

NH Chapter of the Appraisal Institute

Fall 2014 Newsletter

Region IV Fall Meeting Report

By **Brian White, MAI, SRA**
 White Appraisal, Dover, NH
 2014 New Hampshire Chapter President

NEXT CHAPTER MEETING

January 20, 2015

CONTINUING EDUCATION AI-NH Past Presidents Speak on the Appraisal Industry and Valuation Techniques

Jon Frank, MAI
 Vern Gardner, MAI, SRA
 Drew Lemay, SRA, SRPA
 Tom Prophet, SRA

2 hours of CE credit
 4 - 6 PM

2015 Chapter Officer
 Installation

Followed by social hour
 with free hors d'oeuvres
 and candidate guidance meeting

\$35 AI Members or
 \$40 Non-members

Ichiban Steakhouse
118 Manchester St,
Concord, NH 03301

I recently attended the Appraisal Institute Region IV meetings in Saratoga, New York along with Katrina Hill, SRA, New Hampshire Chapter President-Elect. Several topics were presented and discussed that may be of interest.

The Appraisal Institute announced that the 2015 Annual Meeting would be July 27-29 in Dallas, TX. Region IV voted also to hold our Regional Meeting in Dallas at the same time. Trina Hill will travel to these meetings to represent our chapter.

The Appraisal Institute has several proposed amendments that were sent out for a 45-day notice. These include: 1) amending Regulation No. 2, eliminating the Modular Demonstration of Knowledge Option for the SRA designation; 2) revisions to the Definitions in the Appraisal Institute Code of Professional Ethics, to Ethical Rule 2-4 of the Appraisal Institute Code of Professional Ethics, to Standards Rule C-2 of the Appraisal Institute Standards of Valuation Practice, and Explanatory Comments to the Appraisal Institute Code of Professional Ethics; 3) a Preamble to the Appraisal Institute Code of Professional Ethics and a Preamble to the Appraisal Institute Standards of Professional Appraisal Practice.

The proposed amendments will soon be voted on by the AI Board of Directors.

The Capstone Course will be offered July 13-19 in Boston, MA. The Candidate for Designation Program has 4,500 candidates, and a record number of new designations are being awarded. The Appraisal Institute has 26% of all real estate appraisers nationally. Fifty percent of all commercial appraisers are with AI, while 10% of all residential appraisers are part of the organization. The Appraisal Institute is creating a sister organization, the International Center for Valuation Certifications (ICVC). It will award certifications for completion of specialized training in a given field of study.

The Appraisal Foundation has morphed into an organization that oversees and offers education. In the future, they could become a membership organization offering designations. The AI terminated their sponsorship of the Appraisal Foundation when it was apparent that the AF was growing into areas that went beyond overseeing principals and procedures.

NH Chapter of the Appraisal Institute

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SRA

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David Cornell

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OFFICERS:

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Mark McCann, MAI; Concord, NH
Jack Lavoie; Bedford, NH

2015 Continuing Education Seminars

January 20, 2015, 4 - 6 PM:

NH Chapter Past Presidents Speak on the Appraisal Industry and Valuation Techniques

Speakers: Drew Lemay, SRA, SRPA, Nashua Deputy Assessor; Jon Frank, MAI, F&M Appraisal; Thomas Prophet, SRA, Goodwin, Prophet & Frank; Vern Gardner, MAI, SRA, Horizon Associates

Education is what remains after one has forgotten what one has learned in school.

~Albert Einstein

March 10, 2015, 3 - 6 PM:

Liability Issues for Appraisers Performing Litigation and Other Non-Lending Work

Speaker: Peter Christensen, General Counsel of LIA Administrators & Insurance Services

These seminars are good for 2-3 hours of CE credit with the state of New Hampshire, and are held at the Ichiban Restaurant, 118 Manchester, Concord, NH.

NH Chapter's Newest Designated Members



Robert Concannon, MAI received his designation certificate from AI-NH President, Brian White, MAI, SRA at the September 2014 Chapter Meeting.

Bob wrote an article in the New England Real Estate Journal about his path to the MAI designation. It is reprinted on the next page.



David Cornell, MAI recently received word that he has been awarded the MAI designation. David taught the recent seminar on the NH Dept. of Revenue and its role in valuation. He is seen here accepting the traditional speaker gift of NH maple syrup.

CONGRATULATIONS!

SAVE THE DATE!

**7-Hour National USPAP Update for 2016-2017
NEW EDITION
December 9, 2015
Location TBA**

My Journey To The MAI Designation

By Robert P. Concannon, MAI

Director, New Hampshire Chapter of the Appraisal Institute

The Appraisal Institute's MAI Designation (MAI) is held by appraisers who are experienced in the valuation and evaluation commercial, industrial, residential, and other types of properties. The designation is recognized as a mark of excellence by financial institutions, government agencies, investors and courts of law. There are currently over 7,500 MAI's in the United States and 8,000 MAI's worldwide. They service a variety of geographical locations (urban, suburban and rural), property types, and clients (institutions, corporations, government agencies and individuals) with various real estate valuation and consulting services. The path for obtaining an MAI is as varied as the people who comprise the Appraisal Institute's membership.

My journey to obtaining an MAI with the completion of core classes required for obtaining state licensing as a certified general appraiser. This was supplemented upon licensing with enrolling in advanced education classes (Advanced Income Capitalization, Advanced Sales Comparison and Cost Approaches, Report Writing, Advanced Applications, and Advanced Highest and Best Use). This began with a desire to broaden my real estate knowledge and understanding, which eventually led towards obtaining an MAI designation. With most advanced education classes being offered in larger metropolitan areas, this journey occurred over several years, with interaction from various real estate professionals, academics and appraisers from throughout the United States. The course matter varied by real estate valuation discipline with a mix of macro and micro economic applications. All classes occurred over a 5 to 6 day period with 4-hour exams at the completion of classroom work.

With the completion of the educational requirements, my next step was passing the comprehensive exam requirement. This consists of four 4-hour exams held over a two-day period. The exams covered most of the concepts in the advanced educational classes with an emphasis on discounted cash flow, highest and best use analysis, financial statement presentation, statistical modeling and regression and present value concepts.

Most candidates (including me) attend a preparatory class with other candidates to review subjects prior to taking the exams. The review class greatly improves a candidate's success in passing the exams. Fewer than thirty percent of the candidates pass all of the four exams in their first attempt.

Upon successful completion of the comprehensive exam, the next requirement was a demonstration report. With the recent implementation of the Capstone Class at the Appraisal Institute, I was able to complete this exercise through a standardized appraisal report (actual property in another market), rather than the traditional approach of using a property in the candidate's local market. This saved an enormous amount of research time and expense, and allowed for a shared learning experience with 50+ other appraisers from all over the United States. It included all three approaches to value (Cost, Sales, and Income), a fundamental market analysis (analysis of location, market, and submarket), paired analysis of market data (mathematical proofs to determine appreciation/depreciation for comparable sales), and a detailed cost analysis for short lived and long lived items in the Cost Approach.

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MY JOURNEY TO THE MAI DESIGNATION, Cont.

The course required roughly six weeks of report analysis and preparation with two webinars, and finally a week of on-site work at the Appraisal Institute's Chicago chapter.

The final step in the MAI process was completion 4,500 hours of specialized work experience: an experience log based upon actual appraisal reports completed with an estimated number of work hours. An experienced MAI randomly reviews three appraisal reports for compliance with USPAP, Federal Guidelines and AI standards. This included a mobile home park, a large apartment complex and a retail shopping center from my work experience. Initial feedback included a critique of report formatting techniques, logic/support for sale adjustments, and updating reserve replacement methodology. It then expanded to enhancing my work knowledge, professional contacts and peer network. Overall, it was a wonderful way to conclude this 10+ year journey towards a MAI designation.

While obtaining an MAI designation may seem unattainable when beginning out as an apprentice appraiser, many recognize its worth after several years within the profession. This was certainly true for me. It made sense for me to follow this path for broadening my knowledge of real estate and for professional development. I would urge anyone to follow the same path if you are seeking work as an appraiser, real estate valuation person or a professional in the real estate industry. If you are interested, you should contact your local AI chapter, which can be found by visiting the AI website. www.appraisalinstitute.org

**Welcome to our newest
Practicing Affiliate,
Michael Mattes, of Deerfield, NH**

Appraisers on Social Media

The life of an appraiser can be lonely, especially if the appraiser is a sole proprietor. Fortunately, there is a plethora of appraisal groups on Facebook, LinkedIn, and, of course, the original Appraisers Forum. If you're interested in discussing appraisal issues and problems with colleagues across the country, check out these groups.

Facebook:

I am a Real Estate Appraiser
100% Real Estate Appraisers
I am a Female Real Estate Appraiser
We are Real Estate Appraisers

LinkedIn:

Real Estate Appraiser Connection
Appraiser Expert Witness Group
USPAP for Qualified Real Estate Appraisers

Phil Crawford hosts Voice of Appraisal, a weekly radio show for real estate appraisers. New shows are available every Wednesday: <http://www.voiceofappraisal.com/>



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*Professionals Providing
Real Estate Solutions*

Appraising in the “Good Ol’ Days”

Editor's Note: Some time ago, I asked Bruce Taylor, MAI, SRA, of Fairlee, Vermont, a long-time member of our chapter, to write a newsletter article about the changes he has experienced in his 50+ years of appraising. This is the second installment of Bruce's professional "memoir."

Title Searches

In the state of Vermont, each town has the land records and all other legal records that are filed about a property. There are no county offices in VT. We had to go to each town and trace the title back for the most recent forty years. When we were working on the interstate system for the Right of Way Division, we were taking properties that had been in the same families for hundreds of years. We had to chase the title back into the 1700s. Some towns had a card index system; others had what is called the General Index. Some towns in Vermont still have that system.

This could be terribly tedious work. In one town, there was a family where every other generation had a man named Hugh H. Henry. The next generation would be Hugh Henry and the next generation would be Hugh H. Henry. This went on for many generations. If that wasn't confusing it enough, the Henrys were also dealers in real estate.

Sometimes, there were no copiers in the town office. If you have ever copied a deed longhand with all of the different grammatical terms that have to be in there as well as the punctuation, you know it is a very long and tedious task. Thank goodness, I did not have to do many of those, but I did enough to know I did not like it!



Above: Bruce Taylor, MAI, SRA

Copiers

If we were lucky, we could use a portable copier, which we kept in our cars. The developer and paper had to be warm, so you had to wait for it to warm up in the wintertime. Town clerks were paranoid about losing a deed, or getting something on the original deed in the volume. They also didn't like the State people coming into the office and setting up a copier all over the furniture. Especially since back then, the town clerk's offices were in private homes or unheated sheds! When I first was in this business, our sketches were all hand drawn, in pencil. We always carried a pad of tracing paper, pencils and a straight edge.

Sales Information

Until Real Data came into being, there was no central clearinghouse of transfers in either the state of New Hampshire and Vermont. Other than MLS, the only way that you could get sales information was to go into a broker's office and ask for it. Or you had to go into the town offices and go through the deeds page by page to find the sales. This appraiser can remember many hours spent in various town offices in both states looking through assessment cards to find sales. In those days, many of the Town Offices didn't have assessment cards, never mind looking through them. So the only way to find sales other than the broker's office was to go through the town records at the town office, to see what deeds had been filed.

Prior to 1967, there was no property transfer tax in either New Hampshire or Vermont. Up to then, the Internal Revenue stamps were used. IRS stamps were placed on deeds indicating that there has been a transfer of the property at some price in the range of \$1.10 per thousand, and you did the division to figure out how many thousands it was.

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APPRAISING IN THE GOOD 'OL DAYS, continued:

Printed Material and Records

I can recall a time when you were fortunate to have the assessor allow you to copy cards. In some areas, they were very protective of the cards. But in Vermont at least, they came into law as public information. This was an issue fought over for several years as to what was public information and what wasn't. It went all the way to court and they have declared that all assessment records are public records. Some towns still insist on the assessor or lister being there.

Modes of Transportation

When I was first in the business, you typically drove a rear wheel drive car and had snow tires in the wintertime. You always carried a shovel in case you got stuck, as well as chains and jumper cables. If you were lucky, you got through a winter without getting stuck somewhere. Only the wealthy appraisers could afford a four wheel drive vehicle and run them all the time because they were so costly. There were times when I would walk down a road rather than take a chance driving to the subject or sale property.

I have used various means of transportation in doing appraisals. They include an airplane on a number of occasions where I was appraising large parcel of land and, not only needed to look at the subject property, but also sales properties. I have never been opposed to hiring an airplane to fly over a property. I have also used farm tractors, snowmobiles, and 4 wheel recreation vehicles but I have never found anything as good as walking over the property. I have often used skis or snowshoes to look at properties in the wintertime.

Conveniences - Lunch, Gas and Telephones

The advent of convenience stores made it possible to get not only coffee, but sandwiches and gas. It was such a novelty to be able to get a sandwich at a local store. In one town up in the North Country, I asked a fellow, "Where is the nearest restaurant?" He thought for a moment and said, "Welllllll, this is an awful town to be hungry in."

Regarding telephones, the only useful item in the old days was the credit card call. On bad days, trying to find a phone booth that was protected from the elements and didn't leak was a chore. There used to be phone booths that were true phone booths, where you could close the door and be dry to make a phone call. And then there were just the phone stations on the wall.

Then came the early cell phones, such as the big bag phones. In those days, reception could be sketchy. We certainly didn't have the reception that cell phones have today. But the big disadvantage with those bag phones was that they were very expensive. It was nothing to have a \$300 phone bill per month for your mobile phone device.

Perils of Appraising

I have had many doors slammed in my face and people told me it is none of my business when trying to confirm sales. But one of the most unusual events happened to a friend of mine. He was measuring a large farm property which was quite a building complex. He went to the back of the barn to measure it and noticed a flat area that was snow and ice covered. It looked like he could walk across it and measure the end of the barn, but it turned out to be a slurry pit and he fell in up to his waist. It took him six months to get the smell out of his car.

I was doing an appraisal that was headed to court and one of the questions raised in deposition was whether or not the dwelling was insulated. Before we went back to court, I visited the homeowner in his home and asked if he could support his claim that the building was insulated. We looked for a good place to observe it in the second floor and found a light fixture we could remove from the electrical box and sure enough, the ceiling/roof were insulated. However, it was not as easy to remove an electrical outlet on the wall where he wanted to show me the insulation. His wife was sitting at the kitchen table against a wall. He left the room briefly and came back with a huge hammer, pushed her out of the way and proceeded to smash a hole in the wall under the table and triumphantly stated, "See, I told you it was insulated."

For more information on the NH Chapter of the Appraisal Institute please contact the Executive Director, **Cynthia Rogers** at:

P. O. Box 1046
Hollis, NH 03049
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Please send comments, articles, funny appraiser stories, suggestions, photos, and news (both professional and personal, if you wish) to:

kdryanappraisals@comcast.net

Newsletter Editor:
Karen Ryan, SRA



Left: 2015 Chapter President, Katrina Hill, SRA and Vice President, Cathy Capron plan educational offerings for the coming year

Right: Executive Director Cindy Rogers checks in attendees at the November chapter meeting and seminar



Let this coming year be better than all the others. Vow to do some of the things you have always wanted to do but could not find the time. Call up a forgotten friend. Drop an old grudge, and replace it with some pleasant memories. Vow not to make a promise you do not think you can keep. Walk tall, and smile more. You will look 10 years younger. Do not be afraid to say, I love you. Say it again. They are the sweetest words in the world." - Ann Landers