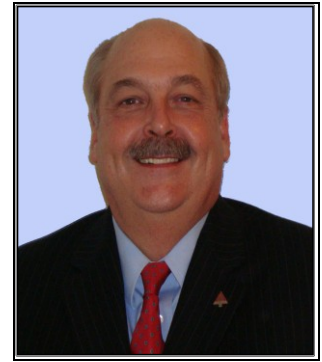


M. Ralph Griffin Jr., MAI



1 : Please State why you are interested in becoming President of the Appraisal Institute.

I have been associated with the Appraisal Institute and its predecessor organizations, the AIREA and the Society of Real Estate Appraisers, for my entire adult life. Most of my role models and mentors were designated members of the AIREA and/or the Society of Real Estate Appraisers. I was privileged to be able to glean a wealth of knowledge and experience from these well-educated and experienced appraisers. One of the lasting impressions I gained from these mentors was not associated with anything they said, rather, it was their actions and loyalty to the organization. They volunteered to serve the AIREA and Society at every possible opportunity and gladly gave their personal time and talents to further the professionalism of both organizations. I witnessed the personal pleasure and sense of accomplishment they gained through the service they gave. I strive to follow their example and have continually donated my time and experience to the South Carolina Chapter, Region IX, and the National Appraisal Institute organization. As my mentors before me, I too have gained immense satisfaction from serving our great organization. After serving as Chapter President, Regional Chair, National Director, and a member of the Executive Committee of the Appraisal Institute, I have been able to assess how I would be able to contribute to our organization moving to the next level of leadership within the valuation economics profession. As President and the leader of the officer team, I feel I will bring a unique perspective. This perspective is from a position that combines internal AI organizational knowledge, strategic and long-range planning experience, educational instructional experience, and an awareness of the needs of our individual members. I firmly believe in our long-range plan and our strategic planning process. I feel obligated to assist our organization in the movement of our long-range and strategic plans to successful transitions into more expansive plans. As President, I will use every effort to accomplish the objectives necessary to fulfill our strategic and long-range goals.

2. What are your leadership qualifications to be president of the Appraisal Institute?

a: Appraisal Institute Qualifications?

One of the Appraisal Institute qualifications I view as the most important is my chapter service experience. Service at the chapter level instills the most important leadership skills, organizational skills, communication skills, and the core set of values that are the standard throughout an individual's leadership career within the Appraisal Institute. The leadership positions I have held at the chapter level are as follows: **Chapter Admissions Committee member 1987-1988, Chapter Government Relations Chair 1987, Regional Rep 1990-1997, Chapter Secretary 1994, Chapter Treasurer 1995, Chapter Vice President 1996, Chapter President Elect 1997, Chapter President 1998, Chapter Nominating Committee 1999**

My service at the regional and national level has given me a vast working knowledge and experience in the fields of public relations, government relations, member relations, and internal governance structure. The leadership positions I have held at the regional and national level within the Appraisal Institute are as follows: ***National Chapter services Committee 1999-2000, Technology Committee 2000-2001, Communications Committee 2001, National Nominating Committee 2002, National Board of Directors 2001-2006, Chair of the Regional Chairs Committee 2006, Member of the National Executive Committee 2005-2006, Chair of Region IX 2003+2006, Governance Restructure Project Team 2005-2006, Strategic Planning Committee 2006, Chair of the Strategic Planning Committee 2007-2009, Vice Chair of Region IX 2009, Co-developer of the Appraisal Institute National Digital Directory and Directory profile, and Developer/Designer of the current Directory CD used by the Appraisal Institute. In 2007, I was humbled by being presented The Appraisal Institute's President's Award for 2007.***

The above-described experiences within the Appraisal Institute have prepared me for service as President.

b : Other Organization Qualifications?

I served on the Board of Directors of the Clemson University Real Estate Foundation from 2001-2007, and was president of the Clemson University Real Estate Foundation in 2003 and again in 2007. This foundation handled donations and disposition of all real estate related gifts made to Clemson University. The Real Estate Foundation was also placed in charge of the development of a large research park for automotive related research during my term as President. The development of this research park involved building a graduate school facility within the research park, as well as selling and leasing building sites to automotive related corporations such as BMW, Hubble Lighting Corp., Michelin Tire, and others. My interactions with a large educational institution on one side of a transaction, and large international corporations on the other, were very educational. This experience allowed me to comprehend the differences in thought processes of nonprofit institutional management as compared to executives of large for-profit corporations. This observation has helped me understand strategic issues in developing the current Appraisal Institute strategic plan.

Other organizations I have been involved with at the governance level include the Spartanburg Board of Realtors, and Spartanburg Multiple Listing Service. I served as a member of the Board of Directors, treasurer, and various committee positions within the Spartanburg Board of Realtors and Spartanburg Multiple Listing Service. I became the primary vendor of software services and computer hardware for the Spartanburg Multiple Listing Service for over 10 years. This Multiple Listing Service experience taught me to understand the need for clear concise communication between computer technicians and general users of computers, such as Realtors which has been very useful in the implementation of our strategic plan, in relation to understanding communication misunderstandings between our Chapters and the National office.

c: Business Qualifications?

I am President of Marion R. Griffin and Co., Inc. in Spartanburg, S.C., a medium size appraisal firm with an associated commercial real estate sales firm. The appraisal division of our firm consists of five staff appraisers, of which two of the actively practicing appraisers within the firm have the MAI designation. The retired founder of the firm, my father, has the MAI, SRA, and SREA designations. I have been involved in the development of various commercial and residential projects over the years, and have been involved in the purchase and sale of both large and small commercial properties as well as being a real estate representative and consultant for a number of large corporations.

My management experience also includes management of other appraisers and sales personnel over the 22 years I have been President of Marion R. Griffin and Co., Inc. The management skills required in the management of employees, the negotiation skills required to become successful in commercial sales, and the

economic/valuation skills required in the appraisal business have helped me acquire the overall skill set necessary to help the officer team successfully move the Appraisal Institute to the next level of professionalism.

3. What is the role the Appraisal Institute in our Profession? What Specific experience do you bring to the organization to make the Appraisal Institute a stronger, more effective organization?

The Appraisal Institute represents the pinnacle of professionalism within the valuation profession. There is an expectation by the public, practitioners, and users of appraisal services, that the Appraisal Institute provides the best education, technical expertise, and enforceable ethical standards within the valuation profession. A phrase that incorporates my interpretation of the Appraisal Institute's role in the Valuation Profession is "**The Appraisal Institute: where education, technical expertise, valuation competency, and ethical standards reside**"

The experience I bring to the Appraisal Institute is as follows:

1: As a small business owner/manager and a former president of a nonprofit institutional foundation, I have acquired substantial experience in the art of negotiation. As a current Appraisal Institute approved instructor I have learned how to comprehend and interpret body language and question style to understand what an individual or group is really thinking while communicating.

2: As a member of the Governance Restructure Committee of the Appraisal Institute, I have a complete understanding of how our governance functions and interacts with our staff and our CEO. This familiarity with our governance structure also allows me to understand the correct use of committees, project teams, and panels within our governance structure.

3. As the Chair of the Appraisal Institute Strategic Planning Committee, I have firsthand experience as to the strengths, opportunities, and weaknesses, both operationally and financially of our entire organization. This experience will allow me to apply the appropriate organizational or financial assets to any particular project or venture, a skill learned over time through both training and experience. I have been privileged to be associated with several experienced strategic planners over past three years through my position as Chair of the Strategic Planning Committee, and have received a lifetime of experience from these planners. I view this experience as one of my best strengths that I can bring to the officer team if elected Vice President.

4. I have previously been, and currently am, a member of the Board of Directors of the Appraisal Institute. I fully understand the duties and functions required of the officers, directors, and staff. I have worked with most of the current directors, officers, and most of the senior staff at one time or another. I am familiar with the duties of each branch of our governance and the responsibilities each entails. Institutional memory is very important to our Board of Directors and I offer more than an ample amount.

5. Having experience with both corporate and institutional business gives me the experience to gain the respect and attention of users of appraisal services. These users of appraisal services are the lifeblood of our future. Educating the users of appraisal services as to the competency differences between an Appraisal Institute designated appraiser and state certified appraiser is a primary goal of our strategic plan and an absolute necessity for our continued survival as an organization.

6: I believe I have the public relations, leadership, and planning skills essential for leading the Appraisal Institute into a future of successful growth in both professionalism and membership.

4: What is your vision for:

a: The Appraisal Profession?

b: The general Designations?

c: The residential Designation?

a: The appraisal profession is presently threatened from multiple directions: Governmental authorities are contemplating increasing regulatory control affecting the appraisal profession and what types of valuation will require an appraisal for financial institutions or insurance entities. Many financial institutions, with governmental approval, are becoming more comfortable using AVMs as a substitute for an appraisal in the residential sector of the market. In the institutional investment sector of the commercial valuation industry, internal investment analysts, many of whom are just out of graduate school, are replacing some appraiser services. The current financial crisis has acutely lowered the public's confidence in the overall competency of the appraisal profession. However, most consumers are aware that appraisals used for financing, in most cases, did not contribute to the current economic crisis. Even with these threats to the profession, the demand for an accurate opinion of value for real property, personal property, and business valuation will continue to be strong. The appraisal profession will consolidate in the near future, become more focused on valuation techniques that reflect the current and future market conditions, and move toward a consolidated analytical and econometric environment regardless of governmental regulation or deregulation.

b: My vision of the general designations is three fold. The Appraisal Institute's general designations, the MAI and the SRPA, will continue to be widely recognized. The Appraisal Institute will expand the number of general designations to include the specialized fields of appraisal review, business valuation, real property analytics/modeling, and personal property equipment associated with real property. These designations will not detract from the MAI designation. On the contrary, they will enhance the MAI designation's marketable value by allowing designated members to demonstrate their competency in a specialized field or allow other members to gain competency in these related valuation fields. Third, I envision the number of MAI designations awarded annually will increase substantially over the number of MAI designations awarded in previous years. This increase will be an answer to market demand, created in part by the Appraisals Institute's leadership role in educating the users of appraisal services as to the enhanced competency level of MAI and related designations over general certified appraisers. I envision the Appraisal Institute enhancing its advertising and promotions to specifically target users of general appraisal services as well as target specific education for users of general appraisal services, to support the use of Appraisal Institute designated members.

c: My vision of the residential designation is in some ways substantially different from that of the general designation, primarily due to the vastly different market forces at play. The SRA designation competes in a multilayered market. My vision is that the SRA designation will become the only widely recognized residential designation in the appraisal industry. In order to accomplish this state of recognition, the Appraisal Institute in partnership with SRA members, will work in concert to promote and advertise the ethical standards and competency level necessary to achieve and retain the SRA designation. Enhancing the SRA designation includes many of the same features described in the paragraph above for the general designations. This specifically includes the education of the users of residential appraisal services. I envision the Appraisal Institute being integrally involved in the education of users of residential appraisal services in the governmental sector, mortgage-lending sector, and the litigation sector. Continuous offerings of appraisal underwriting education, education as to governmental agency residential appraisal requirements, and cross education in the

litigation field will help emphasize the competency level of a SRA designated appraiser as compared to a state certified or licensed appraiser. Increasing the demand for SRA designated appraisers will increase the number of associates desiring to attain the designation. Educating the users of residential appraisal services will also increase the demand for SRA designated appraiser faster than advertising to the public, in periodicals, magazines, or public domain websites.

5. What role should the Appraisal Institute have in the International Community? Why? What experience have you had in this area?

The Appraisal Institute's role with respect to the international community is three fold. First, the Appraisal Institute should represent the pinnacle of the valuation profession worldwide. Second, the Appraisal Institute should be the worldwide provider of the highest quality education and ethical standards in the profession. Third, the Appraisal Institute should offer membership to qualified appraisers in as many foreign countries as can be financially feasible. The process of moving into the international arena has been long and laborious for the Appraisal Institute. In recent months, with coordinated efforts of the Strategic Planning Committee, the International Relations Committee, the Education Committee, and the Admissions Designations Qualifications Committee, the Appraisal Institute has moved forward with establishment of a framework for educating, evaluating experience, and providing examination security in the international arena. This progress is augmented by the formation of an International Organizational project team. This project team is charged with establishing the type or types of international organizations that the Appraisal Institute should pursue in foreign countries. As a member of this project team, I believe that the Appraisal Institute is close to achieving the most advantageous method of organizing within other countries. However, there are still a number of areas that need differences resolved. The Appraisal Institute should continue to pursue organizing efforts in countries where the business model has been analyzed and approved by the Appraisal Institute's Board of Directors. However, each international organizational effort should have a business plan that has no long-term negative financial impact on the Appraisal Institute.

It is imperative that we continue to expand our organization beyond our national borders. The world is now an interconnected international financial community. Being an isolationist in today's world is a recipe for failure. If the Appraisal Institute is to be successful in the long term, we need to be active internationally. Continued growth in international commerce and business will require our organization to be both aggressive and conciliatory. We need to be very cognizant of each individual country's national identity. An example of a potential mistake in the international arena, is offering education solely taught by American Instructors. Most foreign countries accept US instructors at the outset of an organizational and educational relationship. However, we should make an effort to augment US instructors with native instructors as soon as practical, to promote local/national ownership in the relationship. Even with a policy of promoting qualified native instructors, many countries will still specifically ask for US trained instructors, especially for the advanced curriculum.

As mentioned previously, I presently serve on the International Organization project team, which is charged with investigating and recommending the type of organizational structure the Appraisal Institute should use in our expansion into other foreign countries. I am also currently Chair of the Strategic Planning Committee, which includes the International Committee Chair as a member of the Strategic Planning Committee. The Strategic Planning Committee is currently involved in all aspects of our international efforts in concert with the International Committee. I have personally met the leadership of the Korean Chapter of the Appraisal Institute, the leadership of FESCIVAL, the Mexican appraisal organization, the officers of the Appraisal Institute of Canada and former leadership of RICS. Understanding the expectations of valuation experts, bankers, and

government officials in a foreign country is very important prior to implementation of any organizational governance effort or educational offerings. Mistakes at the beginning of an international organizational effort will severely hamper future efforts. My personal philosophy is to move cautiously but be pragmatic and deliberate in our international efforts.

Working with an existing established valuation organization within a foreign country may have substantial benefits in establishment of an Appraisal Institute presence within that particular country. Establishment of an international set of valuation ethical standards that can be adopted by other organizations wishing to associate with the Appraisal Institute is an important prerequisite. I would find it hard to associate with an organization not willing to adhere to an international ethical standard.

6: What should the objectives of the Appraisal Institute be with regard to governmental and political issues?

The Appraisal Institute should always have the **protection of the public interest** as a core objective, as well as compliance with the **ethical standards of the Appraisal Institute**. If these basic core objectives are met, then the objectives involving governmental and political issues should meet at least one of the following criteria:

- 1: Improve the appraiser's independence, {protection from undue influence}.
- 2: Provide relevant qualifications for appraiser certification and licensing.
- 3: Improve the competency level of appraisers.
- 4: Improve the work environment of appraisers.
- 5: Improve the quality of education approved for appraisers.
- 6: Provide licensing and certification of Appraisal Management Companies.
- 7: Enforcement of standards in the appraisal industry at the state level.
- 8: Elevate appraisers to a higher level of professionalism.
- 9: Protect the integrity of the Appraisal Institute and its members.
- 10: Ensure the appraiser's unbiased objectivity in valuation.

7: What are the most important Issues facing the Appraisal Institute

a: Short term (less than one year)?

b: Long-term (greater than three years)

c: What is the greatest opportunity facing us?

d: What is the greatest challenge facing us?

a: There are two major issues of extreme importance facing the Appraisal Institute in the short term. The first issue is retention of current members during this period of economic crisis. The Strategic Planning Committee with the help of the Strategic Planning staff originally forecasted the 2009 member attrition would be about 8%. Based on more recent data and analysis we project that the 2009 attrition rate will be about 10.8% compared to 6.3% for 2008. In order to bring this high attrition rate under control, we need to bring the benefits of membership up to a level that provides existing and former members an economic and financial incentive to rejoin or remain members, especially those members with a designation. The second issue is the financial strain many of the Appraisal Institute Chapters have due to the economic downturn. This financial strain is the top priority of the Strategic Planning Committee and the Appraisal Institute Board of Directors. There are several incentive and alternate income plans being investigated by the Strategic Planning Committee and the National Staff. The results of the Strategic Planning Committee's and the National Staff's investigation and study of these plans will be presented to the Board of Directors of the Appraisal Institute at their May meeting. Once a comprehensive plan has been approved, the implementation will need a concerted effort from all sectors of our organization. Our leadership's communication with the Regions and Chapters will be critical to the success of any revenue reorganizational plan.

b: Three major issues of extreme importance facing the Appraisal Institute in the long term. The outcome of all three will have a major impact on the future of the organization. The first is the issue of membership attrition and retirement. Currently, our entire membership has a median age of 51 and our designated membership has a median age of ± 52 . We designated approximately 300 members in 2008. We will have to designate substantially more individuals per year in order to maintain enough designated members to remain relevant in the valuation industry. The valuation environment has two major economic components, the supply of appraisers and the demand for appraiser services by users of appraisal services. If the Appraisal Institute is able to increase the demand for designated member services by users of appraisal services using education, targeted advertising, and targeted promotions, the supply of designated appraisers will automatically increase because of the resulting financial incentives. Other efforts on the supply side of the equation could also help make the process more efficient and timely. The result of having a large number of designated appraisers as well as younger designated appraisers will be a huge benefit to the entire organization. The second important issue is the retention of members of all types and categories. The Appraisal Institute needs to provide a member benefits package that has tangible benefits to our membership on a graduated scale based on the level of membership. A tangible membership benefits package will help retain members far longer than any other reason other than the desire to maintain a designation. The third major issue for the long term is the expansion of the organization internationally. The Appraisal Institute has a limited window of opportunity to expand internationally due to increased competition on the international front, as described in my answer to question 5.

c: The greatest current opportunity lies in truly becoming the voice of the valuation profession. The Appraisal Institute is the largest organization in the field of real property valuation in the United States and one of two of the largest valuation organizations in the world. The Appraisal Institute Board of Directors voted in 2008 to

become a multi-discipline organization, including valuation of personal property associated with real property and business valuation. If the Appraisal Institute can appeal to a larger number of business valuation and personal property appraisers, by providing education, designation criteria, and methodology for measuring competency for business and personal property valuers, our organization could grow exponentially in the combined fields. This would allow us to become the true voice of the entire valuation profession in the United States and position us for expansion throughout the world.

In addition to becoming multi-discipline, our organization also needs to incorporate those within the valuation economics industry involved in institutional valuation education and those who work within corporate America as real property analysts. Although neither of these two categories of individuals are licensed or certified by states or are under the jurisdiction of USPAP, these two categories of individuals are intimately involved in the real property, personal property, or the business valuation profession. Currently, there is no specific area of our organization set up to accommodate these individuals nor is there any designation or certification available to them within our organization that they can attain within their current career path. We should provide a place within our organization for these individuals and a designation or certification that will recognize their competency within their realm of expertise, which is consistent with the goals of our current strategic and long-range plans. These types of individuals are generally on the cutting edge of new valuation methods and technology. If we can tap their knowledge and expertise, it will much easier to stay at the leading edge of the valuation economics profession.

d: The greatest challenge currently facing the Appraisal Institute is the increasing median age of the designated members. We must lower the median age of the designated member base within the next few years or we will begin an accelerated rate of attrition through retirement and or member death. If our number of designated members becomes much lower, we run the risk of not having enough critical mass to be relevant in the market place. Volume by itself is not important. Critical mass needed for recognition is important, and being relevant in the market place is paramount to the long-term survival of the organization. The only solution is to designate more associate members by providing them with the benefits of being a designated appraiser versus state certified. This information is as follows:

1. The average income of Appraisal Institute designated members is substantially greater than the average income of an Appraisal Institute associate or state certified appraiser.
2. Currently, some users of appraisal services openly prefer Appraisal Institute designated appraisers when offering fee assignments. The Appraisal Institute's strategic plan calls for ramping up a concentrated effort to educate the users of appraisal services as to the competency level expected of Appraisal Instituted designated appraisers.
3. The Appraisal Institute designated members tend to be more involved in networking with other appraisers than nonmembers and associates.
4. Within the litigation field, Appraisal Institute designated members tend to have an advantage in acquiring fee assignments as compared to non-designated or nonmember appraisers.

8: What will be your goals and area of specific interest during your term of service? Why are they important? How do you plan to achieve these goals and/or success in these areas?

I have three areas of specific interest that I would like to pursue during my term. These areas and the associated goals are described below.

Area of Interest 1: Market Awareness of the MAI and SRA designations and associated competency

Goal: Elevating the awareness of users of appraisal services as to the competency level of Appraisal Institute designated members and educating the users of appraisal services as to what to look for when assigning an appraisal.

Plan: To achieve this goal we should embark on a co-op education development program, with a variety of other organizations representing users of appraisal services. This type of education will provide educational offerings for both client groups and appraisers operating in the client's specific market sector. By educating both appraisers and clients, we will be able to bring recognition to our designations. In conjunction with this education, we need to develop continuing education programs for designated members that are more advanced than our current continuing education. We should require our designated appraisers to continue to be at the leading edge of valuation education.

Reasoning: We cannot continue as leaders in the valuation industry using last century's technology and practices. The Appraisal Institute needs to continually interact with the users of appraisal services and be responsive to of their needs. This will keep the Appraisal Institute at the forefront of the valuation industry.

Area of Interest 2: Increasing the number of designated members, both general and residential without sacrificing competency to replace attrition losses

Goal: My goal is not to necessarily increase the total number of active designated members beyond the current level of designated membership, although that would be optimal. Rather, I seek to designate enough competent new members to replace the designated members lost to retirement or death to maintain or increase the relevancy of the designations in the market place. With consideration to the attrition rate mentioned above, a simple linear equation will indicate the remaining number of years of relevancy of the MAI or SRA designation if we do not move associate members through the designation process. The MAI and SRA designations should represent the pinnacle of real property valuation profession; and it is our duty to maintain relevancy in the valuation world.

Plan: The Admissions, Designations, Qualifications Committee is currently working on alternatives to the demonstration report such as the E-Demo in a continuing effort to streamline the pathway to the MAI designation. In 2006, the two-course (*Advanced Residential Applications and Case Studies/Part 1 and Advanced Residential Report Writing/Part 2*); alternative to the residential demonstration report was implemented. This change in the residential designation process was widely accepted as an adequate substitute for the residential demonstration report in providing evidence of competency. Within the past two years, the Appraisal Institute has designated more SRA members than it has designated within the prior ten years combined. Our organization can design a test of writing and analytical competency that can adequately assess the skill set of a candidate for a MAI designation as one of the alternatives to the demonstration appraisal report. In today's world, the sophisticated users of appraisal services are far more interested in core competency. Writing skills are certainly one of these core competencies.

Reasoning: We have not changed the basic process for attaining a MAI designation for 30 years. During that time, the entire world has changed around us. We need to make our requirements for

designation relevant to the current business environment. My Graduate School Economics Professor reminded me every time I resisted making changes in the demand side of my computerized market modeling program that “Change is inevitable, if you fight it, it just becomes harder for you to adapt after the change has overwhelmed you like a tidal wave and moved you completely out of your comfy environment. ***Ride the wave boy, don’t fight it.***”

Area of Interest 3: Increase Membership Benefits in a graduated fashion based on the level of Membership

Goal: My goal is to increase substantially the benefits of membership to a level that can be easily recognized by members as a positive net benefit.

Plan: These proposed membership benefits are not about a new credit card or a 10% discount on a computer. They should include appraiser or valuation expert oriented benefits. The level of membership should dictate the level of benefits.

Reasoning: In any organization, if benefits are perceived to be greater than or equal to the cost of membership, it is much easier to attract and maintain membership. We have not effectively promoted the benefits of membership in a productive way, nor have we added many **substantial** benefits in several years.

9: Does the Valuation Profession need to be unified and what should the Appraisal Institute’s role be, if any?

Unification of the valuation profession is an ideal long-range goal for our organization. In fact, the movement toward unification of the valuation profession is currently an integral part of the Strategic and Long Range Plan. Unification would provide a forum and venue for all of the stakeholders within the valuation profession to interact, communicate, and provide a unified voice for the profession as a whole. The Appraisal Institute should always be open to and available for discussion of unification with other valuation organizations and independent valuation professionals. In addition, we should take the leadership role within the industry and have an open arms policy for all who may be seeking to enhance their valuation skills, adhere to high ethical standards, and those seeking recognition for their higher levels of competency. Not every valuation practitioner within the industry desires our ethical standards and continuing efforts to keep our members at the forefront of the valuation profession. Our role in the unification process should be to set the example for those appraisers who are interested in being professionals rather than practitioners. Most of those non-affiliated appraisers surveyed, in several industry research surveys performed by the Strategic Planning Department of the Appraisal Institute, indicate they would join if asked. This indicates a secondary role for us in the unification process. This role should be to increase our own membership by simply using our current members as ambassadors, thus increasing our industry influence.

10: How should the Appraisal Institute proceed with the upcoming Valuation for Financial Reporting (VFR) initiatives?

The Appraisal Institute must continue to develop and offer both primary and advanced VFR courses. In addition, the Appraisal Institute needs to update the initial introductory VFR awareness seminar that was produced several years ago. This short 2-3 hour awareness seminar will help those members who are not familiar with Valuation for Financial Reporting to understand the impact and ramifications when the USA moves to a financial reporting system of asset value similar to the rest of the world, as well as promote the new

primary and advanced VFR courses. Having a considerable number of our membership at a competency and proficiency level for VFR within the next 12 to 24 months will help expand demand for our member's services. Investing in VFR education is a prudent investment for the Appraisal Institute due to global demand for VFR education. We should move quickly, so as not to be in the position of playing catch-up to other organizations providing education for financial reporting.

11. Communication:

a: How would you improve communications with members?

b: How would you get members involved in the Appraisal Institute?

a: There are several ways for our leadership to improve communications with members. Communication from our membership to our leadership is most important. Our leadership's recognition that their actions are being understood by the membership is of utmost importance. In the past, it has been difficult for the leadership to gauge the general membership's knowledge and understanding of many issues. One avenue to aid in communication is an open electronic communication environment. We should set up a member and leadership community in our new communities of practice software currently used by the Board of Directors and the committees of the Appraisal Institute. This software will allow the posting of an issue along with the reasoning behind the leaderships addressing the issue. The communities of practice software will also allow the membership to comment on the issues and reasoning as well as give alternate or contrary opinions. The leadership can communicate directly with an individual member and or address the entire community of practice. This community of practice should be for Appraisal Institute members only. The cost of this initiative is very low. Another more direct method for the leadership to improve communications is to set aside 1.5 hours every month at a specific time to be available on a dial in conference call to answer questions and receive comments and advice from members only. However, the current most pressing breakdown in communications is between the regional level and the Chapters. This is primarily due to the governance structure of Chapters. Chapter leadership turnover causes inconsistency in member communications. I propose that the Past President of each chapter and the President Elect of each chapter be automatically put in place as Regional Representatives for all chapters that have at least a minimum of two Regional Representatives in addition to their Chapter President. This process would give the most experienced chapter personnel an opportunity to be involved at the regional level for at least 3 years and give some continuity to the communication channels between the national organization, regional organization and the Chapter.

b: Of the two sections of this question, the portion concerning membership involvement is by far the most important. When members are involved, they are far more likely to recruit more members and stay active themselves. One of the best ways to get members involved is to provide local projects that active members can work on at a local or state level. Initially, this type of project should have a short time commitment and low resource commitment and have the ability to create tangible results. With this in mind, I propose a series of local or chapter-oriented projects that can yield quick tangible results. An example of such a project is the formation of a mortgage lender and appraiser local forum involving residential valuation and the risk of using a BPO for any kind of valuation other than a listing. Another is the organized lobbying of state legislators for more stringent enforcement of the state appraisal regulations and USPAP regulations. A third local project could be to setup a local or regional economic forum put on by members and their clients. Once members are empowered and they see how they can make a difference, it will be easy for them to be involved. I would also suggest to the Board of Directors, that the Chair of Strategic Planning and the Director of Strategic Planning be directed to give a 1.5-hour presentation of the strategic plan of the Appraisal Institute to the incoming Chapter

Presidents at every annual Chapter Presidents meeting. This would allow the chapter leadership to understand how the strategic plan is applicable to their chapter's future. In 2010, the Appraisal Institute will be expanding the roll of the Leadership Resource Directory to include use by the Regions and Chapters as a resource for leadership identification and cultivation. This will help identify individuals with specific skill sets that may be asked to volunteer their services in the area that they have expertise. The key to the success of this expansion will depend on the ability of the Chapter and Regional leadership to engage individual members and maintain their interest level in order for the expanded Leadership Development Directory to develop into a productive tool. Personal relationships draw the leadership qualities out of individuals. To this end, I would propose that personal and business networking education be part of the training given to the incoming Chapter Presidents, as well as the chapter executive staff on an annual basis at the annual Chapter Presidents meeting. This type of training will not only help recruit new leaders but will help each chapter promote networking between their membership. A chapter that has a membership using networking in their businesses is a chapter that is destined to be successful.

12: What challenges or opportunities present themselves to the Appraisal Institute in the current economic climate? What can the Appraisal Institute do to better position themselves in these challenging times?

There are a number of challenges currently facing the Appraisal Institute, not the least of which is the potential attrition rate of members due to the economic recessionary environment in the overall real estate industry currently and, by most accounts, for the next 12 to 18 months. While this issue may be the most challenging, there are several other major challenges that are currently facing the Appraisal Institute. The major challenges are listed below along with potential opportunities that these major challenges present.

1. **Challenge:** Increasing attrition rate of members due to the current economic crisis.

Opportunity: The membership attrition rate not related to retirement is presently not as severe as originally estimated by the strategic planners within the Appraisal Institute. *(It is still early in the year; we should have a clearer indication of the actual attrition at the end of the second quarter.)* In 2007, plans were approved to provide a variety of membership categories from which members can select an alternate category other than just active. If they meet the category's criteria, they can remain a member at lower dues, rather than completely giving up their membership if dues are an issue and active status is not a business requirement. Many members have used these new membership categories rather than resigning from the Appraisal Institute. There are still huge opportunities available for the Appraisal Institute in recruitment and education. At the current associate membership dues price point of \$295.00 per year, membership in the Appraisal Institute is very affordable for most appraisers. The ability to network with other appraisers, to increase their competency level through discounted education, and having support working toward an internationally recognized designation helped keep many of the associates actively involved and has attracted new associates. Evidence of this is based on the fact that in January, February, and March of 2009, the Appraisal Institute gained 323, 241, and 340 (total 904) new associate members respectively. These numbers can be increased dramatically if a coordinated effort between the national organization and local chapters can be organized immediately. These current tough economic times also present the Appraisal Institute a unique opportunity to move more associates through the designation path as many associates are trying to provide evidence of their advanced competency level as compared to state certified appraisers. To reap any benefit from this renewed desire to attain designations, the Appraisal Institute will need to be in a position to aid and support more members seeking a designation than ever before.

2. **Challenge:** Loss of Appraisal Course and Seminar Revenue Profits due to the economic slowdown.

Opportunity: The current economic environment has provided the opportunity to the Appraisal Institute to move into educational markets that were not readily available in the past. The Appraisal Institute has an opportunity to begin educating users of appraisal services. Recent talks with governmental, institutional, and private users of appraisal services, have given indications that users of appraisal services desire to have the Appraisal Institute design and implement seminars and courses on a variety of subjects. These are areas that we can provide an education solution for educational insight as to the competency level necessary to attain Appraisal Institute designations, and the ethical standards required for membership. This opportunity has broad implications within our organization. This opportunity will affect such areas as designated member growth, designated member retention, increased educational revenues, increased numbers of associate members, increased recognition of the designations, and awareness of the Appraisal Institute by users of appraisal services.

3. **Challenge:** Dramatic drop in residential member's major source of income (mortgage Lenders).

Opportunity: The opportunity presented by the current economic times is a perfect situation for the Appraisal Institute to bring current relevant seminars and courses to the chapters, addressing mortgage related topics, litigation real estate valuation support, and asset management areas of expertise. This will allow our residential members to expand the number of services for which they are competent to perform.

4. **Challenge:** Increased use of BPOs as a valuation tool (whether for a financial transaction or not). In some states, lenders and some typical users of appraisal services are using BPOs under certain circumstances as a substitute for an appraisal, mainly due to the low cost associated with a BPO. I find this one of the most perplexing situations ever perpetuated on the public. If this is allowed to continue, I see no reason for the states to continue to require compliance with USPAP or to continue to have or support state appraisal boards, appraisal licensing, or certification laws/regulations. This is only the logical progression of the exemption of BPOs used for financial purposes from the appraisal standards and from USPAP control. It is unconscionable for the governing authorities to require compliance with USPAP by appraisers, while at the same time allowing individuals with no appraisal license or certification to provide BPOs as a substitute for appraisal reports.

Opportunity: It is an ideal time for the Appraisal Institute to advance more stringent enforcement of existing appraisal laws. This issue is also an ideal issue for the formation of coalitions between the Appraisal Institute, other valuation organizations, and other individuals with the valuation industry to push for regulations to prohibit the use of BPOs for any financial purpose.

There are a number of other challenges and opportunities that have presented themselves to the Appraisal Institute during the current economic crisis. However, the challenges and opportunities listed above are in my opinion the most pressing.

13: Future Impacts:

a: How can the Appraisal Institute have an impact on the future of residential appraisals?

The Appraisal Institute needs to immediately start educating users of appraisal services in the areas of competency necessary to perform specific assignments, reviewing residential appraisals, proper methodology in underwriting, and understanding basic appraisal principles such as paired sales analysis. This will increase the awareness of the SRA designation and the inherent competency of Appraisal Institute educated residential appraisers. Active participation in this effort including our residential members will enhance the success of this effort, in addition to the proposals listed in questions 8.1 and 12.3.

b: How should the Appraisal Institute address the BPO issue?

The Appraisal Institute needs to continue to fight against the use of BPOs for all uses except for listing purposes. The approach used should be a combined effort at the national level through our national lobbying efforts and at the state level through the Appraisal Institute Chapters. This process has already begun. In the state of Nevada and several other states, the local Appraisal Institute Chapters, with help from the National Appraisal Institute organization, have had reasonable success in limiting the use of BPOs for financial purposes. This BPO issue is the **line in the sand** for both the residential and commercial appraisal industry. If the use of BPOs were continually expanded into the financial arena, then why would we need any appraisal regulations? In fact, appraisal regulations prohibit appraisers from performing many of the processes that are currently used in preparation of a BPO. Addressing this BPO issue at the state level is attacking the problem at the source. Using BPOs for any financial valuation purpose is a direct violation of the principles that were the core of the national and state appraisal licensing and certification laws and regulations.

c: What should the Appraisal Institute do regarding the Home Valuation Code of Conduct and Appraisal Management Companies (AMCs)?

The Appraisal Institute has expressed its concern as to the unintended ramifications of the HVCC. The initial premise of the HVCC, providing true appraiser independence, was a lofty and admirable goal. However, when the final draft of the HVCC was released, it was obvious that the separation requirements indicated by the HVCC for a lending institution in the ordering and management of the appraisal process is actually worse than the original system. One major issue, as it relates to appraisers, is the importance placed on the lowest fees over using the most competent appraiser. There is an ongoing debate as to the added benefit that AMCs bring to the appraisal management equation. The real question as to the use of AMCs is whether the public interest is better served with or without their use. My opinion is that the quality of the product a lender receives from an AMC presently is inconsistent. Some AMCs are quality oriented and others operate at a level to achieve maximum profitability regardless of the quality of the product that the end user receives. The HVCC encourages the separation of the lender and the management of appraisal services, but makes no provisions to regulating the independent appraisal management companies. This has the potential to create an unintended negative consequence, and unintentionally makes the appraiser independence problem far worse. The Appraisal Institute should continue production of model state legislation for regulating AMCs, lobby on a national basis to re-evaluate the provisions of HVCC to truly protect the appraiser's independence, and lobby for AMC regulations on a state level through the individual local chapters.

14. The Appraisal Institute's long-range and strategic plans indicate that we should be multi-disciplined organization. What will you do to make this a reality?

As the Chair of the Strategic Planning Committee that integrated the Board of Director's directive toward a multi-disciplined organization into our strategic and long-range plan, I believe this is a positive step for our organization. In short, users of valuation services are becoming more sophisticated and integrated into all parts of general business and industry. A present day client for a valuation assignment in the industrial or specialized commercial realm often needs an appraisal of the real property, personal property, business value, and/or goodwill that may be included in a particular facility or business, Valuation for Financial Reporting (VFR), is just one example. In many cases, the different components of the whole facility may be interrelated. We need to grow and expand our knowledge base, valuations technologies, client base, and membership base to include valuation disciplines other than strictly real property. This may include additional designations and or certifications within the various disciplines. The intent of this effort is to include valuation disciplines that are complementary to each other such as real property valuation, business valuation, personal property valuation for personal property used in conjunction with real property (FF&E), and other valuation disciplines that have a relationship with real property. Given the need to move to a multi-disciplined organization, I suggest we proceed in the following order to begin moving our organization toward a multi-disciplined organization.

1. Continue the development of the Valuation for Financial Reporting advanced education offerings and bring them to market as soon as possible.
2. Request that the Board of Directors approve the contracting of a business valuation expert consultant and personal property expert consultant to work with ADQC to establish the type of designation or certification that the Appraisal Institute should support within these two initial disciplines as well as the requirements necessary to achieve the specific discipline's designation or certification.
3. ADQC should setup procedures for staff to process and assist members in moving toward a new discipline designation.
4. Request that the Board of Directors authorize the employment of a business valuation educational development expert to design a series of qualifying business valuation courses and exams and begin offering these courses to members and other interested students immediately.
5. Request that the Board of Directors authorize the employment of a personal property valuation educational development expert to design a series of qualifying personal property valuation courses and exams that concentrate on personal property typically associated with real property like (FF&E) and begin offering these courses to the members and other interested students immediately.
6. Advertise the new courses and designations or certifications offered by the Appraisal Institute within the two specific fields of expertise.
7. Continue to research the inclusion of additional disciplines.

15. What is the balance between leading the organization and listening to the membership's desires/opinions?

A good leader is one who seeks a variety of viewpoints and weighs those viewpoints and logic prior to making an organizational leadership decision. A good leader also recognizes that everyone in an organization,

including both members and staff, has an opinion and wants to be heard. Listening to individual Appraisal Institute member or staff opinions and desires gives an indication of the satisfaction level of the general membership. However, a good leader should have the fortitude to do the right thing in the face of opposing opinion, if that opposing opinion is due to the lack of accurate information or other unsupportable reasons. It is the leader's responsibility to make sure that accurate information is disseminated and the exact reasoning for the leader's decision is made clear to all members and staff.

16. Do you believe the requirements for achieving designations are relevant in today's market? Why or why not?

a: General designation requirements

b: Residential designation requirements

a: Continuous change is the one thing that you can absolutely count on. I believe that some of the requirements of the MAI designation need adjustment in order to be relevant in today's valuation environment. The basic requirements for the MAI designation have essentially been the same for over 30 years. We have made changes from time to time in an effort to update the requirements. These changes are too numerous to list here, but the results speak for themselves. Within the past ten (10) years, the results were the designation rate has been consistently equal or lower than the attrition rate of designated appraisers. We recently created a new procedure to aid associates in writing their demonstration reports, "the E-Demo Process." This process will help some of our associates move through the process. However, the relevancy of this type of requirement has come into question in recent years. In today's environment, very few clients will ever require the extensive reporting that is required in a demonstration report. Testing for an appraiser's competency level necessary to understand and apply the techniques and processes contained in a self-contained report like the demonstration report is much more important than the laborious effort it takes to write one. Another issue is that many associates get extensive outside assistance in writing their demonstration report. This is counterproductive to the intended test of competency. The alternate method of testing the knowledge base under controlled conditions would yield a more accurate assessment of comprehension. Another issue with the designation path to the MAI is the type of experience credit currently required prohibits some otherwise qualified individuals such as institutional and governmental employees that do not have the opportunity to acquire the required variety of experience necessary. Many of these types of potential designation candidates are willing and capable of completing all the other requirements of the designation process. I am in favor of re-evaluating the experience requirements to accommodate institutional and governmental employees who desire a designation and are willing to accept a similar but alternate experience review process. Such a review process should still provide evidence of the experience and competency level of the individual.

b: I believe that most of the requirements for the SRA designation are still relevant. However, there are a couple additions I would make to broaden the potential field of expertise for SRA members. The residential designation requirements for the SRA were just changed in 2006, with the addition of the two-course case study and writing course alternative to the residential demonstration report. This change has had a substantial affect on the increased numbers of members completing the requirements for SRA. The educational requirements for the SRA designation should be broadened to cover a broader range of topics, such as eminent domain, and litigation support. These two areas of more specialized education would help the SRA members have a broader client base and potential broader field of expertise. The two course case study alternative to the residential demo is in effect the residential version of the competency testing as referred to in section a: above. It has worked in the residential arena, so it is only logical that it should work in the general arena.