonmembers

(1) Licensure Package – The 28-Hour Package is comprised of three courses that meet the Texas Appraiser Licensing and Certification Board's 90-hour education requirement for State Licensed Real Estate Appraisers. Contact the North Texas Chapter for Licensure Package discounted tuition rates.



Appraisal Institute, North Texas Chapter
P. O. Box 801807, Dallas, Texas 75380-1807
972-233-2244 (phone); 972-239-6857 (fax);
www.ainorthtexas.org (web site)
ainorthtexas@worldlogon.com (e-mail)