



RESPONSES TO THE 2009 NATIONAL NOMINATING COMMITTEE PUBLIC QUESTIONNAIRE

SARA W. STEPHENS, MAI

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

A common characteristic that I have observed in those who have positioned themselves to lead our Appraisal Institute is the desire to enhance not only the lives of the members of our organization, but to extend that focus to every facet of their involvement in the Appraisal Institute. I have the desire to provide services to our members, and seeking nomination to the office of vice president is an opportunity to step up and, as others have, provide leadership to not only embrace the opportunities afforded to us but to meet the challenges that we face.

I have had the opportunity to be involved in leadership positions within our Appraisal Institute ranging from president of the Arkansas Chapter to chair of the National Audit Committee. When the Arkansas Chapter was given a mandate to become stable or disband and associate with an out of state chapter, as president, I worked with our members to move the Arkansas Chapter to a position of solvency with the ability to provide services to its members. I serve on the Board of Directors as Chair of Region IX, and as a member of the Board of Directors grapple with some very difficult decisions. Additionally, as a member of the Admissions Designation Qualifications Committee, I have been very involved with our associates and our designation programs.

Like many of our members, I am a small business owner, a provider of solutions to real estate questions encompassing a broad spectrum of services from real estate counseling to litigation support. The designation that I earned has set me apart from my competition, the education available to me as a member of our Appraisal Institute has made a profound difference in the level of services that I provide.

I would like to continue my involvement with our Appraisal Institute, to focus my energy and leadership skills on our members. Throughout the twenty-two years that I have been a member of our Appraisal Institute, the opportunity to work with our members has instilled in me the mantra that leadership manifests itself in the ability to make a difference in the professional lives of our members, to make a difference in the perception of our designations, to make a difference in the perception of our profession. As a member of our Appraisal Institute, I have been exposed to a legacy of leadership. From Bill Harps, Terry Oetzel, and Scruggs Love, some of my first instructors, to our present leadership team, I have had the opportunity to experience the impact our past and present leaders have had on our organization, our profession, its members, and users of our services. I seek to continue that effort through my selection as vice president of our Appraisal Institute.

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

a. Appraisal Institute qualifications?

Since becoming an associate member in 1987, I have had the opportunity to participate in leadership activities in the Appraisal Institute on a national, regional and local level. As a member of the Arkansas Chapter, I have served in several capacities, some of the leadership positions that I have had in the Arkansas Chapter include:

Arkansas Chapter Board of Directors, 2002 – 2009	Arkansas Chapter President 2002 - 2004
Arkansas Chapter Nominating Committee Chairperson and Member, 2005 – 2009	Arkansas Chapter Education Chair 1996, 1997, 1999 – 2009
Arkansas Chapter President Associates Group 1997	Regional Representative

Within Region IX, I have served as:

Chair, Region IX, 2009	Vice Chair, Region IX, 2008
Third Director, Region IX, 2007	National Chapter Services Representative from Region IX
Member Region IX Education Committee	

At the national level, I have been a part of leadership in our Appraisal Institute, some of the opportunities that I have had include:

Chair Region IX, Representative to the Board of Directors of the Appraisal Institute, 2009	Chair, National Audit Committee Appraisal Institute, 2009
Vice Chair Region IX, Representative to the Board of Directors of the Appraisal Institute, 2008.	Member, National Audit Committee Appraisal Institute 2008
Member Appraisal Institute Relief Foundation 2008 – 2009	Member National Admissions Designation Qualifications Committee of the Appraisal Institute 2004 – 2009
Chair, Alternative Demonstration Appraisal Report Project Team 2008-2009	Member, Review Appraisal Designation Project Team 2009
Region IX Representative to the Board of Directors of the Appraisal Institute as a Third Director, 2007.	Selected as a 2003 Discussion Leader, Leadership Development Advisory Committee, Appraisal Institute
Participant Leadership Development Advisory Committee, 2000 – 2003	Chair and Member - National Associate Member Guidance Subcommittee, Appraisal Institute, August, 2003 - December, 2004
Vice Chair and Member - National Associate Member Guidance Subcommittee, Appraisal Institute, 2003 – 2004	Member - National General Appraiser Council Admissions Committee, 2003 and 2004
Member - National Curriculum Committee, Appraisal Institute, 2003 - 2005	Member - National Chapter Leadership Committee, Appraisal Institute, 2004 - 2007.

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General Associate Member - National Associate Member Guidance Subcommittee, Appraisal Institute, 2001 - 2002	General Associate Member - National Communications Subcommittee, Appraisal Institute, 2002
General Associate Member - Cadre Team, National Associate Member Guidance Subcommittee, Appraisal Institute, 2000 - 2002	General Associate Member - National Membership Development and Retention Committee, Appraisal Institute, 2001

I have volunteered to participate in a project team initiated by Dave Riach, MAI, SRA, current chair of the Admissions Designation Qualifications Committee to begin working on a review appraiser designation. The E-Demo Project Team which I chaired has completed its initial work and the alternative demonstration process is now underway, a six months time line for the Beta test, and then our second group of associates will participate in the fall. I began working within the national committee structure as an associate member, it was truly a great incentive to pursue and complete the MAI designation. Participation in LDAC provided yet another opportunity to be exposed to and hone my leadership skills. I attended LDAC three years as a member and was selected as a Discussion Leader, enabling me to complete four years in the program.

b. Other organization qualifications?

In addition to the Appraisal Institute, I am also a member of the American Society of Real Estate Counselors, one of eight members invited to membership in Arkansas, the only female member in my state. Last year I had the opportunity to participate with the Counselors Consulting Corps. Little Rock members of the Counselors worked with the University of Arkansas at Little Rock to draft a land use plan for the campus and surrounding area. With the exception of the participants from Little Rock, the Consulting Corps consisted of CRE's from around the nation who volunteered their time and efforts to provide answers to real estate related questions of the university regarding land use decisions.

I have had the opportunity to work in my community with several groups. I recently completed a multi-year term on the house corporation of my college fraternity, Pi Beta Phi, at the University of Arkansas at Little Rock. Along with three other alumnae, I was responsible for the maintenance and operation of the lodge on the UALR campus. In addition to the day to day responsibilities of lodge operations, the University and Pi Beta Phi were involved in an eminent domain action last year, culminating with the University exercising their right to acquire the lodge. After working with the national office of Pi Beta Phi, the lodge was abandoned and the chapter closed.

I also served as a founding board member of Catherine's House, an outreach of Mt. Saint Mary Academy in Little Rock. The project provided counseling and care for teen, unwed mothers and their children. The initial group secured a site and structure for Catherine's House and worked with contractors to refurbish it, then helped oversee the day to day operations of the facility.

In addition to Catherine's House, I served a six year term as a member of the school board of Subiaco Academy, a Benedictine School for boys near the northwest Arkansas community of Paris.

On two occasions I was elected a member of the Parish Council of Christ the King Catholic Church in Little Rock. I was elected chair of the council overseeing a multi-million dollar budget.

c. Business qualifications?

I am the owner and president of Richard A. Stephens and Associates, Inc., the oldest real estate appraisal firm in Little Rock. Although on a scale that is much smaller than that of the Appraisal Institute, I manage the day to day operations of the firm and develop and implement our business plan. Along with my husband and business partner, Richard A. Stephens, MAI, SRA, I share business development responsibilities and manage our staff. Our firm is small, we have the capacity to enlarge our number through our association with other members of the Appraisal Institute, but we have participated in a number of outstanding projects in the central Arkansas community including the appraisal, litigation and acquisition support for the Clinton Presidential Library site project.

The diverse opportunities that I have been afforded, not only in the my personal life, my community and business activities but also the responsibilities that I have assumed in the Appraisal Institute have prepared me well for the office of vice president of the Appraisal Institute.

3. What is the role of the Appraisal Institute in our profession? What specific experiences do you bring to the organization to make the Appraisal Institute a stronger, more effective organization?

The role of the Appraisal Institute is to continue its presence as the preeminent appraisal organization providing relevant services to our members. The role of the Appraisal Institute was promulgated in the 1930's with an initial mission to provide education, designation and ethical standards. Those underlying purposes haven't changed in over 75 years, but have been enhanced so that today, our mission as stated is to "advance professionalism and ethics, global standards, methodologies and practices through the professional development of property economics worldwide."

As the preeminent appraisal organization our commitment is to promulgate the role we initiated at the inception of our predecessor organizations, to continue to be the recognized provider of quality education, designate new members through relevant and attainable paths and promote ethical standards. In effect, we must become the voice for real estate valuation while continuing our emphasis on ethics and standards and public trust. While our primary focus is our members, we must also embrace the opportunity to affiliate the hundreds of appraisers who are not members with our commitment to education, ethics and standards.

The Appraisal Institute must continue to equip our members with the skills that are needed to compete in a changing market. There is no question about our role, our education and publications by necessity must continue to change and adapt to the environment in which our members practice. We must challenge our members with new methodology, provide them intense curriculum offerings enabling them to continue to set themselves apart from others. Curriculum must meet the goal of providing skills to enhance our residential members' practice, to begin the process of acquiring skill sets that are divergent from those traditionally held. The Appraisal Institute must continue to expand our members' exposure to the edicts of legislation like HVCC, help them meet challenges of working with Appraisal Management Companies, and emerging trends in valuation.

Our role as the voice for real estate valuation is going to demand that we reach out to others in the valuation community and encourage their inclusion in the Appraisal Institute, and as we accomplish that, we must redouble our efforts to promote our designations and encourage them to move through our designation processes.

What specific experiences do you bring to the organization to make the Appraisal Institute a stronger, more effective organization?

My initial contribution to the viability of the Appraisal Institute began with my efforts to move the Arkansas Chapter to a position of competitiveness and service to its members. Now, as a member of the Board of Directors of the Appraisal Institute, I have the opportunity each time that we meet to continue to support initiatives that are focused on the viability of the Appraisal Institute. The Board has adopted not only a long range plan, but a strategic plan which embraces the scan, plan, monitor and adjust characteristics of our governance. The Board has supported initiatives that are currently working to provide an alternative to the demonstration appraisal report, an opportunity to approach the traditional designation appraisal report in an electronic format. As a member of the Admissions Designation Qualifications Committee and chair of that project team, I have been involved in the process from its inception.

Our role as the provider of the most outstanding education in our industry, not only qualifying education but continuing education provides an opportunity for the Appraisal Institute to touch a great many more real estate professionals than our member base. As a member of the Curriculum Committee, I have had the opportunity to work with the components of education serving our members. As a member of LDAC for three years and a year as a discussion leader, I have learned to listen to our members and our potential members. Suggestions from our membership have provided me with insight into a sometimes expanded view of a topic. My experiences at the chapter, region and national level have provided me with opportunities to continue to promote the prominence of the Appraisal Institute and to understand the initiatives that are necessary to continue its role as the preeminent appraisal organization and lead this organization forward.

4. What is your vision for:

a. The appraisal profession?

My vision for the appraisal profession begins with an expansion of the services that are offered. Emerging trends will continue to pressure appraisers to respond to opportunities to accept assignments that encompass VFR. Appraisers will become more skilled in analyses, and we will embrace opportunities for our services outside the mortgage lending environment. Access to data will be more plentiful, providing more and more opportunities to enter into assignments that are divergent from our present emphasis on delivering conventional appraisal analyses. We will see more and more demand for non conventional valuation services, litigation support, consulting and counseling. Valuation for Financial Reporting will become a focus of many appraisal practices.

Education and professional development will become more and more important as the needs of real estate professionals won't change in terms of the events of months, but days, even hours. Our members will expect professional updates, relative material to enable them to embrace changes in regulatory situations akin to those which have been offered by our education department to prepare our residential members to cope with the changes resulting from the HVCC. I see a downward trend in the number of appraisers entering the profession as result of the expanded requirements initiated by the AQB in 2008. On the other hand, those appraisers who complete the requirements will be better prepared and have exposure to topics that many of our current members do not have.

Certification programs will continue to attract our designated members who are interested in expanding their services and range of practice. Many users of our services will expect that those certifications have

been acquired, as is now the case with appraisals that involve conservation easements. There will be a new focus on and interest in the certificate programs that we offer, users of specialized products will look for expertise through these programs and our members will find that the certificate programs afford them an opportunity to favorably position themselves with the option to provide services that eclipse those of state certified appraisers. These certification programs are available not only for our general members, but our residential members as well.

More and more emphasis will be placed on international involvement, more international valuation opportunities will appear and more appraisers will continue to complete their education in international settings. There will be greater competition for international dominance, and the Appraisal Institute will position itself as a primary provider of not only education but ethics and standards as well as designations.

b. The General Designation?

The general designation will continue to attract participants to our program. Our designation requirements, however, may have to change with the advent of technology and pressure from our associates to make the designation more relevant and attainable. As I have stated in other parts of this questionnaire, I participated as a discussion leader at LDAC, my topic focused on designation requirements, and without hesitancy, participants in that 2002 session were asking for more relevant requirements.

We will continue to see demand for the MAI, but with an aging membership, the supply of designated appraisers may not adequately address demand. More and more of the education required for designation will be delivered electronically, possibly forcing the entire education system of the Appraisal Institute to change. We are going to face some difficult decisions regarding the disparity between our designation requirements and the 2008 AQB requirements in the area of college degrees. As we continue to accept associate members who are working to become state certified appraisers, we must find a way to resolve the differences in our college degree requirement and the qualifications that some of these associates bring to our ranks. International associates also present some interesting dilemmas and challenges, but our international viability rests on our ability to bridge cultural gaps, understand and address valuation concerns from country to country while continuing to provide education and publications, designate new members and promote ethics and standards. Our vision for international designations must not be clouded with abandonment of our domestic associates.

The project team that is working with Core Competencies promises to assist in resolving differences not just in international designation requirements, but this project team promises to provide insights into designation requirements that are cogent and relevant for our domestic associates, an opportunity to expand our member base. This project team is also going to create some opportunities for our Appraisal Institute to afford opportunities to a broader group of potential members. As a member of the Admissions Designations Qualifications Committee as well as the current Board of Directors, I have had the opportunity to be a part of initial commitment to Core Competencies. I see this initiative as a very important step in bridging gaps and enlarging opportunities for the Appraisal Institute.

c. The Residential Designation?

The number of SRA members of the Appraisal Institute has increased dramatically over the last five years. With the advent of options in completing the designation report requirement, we moved our designation from one of near extinction to one of viability. There will be more and more opportunities for our SRA members to expand their practices to include topics that many do not embrace such as litigation

support or ad valorem tax appeals. In the current financial crises, as our efforts to interact with regulatory officials increase, we will continue to emphasize that appraiser pressure, appraisal management companies, and unregulated methods of obtaining value opinions are just three of several important considerations that have to be addressed. With increased exposure of the Appraisal Institute in legislative settings, the value of the SRA designation will increase as recognition of the expertise commensurate with a professional designation continues to be emphasized. Our SRA members will see new opportunities with broader scope of work including possibilities in real estate counseling and litigation support. In an attempt to meet the needs of our residential members, the Appraisal Institute will begin to provide new courses and seminars as well as certification programs that will highlight and enhance the skills of our residential members. One opportunity that is now being explored through a project team initiated through the Admissions Designation Qualifications Committee is a residential review appraiser designation.

There will continue to be high demand for our residential designation, as more and more residential appraisers see renewed emphasis on the importance of setting themselves apart. Although there will be continued client pressure to provide services that are less than those allowed through USPAP, the Appraisal Institute's presence in Washington must continue to work to negate much of that pressure and influence a return to traditional methods. BPO assignments and the recognition of the emergence of Appraisal Management Companies will be challenges for the residential designation, but our organization's presence and influence in Washington will provide yet another opportunity to promote the SRA designation. The recently completed Collateral Matters Congress was a late 2008 initiative approved by the Board of Directors. It provided appraisers and related professionals the opportunity to discuss issues facing our industry. There were over 75 leaders at the initial meeting. The initial success of this effort will no doubt pave the way for similar events.

5. What role should the Appraisal Institute have in the international community? Why? What experience do you have in this area?

As global issues become more and more relevant to our economy, our Appraisal Institute must expand its reputation as the preeminent provider of real estate services to the international community. Our members are going to find more and more opportunities to be part of global initiatives, and we must assist them. Our Long Range Plan places a focus on international membership growth. Our Strategic Plan poses a similar theme, with our participation at the international level targeted at a four fold increase. We are currently visible and present in many international settings, among them Korea, China, Mexico, portions of the Middle East and Europe, over 58 countries and growing. Opportunities to expand our realm of influence are abundant but we have to seize those moments. As the Core Competency Project Team completes its work on the development of that topic which would include professional ethics and standards, designations, education programs and publications as well as our continued strategy of being a "voice" for the valuation profession, we may well see new thoughts on many topics from valuation skills to appraisal designation requirements both domestically and internationally.

We have already translated the *Appraisal of Real Estate* into several languages, expanded our education into international markets and offer our designations to a diverse group of individuals. There are many factors that could stymie the process, including divergent economies, differences in methodology and cultures. We may no longer find ourselves able to utilize our traditional focuses of experience, a comprehensive examination and traditional demonstration appraisal reports for designating members in these emerging markets. One of the major pitfalls of increased attention to international efforts is perceived neglect of our domestic associates. We must work to continue to provide opportunities within our borders for designation as we work internationally. I have had the opportunity as a member of the Admissions Designation and Qualifications Committee to be involved with many discussions and

decisions regarding our focus on international efforts. We have met with both the Education Committee and International Committee and grappled with the problems associated with processes that we employ for designation, problems associated with experience review, comprehensive examinations and demonstration appraisal reports. Along with the Education Committee we brought information to the Board of Directors asking that a Core Competency Project Team be formed to investigate those skills and concepts needed for the valuation community.

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

Government and political issues have never been more important to our Appraisal Institute and its members. In the past few months we have been exposed to changes that have not been experienced since the reforms associated with the savings and loan debacle. Our political presence influences issues that affect the ability of our members to protect their livelihood, and our continued efforts are mandatory. We must maintain our visibility as the only organization with a significant presence in Washington. We must ensure that our role as a professional organization continues as the preeminent provider of services to our members. The Appraisal Institute's primary objective in the current political climate should be to continue to represent our members and to promote legislation favorable to them.

Our Washington office is the voice of the appraisal profession, we have maintained cooperative efforts with other appraisal groups and work to continue to have an impact on our legislators. The Appraisal Institute must continue to work to position our members to understand current legislative initiatives. Our increased lobbying efforts are a measure of our commitment to our members. The foremost objective of the Appraisal Institute with regard to government and political issues must always be to place our members in the most favorable position possible. Just two recent events speak to the positive force of our presence in the nation's capitol:

- A strong presence in Washington is evidenced by the opportunity that was recently afforded to the Appraisal Institute as President Amorin testified before a congressional committee. President Amorin spoke about differentiating our valuation techniques from those utilized in BPO's, as well as appraiser independence, and the increased use of appraisal management companies. Activities such as this serve to resonate the fact that our organization is perceived as the voice of valuation in Washington.
- Initiated through discussions at the Board of Directors meeting, the Collateral Matters Congress which recently concluded was an event sponsored by the Appraisal Institute that included leaders from several areas including appraisers.

As an example of the continued efforts of the Appraisal Institute to provide assistance to its members, in my state, Scott Dibiasio from our Washington office consulted with the Arkansas Appraiser Licensing and Certification Board to help present legislation targeting the control of appraisal management groups. Scott sent multiple email alerts, was available and ready to work with not only our Board, but also our chapter membership to pass legislation favorable to the appraisal community, not just designated appraisers, but all of our state certified appraisers. That is the involvement as an organization we must continue to exhibit.

7. What are the most important issues facing the Appraisal Institute:

a. Short Term (less than three years)?

Given current economic realities, issues that relate to fiscal responsibilities and sustaining our economic viability are surely among the main focus of any response that I would make regarding short term issues. Among the most pressing issues that face the Appraisal Institute is the graying of our members and membership retention. This along with changes in education requirements resulting from implementation of the 2008 AQB requirements which limit the influx of potential members highlight areas of initial concern.

We have initiated a program of recruitment for associates and as a result we have seen enormous growth in our numbers. One of the provisions of our recruitment effort is the return to chapters of a portion of the dues revenue. That program will expire next year, and we are faced with the dilemma of maintaining a price point that, according to our Director of Research, is market driven in the face of returning dues revenue to our chapters. Expanding our ranks to include professionals not currently present represents a significant short term issue. For example, as we are exposed to the contributions of academicians who play an enormous role in the education of our potential members, yet we find that few of them are members of the Appraisal Institute. We are faced with the opportunity to be an inclusive group, yet these educators do not meet our criteria for professional designation, and we must present an opportunity to include them and similar groups in our membership.

Issues with increased acceptance of on line education versus traditional classroom venues will expand. With pressing economic concerns, there is going to be more demand from our members to deliver our education in formats that we do not traditionally embrace.

Along with the Appraisal Management Issues, we will be faced with threats to the services that our residential appraisers provide. The continued promotion of the BPO as a valuation tool is a serious issue facing our residential members.

b. Long Term Issues?

One of the most important long term issues facing the Appraisal Institute is maintaining relevant, attainable designation requirements for our associates. As a result of our efforts to make our designation requirements relevant and attainable, another issue logically emerges, and that is focus on moving our associate members through the process to become designated members, sustaining our membership base.

Our SRA associates have embraced changes in their designation requirements, resulting in an enormous increase in SRA's over the past three years. However, we have not seen a dramatic increase in the number of MAI's designated. With increasing numbers of associate members secured through our recruitment efforts, we have a challenge in their retention and movement toward completion of our designation requirements. The work of the Core Competency Project Team will bring new energy to designations, education and standards and ethics and provide insights that are going to be a bridge to designating both our domestic and international associates. Today, we have about 300 associate members who lack only the demonstration appraisal report to attain the MAI designation. The Edemo project team presented an alternative to the traditional demonstration report, incorporating the concepts of technology and a counselor, but it will not be an acceptable viable choice for all of our associates. With an aggressive time line of six months to complete the process, early this fall we should have initial data from our Beta group, and begin a full group in the fall.

Not just a short term issue, our graying membership is becoming more and more crucial as we face a designated population where over 40% are over 60 years in age. This issue is directly related to my comments in the preceding paragraph. Without a strategy to address our designation requirements in a manner that is relevant, we are going to begin to question our sustainability.

c. What is the greatest opportunity facing us?

The greatest opportunity facing us is to truly become the global voice for the appraisal profession. Both our long range and strategic plans embrace this opportunity. With that opportunity comes the responsibility of providing our members with adequate tools to allow them to be the most qualified and best educated providers of valuation services. Preparing our members to accept Valuation for Financial Reporting appraisal work provides the Appraisal Institute with an enormous opportunity. Additionally, the conclusions of our Core Competency Project Team will enable us to view not just requirements for our designations in a new and more robust light, but possibly enlarge substantially our potential membership base.

d. What is the greatest challenge facing us?

The greatest challenge facing us is retention of our members, our aging membership and the ramifications that come from a declining population of designated members. As I have stated in a discussion of our most important short term and long term issues, a declining member base provides us with our greatest challenges, both long and short term. With over 40% of our designated membership's age in excess of 60 years, we have to reverse our current trend and replace our aging membership with a younger designated member base. This challenge incorporates the comments that I have made in prior paragraphs: making our designation requirements more relevant and attainable, embracing the findings of our Core Competency Project Team, and expanding our international presence.

8. What will be your goals and areas 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?

The primary area of specific interest during my term of service, if I am elected, will be the continued promotion of our members and their services. There is, in my opinion, no greater asset present within this organization than our members. From our designated membership to our associates and those who would aspire to become part of our ranks, my focus would be on continuing to provide service to them.

Initial goals would focus on:

- Membership recruitment and retention
- Implementation of more relevant, perhaps streamlined designation requirements and programs
- Implementation of the findings of the Core Competencies Project Team
- Embracing technology to its fullest to move our associates through the designation process
- Enhancing our presence as a provider of education and publications, seeking better delivery methods to make our education available to greater numbers of our membership
- Focus on educating our legislators regarding services that our members provide, especially our residential members
- Focus on preparing our members for the impact of VFR on their practice
- Continued emphasis on our peer review process

Without perception of worth, joining a professional organization probably doesn't appeal to many real estate appraisers. We have to focus on providing services that differentiate our members from the rank and file appraiser, thereby providing a reason to join us.

To achieve these goals, I would work with the Board of Directors, project teams that are in place as well as the Education, Admissions and Designations Qualifications and Ethics and Standards Committees to monitor our Appraisal Institute programs.

9. Does the valuation profession need to be unified and what should be the Appraisal Institute's role, if any?

Unification of the profession has been a topic that has been a focus of multiple discussions within the Appraisal Institute. In fact, there are mentions about the Appraisal Institute's continued interest in unification of the valuation process in both the Long Range and Strategic Plans. In the Strategic Plan, the comment is made that we should take "advantage of unification and/or affiliation opportunities where synergies exist." The proposal that was brought to the Board of Directors as we were considering unification with ASA and ASFMRA was simply put, in my opinion, not in the best interest of our organization. Issues regarding immediate financial impact and continued concerns about our designations were problematic. I think that there might be opportunities to work together on issues that are common, such as legislative concerns, but to blend distinct organizations, promote designations and protect our brand as well as our governance structure, staff and members while at the same time molding divergent groups into one organization was not shown to be in our best interest.

Our most recent discussions with NAR were promising, but there again, the diversity in both of our organizations probably would have never allowed the eventual goal of becoming a part of a larger group. One of the most glaring problems that we struggled with as those talks were in process was the BPO issue, and frankly, neither side was going to alter their stance. We did the only thing possible, we could not abandon our residential members, and the decision to walk away from any unification effort, in my opinion, was the correct thing to do.

We bring to any discussion a rich history, superb education, and publications that are head and shoulders above any of our competition, and designations that have instant industry recognition. We have always promoted ethics and standards, and we have much to offer, but we have more to lose if we allow these positive aspects of our organization to be overshadowed by a desire for large numbers at the expense of our members, our designations and our organization.

10. How should the Appraisal Institute proceed with the upcoming Valuation for Financial Reporting Initiative?

First and foremost, as in any other major issue, we must consider our members. At the heart of the VFR initiative is preparation of our members to meet the needs of their clients as well as continued presence in the discussion of major issues. The Appraisal Institute must position itself to be the leader in efforts toward Valuation for Financial Reporting, and set ourselves apart from our competition. We have to educate our members with regard to the tenants of VFR, and we must make sure that we have afforded them the skills to put classroom theory into practice. We have begun the process of education with a recently announced course, with a second to follow in November, 2009. The chair of the VFR committee indicated that this combination of VFR courses will result in a certificate of completion. We should heavily promote the opportunity to complete these courses as well as make sure that there are ample instructors to offer these courses around the country.

We communicate to our members through print media, podcasts and other technology based media the opportunities that VFR offers and ramifications of training for this type of assignment. Many of our members do not realize the implications that these valuation assignments are going to have on their practices, we must educate them to move ahead.

11. Communication:

a. How would you improve communication with members?

Past President Pugh and President Amarin have set high standards for communication with our members. Along with their comments in “Valuation Insights and Perspectives,” “Appraiser News on Line,” “AI Presidents Report” and “Chapter Leadership Communiqué,” I think that their timely letters and newsletters to our members have set high expectations for future communication efforts. If selected as the nominee, I would continue their lead

Our Director of Research, Bill Goddin, has often stated that a relatively small number of our emails to members are even opened. As an alternative, President Jim Amarin has used podcasts to communicate with his committee members and chairs, as well as the Board of Directors. There are podcasts available on the Appraisal Institute web site that are accessible not only by our members, but by non members as well. I would like to use that same approach with member communication. I think that a monthly “Q and A” session using live meetings or our Communities of Practice would draw our members to their leadership.

The transparency that has emerged in communication with the membership is such a positive feature of recent administrations, I would continue to be open and receptive to working with any means to further an open dialogue with our members. Although not free to our members, the recent efforts of our education department to update our members on issues that are relevant to their practices through “spotlight” seminars that are relatively inexpensive is another example of our efforts communicate with our members, to provide service and value to their membership.

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

Getting our members involved, in my opinion, begins at chapter and regional levels. I would work with chapter leadership to promote the presence of our associate members on committees and in leadership. After all, associates are eligible to hold a myriad of chapter offices. I know that finances are a concern for many chapters, but offering an education voucher in exchange for service by associates might be a small way to spark initially volunteering for leadership opportunities.

I would like to see each and every newly designated member recognized at a Board of Directors meeting and have the opportunity to receive his or her designation certificate from our national president. A part of each issue of “Valuation Insights and Perspectives” or a part of the “Appraiser News on Line” could contain recently designated members’ pictures and biographical information. Our newly designated members are currently recognized in the *Appraisal Journal*, with name and date of designation. We need to do more of that.

At the region level, I would work through our chapter leadership to encourage new faces to become part of the regional committee and to accept regional responsibilities. I would also encourage participation in LDAC. The “think tank” attitude and the open encouraging atmosphere do so much to promote a willingness to become involved at higher levels in the Appraisal Institute.

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

In our current economic climate the Appraisal Institute is confronted with both challenges and opportunities. Challenges include the necessity to continue to emphasize the benefits of membership in a professional organization, to promote our ethics and standards and the valuation services that our members, especially our residential members, can provide. We will be challenged to look outside our current designation structure, to be inclusive, for example, to provide a place for academicians who are touching the lives of emerging members.

We must hone our education system to provide rapid responses to changing environments. We have had the opportunity to see our education department perform at just such a level with several new seminars, introduced in a matter of months that will prepare both our residential and general members for changes in the valuation landscape. We are challenged to prepare our members for changing valuation assignments, acquaint them with VFR and make them aware of the impact that changes which are coming to our profession will have on their practice. Our opportunity lies in the fact that our initial VFR course will premiere in May with a second to follow in the fall.

We are faced with the possibility that BPO's will become a preferred lending tool. We will be faced with the challenges afforded by appraisal management companies and the threats that they extend to our membership. Our members will be faced with continued challenges to their independence. Our continued presence in Washington will be ever more important in the ongoing promotion of our members and our designations.

Finding ourselves faced with economic changes unprecedented in several decades, we will have the opportunity to emerge with education that will provide our members with the skills that they need to meet changes in their practice. Our programs for both qualifying and continuing education as well as specialized education will continue to be the cornerstone of our success.

13. Future Impact:

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

The appraisal institute can impact the future of residential appraisals by continuing to provide high quality education, promote our residential designation and continue our legislative presence. We need to continue to provide our residential members with education, but perhaps look at that education in a different way. Our on-line courses and seminars have prospered in the last two years, in part, a response to economic factors. Along with that, a number of potential members may have difficulty with the AQB experience mandate. Currently, there is an allowance for 50% of that experience being attained through practicums, that percentage may be lower in some states (in Arkansas only 25% of experience may be gained through a practicum). The Appraisal Institute has the beginning process of a series of practicums in place through the efforts of the EDemo Group. Why not build on the EDemo concept and introduce practicums that would allow residential associate members of the Appraisal Institute to gain skills in a different way.

To encourage new members, I would recommend that the Appraisal Institute initiate a series of "introduction" seminars presented at the chapter level, much like our current "spotlight" offerings. These

seminars could be introductory, readily available to our chapters and offered regularly to acquaint prospective members with the profession, discuss what real estate appraisal is and what skills are needed to enter the field. These “spotlight” offerings would afford an opportunity to chapters to invite prospective members to a membership meeting. We impact the future of residential appraisals by our continued presence in Washington, our willingness to stand up and tell our legislators about the services that we can and do provide, much as President Amorin did recently when he testified before a congressional committee.

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

The Appraisal Institute has to continue to take an outspoken stance on this issue. The BPO undermines the integrity of the whole valuation system and trust in the appraisal process. Today, there are about 29 states that have specific laws against this tool. States have begun to work against BPO’s as valuation tools, perhaps this is the time for the Appraisal Institute to work for national legislation.

The Appraisal Institute has developed an alternative for our members, it is another resource for our members. Some of our residential members will utilize the opportunity to compete with appraisers offering BPO’s, others will choose not to use it at all, the important issue being the fact that the Appraisal Institute has reacted on behalf of our members. The BPO issue has to be addressed through continued assertions to our lawmakers and regulatory officials that as a valuation tool, there is no comparison with an appraisal. As less expense and rapid delivery replace concerns for quality and accuracy, we must continue to stand strong on the issue of BPO’s. Our financial support should be extended to those states where the issue of BPO has come to the forefront, along with legislative support from our Washington staff.

c. What should the Appraisal Institute do in the future regarding the Home Valuation Code of Conduct and the Appraisal Management Companies?

Many of our members will meet the challenges of working within in the framework of the HVCC because of our efforts to educate them. Spotlight seminars that are specific to provisions that affect our members have been developed and are available to chapters at a very reasonable price. Our Washington staff has assisted state appraisal boards to craft legislation that will regulate appraisal management companies. While the legislation has not been successful in some states where strong lobbying efforts by financial institutions were present, the assistance of the staff, Scott Diabassio and others, provide leadership and direction.

While the present code is specific to loans for Fannie Mae and Freddie Mac, there is no doubt that a majority of financial institutions will apply the provisions of HVCC to the bulk of their assignments. The Appraisal Institute has been in front of our members with education, a “Myths and Realities” paper has been distributed and we continue to raise the issue with legislators that appraisal management companies, use of AVM’s and appraiser independence are major points of focus. Going forward, we have to continue with our current efforts, educate our members to the current tenants of HVCC and keep them informed of changes and roadblocks and gather their comments and concerns. Our legislative presence is highly visible and we have to continue our efforts to place ourselves in front of decision makers.

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

The Appraisal Institute, according to both the long range and strategic plan should focus efforts on a multi disciplinary organization. I think that initiating the processes to begin looking at a designation in business valuation is natural accompaniment to the skills that our members have developed as real property experts. If elected, I would task a project team to begin working on a program for a business value designation, much the same as President Amorin asked the ADQC for a review appraiser designation in the first 100 days of his administration. They would look at demand, possible participants and competition, and then begin to craft the tenants of a designation. In addition to the business valuation component of a multi-disciplinary group, machinery and equipment valuation is also a component that has natural ties to the appraisal of real estate. In much the same manner as the approach to a business valuation designation, I would also task a group with the charge of creating a machinery and equipment designation. We can't be all things to all of our members, but we can and must bring the requisite skills to our membership enabling them to be competitive.

We are going to have to balance the implementation of a multi-disciplined program as well as the development of the education and designation paths that would support such designations with the need to service our associates. As a member of the ADQC, I have been a part of initiating the programs that will lead to our foray into membership diversity with a review designation. I have the experience and expertise regarding our membership requirements and existing programs to help expand our designations to more than those currently offered.

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

The president of the Appraisal Institute speaks for the organization from a position of knowledge and as much information as can be acquired. The president is our public face, tasked with the implementation of the decisions made by the Board of Directors. Our president doesn't operate in a vacuum, there are numerous sources for advice and information before any public stance is taken, and public comments are a result of heeding good advice based on sound information.

Leadership should encourage members to take the opportunity to communicate with leadership through their directors, through written correspondence, and through their direct comments. Members have the opportunity to respond to issues and challenges in a number of ways such comments to the 45 Day Notice. Additionally, the importance of our members' opinions was highlighted in our April 30, 2008 communication regarding the HVCC and IVPI. Our members may not always have opinions that parallel those of leadership, but the diversity and depth of their input often facilitates a more informed response with broad appeal. I do think that it is important to stay in touch with the opinions of the members and give them the opportunity to communicate with leadership.

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

In today's market our designations are relevant, held in esteem by users of our services, the MAI continues to hold a place of prominence, the SRA is the recognized leader in residential appraisal expertise. We have continued to hold our clients' respect for our designations because they, for the most part, realize that designation process is the result is the highest quality education, testing, knowledge of and adherence to our ethics and standards, and experience.

Our Admissions Designations Qualifications Committee, of which I am a member, is charged with monitoring designation requirements. We have had many discussions regarding the relevant role our

requirements have in our designations processes, and it has become increasingly clear that there are professionals who are part of the real estate community who are well qualified, might be interested in obtaining our MAI designation, but cannot qualify because of parts of our requirements. For example, we exclude a whole group of educators who are teaching in our colleges and universities the very courses that we require of our associates but, who because of our experience requirements, cannot be considered for membership. The same situation exists for review appraisers. These are just two groups of professionals who could be included in our membership and achieve our designations if our requirements were relevant to their employment. I believe that the current Core Competency initiative will go far to alleviate the problem. Once core competencies have been identified, we will have a point of discussion regarding inclusions of diverse groups in our designation process. On the international front, we have been hampered in designating members because of the differences found in emerging economies, our requirements aren't relevant. Again, core competencies will surely guide us to attainable and relevant designation decisions in these markets.

We realize that we are not designating enough members to replace those who are leaving, but that is not reason to lessen the stringency of our requirements. I think that the EDemo may provide an alternative to the current demonstration report that will interest our associates who have not been able to complete the requirement. We have over 300 associates who lack only the demonstration report for designation. Our associates are a technologically savvy group, we have seen a great increase in interest in on-line education and hopefully a web based demonstration appraisal report will be of interest to them. Our associates are our future, and if they find little relevance in the current requirements in their practice, we will not continue to designate them. Looking ahead, our Admissions Designation Qualifications Committee should be tasked with a review of our designations and their requirements taking into account the results of the Core Competency Project Team, this could lead to major alterations in our requirements. We see general associates working toward our designations but only a small percentage attain the MAI, a topic that I addressed as a discussion leader at LDAC where my topic focused on designation requirements and their relevancy in the market.

Requirements for our SRA designation have been altered and are, in my opinion, much more in line with the expectations of our members than those of the MAI. The dramatic increase in the number of designated SRA's since a low of seven designated members in 2004 increasing to 147 in 2008 demonstrates that there is perception on the part of our members that the requirements are relevant and applicable to their practice.

I appreciate the opportunity to respond to the questions of the National Nominating Committee. You provided me a forum to explore several critical issues facing the Appraisal Institute and to communicate to you my thoughts, goals and opinions. I look forward to completing the rest of the nomination process when I have the opportunity to talk with you in May about my vision for the Appraisal Institute.

Respectfully submitted,



Sara W. Stephens, MAI