# Profile

About the Appraisal Institute's 2020 President

# Jefferson L. Sherman, MAI, AI-GRS

Jefferson L. Sherman, MAI, AI-GRS, of Highland Heights, Ohio, is the 2020 president of the Appraisal Institute. He will serve as immediate past president in 2021, when he also will chair the National Nominating Committee. He serves this year as chair of the organization's Executive Committee and chairs its policy-setting Board of Directors.

Sherman has served nationally on the Board of Directors (2000–02), Finance Committee (chair in 2018 and vice chair in 2002), Nominating Committee (2002), Education Committee (2010–13), International Relations Committee (2016), and Strategic Planning Committee (2017). He has served nearly continuously on the Region V committee since 1993, including many years as its parliamentarian. He also has served in chapter roles, including twice as an Appraisal Institute chapter president in Ohio, and has worked on two successful chapter merger teams. Sherman is principal of Sherman Valuation & Review LLC in Willoughby Hills, Ohio. He has taught courses for the Appraisal Institute since 1992 in 10 states and in Saudi Arabia. He also has served on two course development teams and was chief reviewer for the apartment appraisal course.

Sherman has been a real estate professional for 45 years, including as a broker in Colorado and then in Michigan. His practice concentrates on the eminent domain field with emphasis on litigation review. He opened his original appraisal business, Johnson and Sherman Inc. in Willoughby, Ohio, in 1990 with his partner, Marilyn Johnson, who is now retired. The firm changed to Sherman-Andrzejczyk Group Inc. in 2000 and transitioned to Sherman Valuation & Review in 2019. During his years as a Realtor, he twice served as president of the Battle Creek (Michigan) Board of Realtors and was named Realtor of the Year in 1982.

# Important Foundational Concepts

Dear Readers:

Welcome to the 2020 *Appraisal Journal*. Although events continue to unfold, we know a challenging and unpredictable year lies ahead of us. Appraisal professionals will be called upon to use their in-depth understanding of valuation theory and markets to provide clients with the best information possible. We urge you to consult *Appraisal Journal* articles as well as other Appraisal Institute materials to aid in developing solid responses to complex situations.

In the current issue, you will find discussions that dig into concepts that underpin valuation methodologies: reliable comparable analysis and the nature of market rent.

The first feature article, "Principles for Calculating AVM Performance Metrics," looks at automated valuation models (AVMs), their analysis of comparables, and how AVM performance metrics are calculated. These performance metrics are important indicators of the accuracy and reliability of AVMs. The study demonstrates that the calculation of performance metrics is not standardized and tends to overstate AVM reliability. The article suggests best-practice principles to improve calculation of performance metrics as well as the performance of AVMs.

The second feature article, "Long-Term Leases: Rent Reset Analysis," examines the process of periodic rent resetting where there is a long-term lease. The analysis in such assignments and the ultimate opinion of value depend on the property right to be valued, as indicated in the lease language. The article summarizes a sample of rent reset cases and explores solutions to rent reset valuation challenges.

The third feature article, "Revisiting Market Value and Market Rent," explores the evolution of appraisal's fundamental terms, *market value* and *market rent*. The components of each term are discussed and the ramifications of vague phrasing are illustrated, with revised definitions proposed.

As always, we welcome your comments regarding any aspect of *The Appraisal Journal*.

*Stephen T. Crosson, MAI, SRA*
*Editorial Board Chair and Editor-in-Chief*
The Appraisal Journal