

# 2009 LDAC Forges New Ideas

Each year, the Appraisal Institute hosts 100 of its up-and-coming leaders and thinkers in Washington, D.C., where they participate in a series of roundtable discussions aimed at improving the Appraisal Institute and the profession. The annual Leadership Development and Advisory Council meeting fosters leadership skills by allowing participants to engage in active discussions of four topics, chosen by their respective Discussion Leader. While in D.C., the groups also lobby on Capitol Hill on behalf of the profession (see sidebar).

This year's LDAC, held Apr. 29-May 1, explored topics such as how the Appraisal Institute can enhance its relevance in this era of change; improve its member benefits; and reach non-members through aiding state boards. Also discussed were the implications of becoming a multidisciplinary organization. Each year, the LDAC Discussion Leaders submit their reports—highlights of which appear below—to the Appraisal Institute's Strategic Planning Committee, which then considers the viable recommendations for the Appraisal Institute's Strategic Plan.

## Keeping AI Alive—Flexibility, Change, Survival

by Nancy D. Gossett, MAI, SRA

As our nation embarks upon an era of change, this LDAC group explored a variety of ways in which the Appraisal Institute can become more flexible, embrace change and enhance its relevance. The main topics included: core competency, the designation process, and creating new paths to designation.

Core competency—which has become quite the “buzz phrase” these days—is, essentially, a set of values/beliefs and skills/abilities that every person in a group shares. The following values/beliefs were ascribed to Appraisal Institute members: integrity, competence, consistency, commitment, punctuality, persistence, fairness, dedication, ethics and professionalism. The skills and abilities members were said to share include: time management, effective communication, objectivity, reasoning, sound judgment, problem solving skills, organization, technological proficiency, professional curiosity, self discipline, and investigative and analytical skills.

We then looked to other appraisal, real estate and property economics professionals worldwide that share similar professional values in order to consider what contributions



LDAC and Appraisal Institute Leadership on the Capitol Steps (from left):

Juan De Jesus, SRA; Jake Knight, MAI; Leslie Sellers, MAI, SRA; Associate Member Shauna Elmer; Dennis Key, SRA; Nancy Gossett, MAI, SRA; Appraisal Institute CEO Fred Grubbe; Jim Amorin, MAI, SRA; and Associate Member Mark Verrett

they might make to our organization. We came up with the appraisal reviewer, the mass appraiser, the Wall Street portfolio analyst and the university real estate professor—all of which might be good target markets for expanding our membership. To that end, we looked at the current designation process with an eye toward the possibility of expanding the “AI umbrella” through new paths to designation and/or creating new AI designations altogether.

The majority of attendees were against deleting the college degree requirement for designation, but were in favor of alternatives, such as the Appraisal Foundation's current requirements of a specific education alternative. Among such alternatives were awarding the equivalent of a minimum of one year of college credit to those who successfully complete the MAI class work, or creating an “AI-approved” bachelor's degree (e.g., a bachelor's in property economics), possibly in partnership with the University of Phoenix or another similar institution. Such a partnering could bring AI education to a



(Clockwise) Dennis Key, SRA; Harris Hollans, MAI; Darrin Nivens, MAI; and Melissa Calloway, SRA.

whole new level and create an “AI path” to funnel future appraisers to licensure, certification and eventually toward designation.

Virtually all LDAC participants agreed that there is very little room for flexibility in our current level of experience required for designation; however, alternative experience credits also should be investigated.

The Board of Directors took up the idea of developing designations for review appraisers at its Aug. 22-23 meeting (the results of which were not available at press time); in advance of that, we recommended that the board develop criteria for accepting “mass appraisal” and “review appraisal” experience; accept this experience only toward a new Appraisal Institute designation designed specifically for the mass appraiser or the review appraiser; and create a new designation for these appraisers.

We found that the Comprehensive Exam was both relevant

and challenging and therefore had no recommendations. As far as the demonstration report goes, we recommend that the Appraisal Institute continue to seek alternatives to the traditional MAI demonstration report, along the lines of the new E-Demo. (For more information, see page 40.) We thought the SRA 45-hour class alternative was good. However, we are not in favor of a classroom alternative to the MAI demonstration report, since it would not be equivalent to the knowledge gained by developing a demonstration report using real market data. We recommend a scholarship program to help alleviate the financial strain/burden of the demonstration report.

It was felt that our current educational offerings are both challenging and rewarding. In addition, we should develop certificate programs relevant to changing economic environments. We should also continue to explore international options and reciprocity with other property economics professionals and organizations.

Nancy Gossett, MAI, SRA, is from Norfolk, Va., where she specializes in appraising vacant land for commercial and residential development. She is a past member of the board of directors for the Hampton Roads Chapter of the Appraisal Institute.

### AI Benefits: What Do Members Really Want?

by Mark Verrett

At the core of the Appraisal Institute’s goals of both increasing and retaining membership is Appraisal Institute member benefits. This LDAC group explored what AI currently offers members and what they could add to that list. Of the 31 existing benefits listed on the Appraisal Institute’s Web site, participants cited the membership directory as the most useful benefit for members and suggested several minor improvements that could be implemented in the very near term including

- offering a map search feature for appraisers
- limiting the number of specialties an appraiser can list
- improving how Associate Members appear in the directory during search results
- enabling searchers to download a member’s contact information directly into their Microsoft Outlook address book.

Furthermore, the Appraisal Institute could expand its membership directory to possibly generate HVCC-compliant appraisal ordering for the residential appraiser member, some of whom may have lost clients because of the changes brought by the Home Valuation Code of Conduct. If AI could expand upon its national membership directory and market that directory to local, regional and national lenders, an HVCC-compliant and useful ordering mechanism could be created that



(Left to right) R. Patrick Mills, SRA; Michael Jonas, MAI; Associate Member Carlos Gobel; Rep. Lincoln Diaz-Balart, R-Fla.; Associate Member Michael Brady; Scott Powell, MAI; and Associate Member Brad Saucier.

would be both cost-effective for AI and could provide direct monetary benefits to its residential membership base.

Discussion participants also identified the Appraisal Institute Lum Library as one of the most important benefits we offer. Possible improvements could be offering the currently available books on CD (similar to the eUSPAP format), tape or an alternative audio format such as an MP3.

Other suggested improvements to existing benefits include exploring if the trend is moving toward an increased usage of online USPAP courses so we can offer ours competitively and researching more insurance options.

### Proposed Benefits

One proposed benefit was an online practicum-style training tool for Associate Members who are not actively pursuing

their designation. Such a tool could feature interactive participation requirements covering all specific appraisal principles and could be tied to a moderator/instructor who would be available for questions. It was hoped that this would serve as both marketing for more in-depth traditional courses and provide specific education to those who may not be interested in paying and attending more in-depth courses.

Another proposed online education improvement was the development of courses that are hybrids of both online and in-person sessions all in one course. Straightforward definitions and foundational education components found in every course would be offered to students online. Students would be required to complete the online curriculum prior to attending a one- to two-day, in-person session. Participants found this potential benefit to satisfy the difficult balance of students who find the in-person interaction and networking of AI live courses beneficial but taking an extended period of time away from their business to attend the courses difficult.

Mark Verrett is a partner at Acorn Appraisal Services in Houston. He was named 2010 Vice Chair for LDAC, where he will assist 2010 Chair Shauna Elmer.

### Improving Our Profession from the Ground Up: Mentoring & Trainee Oversight

by Dennis W. Key, SRA

This LDAC group set out to ascertain the best way to identify and provide knowledgeable support to those licensed and certified appraisers who are not associated with a professional organization. In doing so, it was our hope that exposure to a professional standard would impact the content, quality and conclusions in most cases. Furthermore, it would raise the credibility of the profession because of this shared scope of

## Cherwonogrodzky, SRA, Wins 2009 Anglyn Award

Each year, a first-year participant of the Leadership Development and Advisory Council who exhibits outstanding participation in all four breakout sessions is awarded the Anglyn Award.



Developed in 2000 in recognition of the enormous amount of time, energy and money that Ted Anglyn, MAI, has spent over the years to promote LDAC, the Anglyn Award exemplifies

leadership, integrity and contribution on the part of a first-year participant. The 2009 recipient was Roman Cherwonogrodzky, SRA, selected because of his outgoing personality, his contributions to the discussions and his insight into the residential appraisal segment, according to the selection committee.

"The LDAC conference and program exceeded my expectations," Cherwonogrodzky said. "It made me realize how the Appraisal Institute has changed, becoming more progressive, and also

allowed me to further our international causes," said Cherwonogrodzky, the Appraisal Institute's unofficial "ambassador" to Eastern Europe, including Russia and the Ukraine. "We also saw first-hand how our government in Washington, D.C., works and operates."

The Houston-based Cherwonogrodzky is originally from Canada and holds an associate's degree in urban land economics from University of British Columbia and a CRA from AI of Canada. He also has appraisal experience in the former Soviet Republic. ■

work and best practices. Our suggestions are directed mainly toward non-complex appraisal issues, although they could conceivably be used at all levels.

To begin, we put forth the following limiting condition: the appraiser would have the basic desire to improve their core knowledge and understanding and exhibit traits of honesty and integrity. Based on that, we offer the following suggestions:

### State Appraisal Boards

It has been reported that most state appraisal boards have a backlog so large that proper attention to violation issues is strained at best. A liaison team of Appraisal Institute and other credible organizations within each state should offer the appraisal board some assistance with their workload. If they are amenable, we would offer an approved volunteer—paid in dollars or CE credits, if permissible—to confidentially meet with the appraiser “called to question” at a state-level chapter meeting. There, they would discuss the specific issues that caused the appraisal board to get involved. The volunteer would have prior knowledge of the issues, including an informal report review. They could then identify what was not done properly in order to prevent the violation in the future or could make suggestions “in a positive manner” on how to properly apply the methodology that caused the violation. A non-threatening or non-condescending manner is imperative. This informal meeting should be exempt from any liability on the volunteer by prior agreement.

This would expose appraisers to guidance that would not otherwise have been available, providing the opportunity for a friend/mentor relationship. Furthermore, if the individual is a trainee, this would allow the board to identify the mentor who may not be adequately preparing the trainee. The same assistance would be offered to the mentor.

When these methods of assistance are not practical, a Webinar covering specific topic and property type issues, with an instructor assigned, could be used.

### Peer Review

A similarly constructed body of Appraisal Institute and other credible organizations could establish a peer review that provides guidance on weaknesses and offers suggestions to enhance work product (which differs from the present system and is similar to the AI process before certification was available). This peer review should be done with all new licensees. It would require final approval from the appraisal board’s peer review committee before final approval from the appraisal board.

### Other Suggestions

Other ways to identify and assist from the ground up included:

The 2010 Leadership Development and Advisory Council will be held May 5-7, 2010, at the Hyatt Regency Washington on Capitol Hill. For more information about LDAC, contact Amy Komorowski at the Appraisal Institute at 312-335-4224 or [akomorowski@appraisalinstitute.org](mailto:akomorowski@appraisalinstitute.org).

- Establish common error stats made available through state appraisal boards throughout the United States and Puerto Rico.
- Establish a property-specific checklist including Topic Outline Elements expected to be addressed for that property type.
- Offer first-time users a discount on AI courses.
- Establish an “Asking for Help?” Web link open to members and non-members, possibly on the state level rather than the national level.

Overall, we face a great challenge for our members and industry. We can focus on one or two states with cooperative appraisal boards as a “pilot” program and begin monitoring the stats of those states “before and after” implementation.

Dennis W. Key, SRA, is the owner of Key & Company, Inc., in Jasper, Ala., which specializes in real estate appraisal, consultation and detrimental condition and eminent domain cases. He was the 2007 president of the Appraisal Institute’s Alabama Chapter.

### It’s Just Business

by Juan C. De Jesus, SRA


This LDAC group focused on answering the question: Should the Appraisal Institute incorporate other valuation fields and become a multidisciplinary organization? The answer was “yes.” If the Appraisal Institute does not diversify its member base and educational offerings to include other valuation fields, it risks being absorbed by another organization, limiting its possibilities for further expansion in the international arena and lagging behind other organizations that already see the strength in diversification.

We are not talking about one appraiser having multiple specializations and doing work all across the valuation world. We are talking about appraisers with different skills sets having the same values, quality and ethics characterized by Appraisal Institute members and being under the same organization.

Several participants voiced strong opposition to the idea, suggesting that there were existing areas that still needed improvement. Participants recommended that the Appraisal Institute enhance its public perception and promote increased

recognition for the designations it already has before it branches out.

There was no consensus on whether we should have additional designations, with some members preferring only MAI and SRA designations while others were more inclined to have additional designations within the Appraisal Institute. Everybody felt comfortable with offering certificate programs. Quality was a key issue in the discussions. The AI needs to ensure that any new educational offering or curriculum in non-real estate valuation fields is the best.

Joint ventures came up regarding the development of educational offerings and curriculum. A feasibility analysis was proposed to ascertain whether developing a curriculum in-house and basically from scratch, or adopting a proven a reliable curriculum from other organizations and even other fields, was the better option. Again, the bar needs to be high; quality is key since we currently offer the highest and should remain doing so. 

Juan De Jesus, SRA, from San Juan, Puerto Rico, has served as secretary and vice president for the Puerto Rico and Caribbean Chapter of the Appraisal Institute. He was recently appointed ambassador for the Puerto Rico Convention Bureau.

## LDAC's Lobbying Efforts

This year's LDAC participants lobbied their representatives on Capitol Hill in favor of passing The Mortgage Reform and Anti-Predatory Lending Act of 2009, which passed the House of Representatives on May 7 and has since been referred to the Senate Banking, Housing and Urban Affairs Committee. The bill, H.R. 1728, would require separate disclosure of appraisal and appraisal management fees on the HUD-1; require AMCs to register with their state, with minimum requirements established by the Appraiser Qualifications Board; promote appraiser independence by banning improper influence; promote transparency of the Appraisal Subcommittee, while also increasing its authority; and create a national registry for state appraisal regulatory agencies to report license or certification suspensions or revocations. Furthermore, the bill would permit special consideration of appraisers' designations or training from professional appraisal organizations as an indication of their proficiency. And, finally, it calls for a Government Accountability Office study in improving the appraisal process and the effectiveness of state compliance efforts. It also called for the GAO to examine the existing de minimis and the effectiveness of broker price opinions and automated valuation models.