



**Appraisal
Institute®**

*Professionals Providing
Real Estate Solutions*



**North Star
Chapter**

NorthStarAI.org

December/January

1265 Josephine Rd., Roseville, MN ~ 651-633-0676 ~ Web site: www.northstarai.org

December, 2007

**Annual RERC
Industry Forecast-2008**



Expectations & Market Realities in Real Estate: The Caution Flag Comes Out, At the January 8 program, Riggs will present on the findings in the 2008 report. The report, co-produced by Real Estate Research Corporation, Principal Real Estate Investors, and CBRE/Torto Wheaton Research, addresses the global credit market turmoil of 2007, which has suddenly and significantly altered both the economic outlook and the investment climate. Topics in the report that will be addressed include the downshift in the U.S. economy, implications for real estate debt capital markets in regards to the global re-pricing of risk, the divergent paths of public and private real estate equity markets, property fundamentals, and what to expect in the road ahead.

All Attendees will receive a copy of the "Expectations in Market Realities in Real Estate in 2008" \$195.00 value ~ FREE ~ ★



**North Star Chapter of the
Appraisal Institute**

in conjunction with

IREM Minnesota Chapter #45

present the

January Luncheon Meeting

with National Speaker

Kenneth P. Riggs, Jr., MAI,CRE, CFA

2008 Annual RERC-Industry Forecast

"The Caution Flag Comes Out"

Published by Real Estate Research Corporation

Tuesday, January 8, 2008

**Time: 11:30 - Registration
12:00 - Lunch/Networking/Program
2:30 - Adjourn**

**Location: Golden Valley Country Club
701 Golden Valley Road, Golden Valley, MN 55427**
\$35.00 fee for those who have paid the Chapter Service Fees
\$70.00 - Out-State Members
\$70.00 - Non-Members & Non-Registered



A very Happy and Healthy 2008 to you all!

Kenneth Riggs has committed his entire professional career to achieving the most recognized education and designation standards, gaining a broad-based view of real estate issues, and working with a wide spectrum of clients in order to provide them and the industry with an analytical but practical approach to solving commercial real estate problems. Riggs holds an MBA with a concentration in finance and statistics from the University of Chicago Graduate School of Business and has served as President and CEO of the Real Estate Research Corporation since 1991.



Dear North Star Chapter Members,

For those not in attendance you missed a great November meeting at the Town and County Club with 2008 President Wayne Pugh providing insight into current issues concerning the Appraisal Institute. A definite highlight was conveyance of the President's Award to Harvey Swenson. For those who were there, you will notice my being not nearly so clever as Harvey in formulating a closing message.

The North Star Chapter is joining with IREM to kick start the new-year with a January 8th meeting at the Golden Valley Country Club. This popular occasion again features the captivating predictions of Real Estate Research Corporation as presented by Kenneth Riggs Jr. As this is always well attended, and seating is limited, prompt registration is advised.

I am grateful for the opportunity to serve as chapter president in 2007. Particular thanks are extended to those who have served on the Board and with committees, and, of course, to Maribelle. Unfortunately, there are just too many names to mention individually. It takes the work of many to make our chapter successful. We are blessed to have person's willing to commit their time for the collective benefit, and please know, there is always room for one more hard working volunteer.

It has been a pleasure to have filled this position at a time when prospects for our local organization have been bright. I know it has not always been so easy. Membership is fit and finances are sound. The year was very good for the golden goose of the chapter, education. Because of it, once again local dues remain stable. With changes occurring in the market and industry education could be more challenged in 2008. Be sure to support it.

A number of goals were set for 2007 and headway was made with all. We now have in place a Media Relations Committee, advancement has been made with service to out of metro members, and a very successful Mortgage Fraud Seminar was put in place. This event provided not only quality and affordable education, but generated great exposure for the North Star Chapter and the Appraisal Institute from non member appraisers and others within the real estate community. And of course, we can all take pride in those new name badges.

As the light dims on my tenure it shines anew, namely in the direction of Mike Moynagh. Over the last few years I have been increasingly impressed with Mike and I know we will all be well served with him at the helm. I look forward to what 2008 may bring.

Thank you again for my moment in the sun. I will see you on the street.

Dan Mueller, MAI
Chapter President, 2007

Clay Dodd, said as he was leaving office that, "Incoming chapter president Dan Mueller has some great ideas for the future and will be a great President".

He was right, you have done an incredible job, Dan!

The Chapter thanks you for your hard work and dedication on behalf of the Chapter!

Local & National Legislative Updates

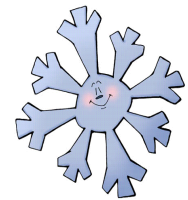
MINNESOTA COMMERCE DEPARTMENT NEWS

Wendy Walker, MAI - North Star Chapter Government Relations Chair sent us this great report!!!

The MN Real Estate Appraisal Advisory Board has been appointed by the MN Department of Commerce for the first time in over a decade.

Members include:

Susanne Barkalow, Certified Residential Appraiser, USPAP Instructor
Michael Bilski, Public Member
Elizabeth Brown, MAI, Certified General Appraiser
Ed Dillman, Certified General Appraiser, USPAP Instructor
Rich DuBay, SRPA, SRA, Certified General Appraiser, USPAP Instructor
Linda Fredericksen, Certified Residential Appraiser
Mark Hoffman, Certified Residential Appraiser
Michael Ittel, Farm Services Agency
Mark Lomauro, Public Member
Rob Lunz, MAI, Certified General Appraiser
Jeff McMurchie, Certified Residential Appraiser
Tony Pistilli, Appraisal Consumer
Bryan Suchy, Public Member
Patrick Todd, SRA, Certified General Appraiser, Appraisal Consumer
Wendy Walker, MAI, Certified General Appraiser.



This is an advisory board. There is no clear mandate because the license law outlining the Board's duties speaks primarily to an advising function for the Commerce Department on pertinent issues. At this point, the Board is very open to consideration of any topic affecting the quality of real estate appraisals in the State of MN. If there are any topics you would like to see addressed, please contact any of the above members. The Board will next convene on Jan. 15, 2008 to elect a Chairperson among other things.

Some interesting statistics - there are currently 3,418 active appraiser licenses, down from a high of 4,549 three years ago. The Department had been averaging about 80 appraiser complaints a year. They are now acting on about 200 complaints, and an investigation can take up to a year because of the response times allowed. The State has two full-time RE appraiser investigators.

The applications for upgrading licenses have slowed down as the January 2008 deadline for the Appraisal Foundation licensing changes approaches. When upgrading to a Certified General license, Commerce is now required to request copies of 3 appraisal reports, chosen by them. Some appraisers feel they are being picked on, but this is a requirement.

Congratulations to the New Members of the Advisory Board and the State of MN!

Appraisal Institute 2007 Year End Legislative Report

A number of bills were introduced in Congress this year to combat mortgage fraud and predatory lending, some of which also address issues that are important to appraisers, such as appraisal independence. The most significant bill in this regard is House Resolution 3915, The Mortgage Reform and Anti-Predatory Lending Act, which passed the House late November and has now been referred to the Senate Committee on Banking, Housing and Urban Affairs.

H. R. 3915, introduced by Rep. Brad Miller (D-NC) represents a bi-partisan solution to predatory lending/mortgage fraud. The bill includes provisions from H.R.3837, The Escrow, Appraisal and Mortgage Servicing Improvements Act, introduced by Rep. Paul Kanjorski (D-PA) and added to H.R. 3915 as an amendment. These provisions would:

- Promote appraisal independence by banning improper influence of appraisers through acts such as coercion, extortion, collusion, compensation, instruction, inducement, intimidation, non-payment or bribery. Civil penalties: first offense: \$10,000, second offense: \$20,000.
- Promote more transparency of the Appraisal Subcommittee by requiring more detailed reports by the ASC.
- Give the ASC the authority to issue binding rules and regulations, after public notice and opportunity for comment, in the areas of temporary practice, national registry, information sharing and enforcement.
- Create a national registry for state appraisal agencies to report license or certification suspensions or revocations.
- Increase appraiser license registration fees from \$25 to \$40, and allow the ASC to use the fees to make grants to state appraisal agencies to help defray enforcement costs.
- Give the ASC the authority to monitor funding and staffing levels of the State appraiser certifying and licensing agencies so they are at proper levels.
- Give the ASC the authority to impose interim sanctions and suspensions on state appraiser certifying and licensing agencies if they are found to be out of compliance.
- Permit special consideration of appraisers' designations or training from professional appraisal organizations as an indication of their proficiency.
- Call for a Government Accountability Office study on improving the appraisal process and the effectiveness of state compliance efforts. Additionally, the study would examine the existing de minimis.

There are many other bills introduced in the 110th Congress to combat mortgage fraud/predatory lending and promote appraiser independence – you can find these bills listed on the Appraisal Institute website:

<http://www.appraisalinstitute.org/govtaffairs/default.asp>

Looking to 2008...

In 2008, the Appraisal Institute's Washington Office will work to ensure the passage of a mortgage reform bill that includes strict appraisal independence language and the necessary changes to the appraisal regulatory structure. In addition, we will hope to see the passage of House Farm Bill that includes tax incentives for conservation easements.

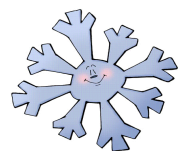
In the states, we hope to continue to get legislation passed that prohibits appraisal pressure. Legislation already has been introduced in New Hampshire, and we expect to see legislation introduced in many other states as well.

For more information, please contact:

Director of Government Relations: Don Kelly - dkelly@appraisalinstitute.org

Congressional Representative: Brian Rodgers - brodgers@appraisalinstitute.org

State Government Representative: Justin Morton - jmorton@appraisalinstitute.org



Appointments to the Appraisal Foundation

The Board of Trustees of The Appraisal Foundation met on November 10, 2007. At that meeting a number of appointments were made effective January 1, 2008. (The Appraisal Institute is well represented!!)

Appraiser Qualifications Board (AQB) - The following appointments were made to the AQB:

- **Chad Campbell** of Seattle, Washington, two-year term
- **Jeffrey LaGrew** of Versailles, Kentucky, one-year term
- **Wayne Miller** of Tampa, Florida, three-year term
- **Gary Taylor** of Brooksville, Florida, three-year term
- **Gary Taylor** was appointed as the 2008 Chair the AQB
- **Scott Seely** of Lufkin, Texas was appointed as the 2008 Vice Chair of the AQB

Appraisal Standards Board (ASB) - The following appointments were made to the ASB:

- **Richard Borges** of Seymour, Indiana, three-year term
- **Sandra Guilfoil** of Olympia, Washington, two-year term
- **Richard Knitter** of Oak Brook, Illinois, two-year term
- **Sandra Guilfoil** was appointed as the 2008 Chair of the ASB
- **Paula Konikoff** of New York, New York was appointed as the 2008 Vice Chair of the ASB

Board of Trustees - The following individuals were elected as At-Large Trustees, all for three-year terms:

- **D. Michael Harris** of Charlotte, NC
- **Elizabeth von Habsburg** of New York, NY
- **Paul Welcome** of Olathe, KS

In addition, the following individuals were chosen as the 2008 Officers of the Board of Trustees:

- Chair: **Shawn McGowan** of Germantown, TN
- Vice Chair: **John Bredemeyer** of Omaha, NE
- Treasurer: **Alan Hummel** of St. Paul, MN
- Secretary: **Larry Kokel** of Georgetown, TX
- Assistant Treasurer: **Paul Welcome** of Olathe, Kansas
- Assistant Secretary: **Eugene Kaczkowski** of Greendale, WI
- Immediate Past Chair: **Art Clapp** of Tolland, CT

The Appraisal Foundation is a non-profit educational organization founded to foster professionalism in appraising through the establishment and promotion of appraisal standards and appraiser qualifications.

For more information on the Appraisal Foundation: www.appraisalfoundation.org
Phone: 202-347-7722

Dates Set for 2008 Comprehensive Examination

The Appraisal Institute is pleased to announce that Pearson VUE Professional Testing Centers will administer the General Comprehensive Examination in 2008. Registration for the exam is now available on our [Web site](#). The 2008 exam dates, including application deadlines, are as follows:

February 25–26 (Application Deadline: January 15, 2008)
July 21–22 (Application Deadline: June 9, 2008)
September 15–16 (Application Deadline: August 4, 2008)

Participants are required to complete an application on our [Web site](#) and submit to headquarters for eligibility verification. After the member's application is verified by headquarters, a confirmation number and instructions on how to schedule the exam will be provided to the member. All exam results will be e-mailed to members within two weeks after the date of the exam.

To obtain more information, download the [2008 General Comprehensive Examination](#) guide. If you have additional questions, please contact the Associate and Prospective Member Services at 312-335-4111 or associate@appraisalinstitute.org.

Available January: 2008 USPAP and Code of Ethics

The 2008 USPAP and Code of Ethics will be available to members in January 2008. If you request a “current copy” of the USPAP prior to January, you will receive the 2006 version unless you specify the edition you are interested in. All requests for the 2008 USPAP are kept on file until January 2008. If you have questions regarding the 2008 USPAP or the Code of Ethics, e-mail uspap@appraisalinstitute.org.

Membership Categories and Statuses Revised

With the exception of matters pertaining to voting rights, the Board adopted the 45-day notice proposal that creates an “Honorary” membership category (unrelated to the MAI and SRA designations) and several new membership statuses that will better accommodate our existing membership as well as create opportunities to attract new members. Key among the changes is the creation of a “practicing status” and a “non-practicing status” for both designated and associate members. Among other things, this will permit associate members for the first time to hold retired or semi-retired status in the organization. Members should have received additional information that details all the changes and their potential implications with their 2008 dues invoice. These changes become effective January 1, 2008.

NEW! Appraiser CAST Covers Industry Hot Topic: *Green Buildings*

Listen in on the Appraisal Institute's just-released podcast as Theddi Wright Chappell, MAI, shares her insight and expertise on key trends and developments in the green building movement as well as the specific implications for real estate developers and appraisers. Chappell is the managing director for Pacific Security Capital and an ambassador for the Appraisal Institute's sustainable building initiatives. To subscribe to Appraiser-CAST, a series of podcasts brought to you by the Appraisal Institute, and to download the latest Green Buildings podcast, visit the Appraisal Institute's [AppraisalCAST Web page](#).

Education Schedule - 2008

2008 Courses ~ Title – Hours - Dates	v v	Member Tuition	Non- Member	Late Pay.
**Pkg. Price-“Trainee” Appraiser Courses (75 Hours) – Feb.18 – Mar. 14		825.00	975.00	Feb. 4
**Basic Appraisal Principles – 30 PreLic./CE Hours w/Exam – February 18-21		390.00	450.00	Feb. 4
**Basic Appraisal Procedures – 30 PreLic/CE Hours w/Exam – February 25-28		390.00	450.00	Feb. 11
**15-Hour National USPAP Course –15 Hrs.PL/QE/CE-MN (AP/RE) A.I.– Mar. 13-14		235.00	300.00	Feb. 28
Residential Market Analy & Highest & Best Use -15 Hrs. PL/QE/CE – MN/A.I. –Mar. 6-7		300.00	350.00	Feb. 21
Promotion Price - General Appraiser Income Package – Take Part1 & Part 2 - SAVE		800.00	1,050.00	Mar. 4
General Appraiser Income Approach, Pt. 1 – 30 PreLic/CE Hrs. w/exam – March 18-21		Pkg.	Pkg.	
General Appraiser Income Approach, Pt. 2 – 30 PreLic/CE Hrs. w/exam – May 20-23		Pkg.	Pkg.	
General Appraiser Income Approach, Pt. I – 30 PreLic/CE Hrs. w/exam – March 18-21		450.00	600.00	Mar. 4
7-Hour .National USPAP Update Course -7 Hrs. Required CE (AP & RE) – April 1		170.00	190.00	Mar. 18
General Appraiser Income Approach, Pt. 2 – 30 PreLic/CE Hrs. w/exam – May 20-23		450.00	600.00	May 6
Advanced Sales Comparison & Cost Approach.(530) – 40 PreLic Hrs. w/exam-June 13-19		625.00	725.00	May 30
Report Writing and Valuation Analysis (540) – 40 PreLic. Hrs. w/exam – July 7-12		625.00	725.00	June 23
Residential Sales Comparison & Income Approaches – 30 PreLic Hrs.w/exam – July 21-24		450.00	600.00	July 7
Real Estate Finance, Statistics & Valuation Modeling – 15 PreLic. Hrs. w/exam-July 28-29		300.00	350.00	July 14
7-Hour National USPAP Update Course - 7 Hrs. Required CE - MN/A.I. – Aug. 5		170.00	190.00	July 22
Business Practices and Ethics (420) - 8 Hrs. CE w/exam – MN/A.I.- Aug. 6		170.00	190.00	July 23
45 Hour SRA Demonstration Alternate Package		735.00	875.00	July 31
Advanced Residential Applications, Part I – 15 Hrs. PL/QE with Exam – Aug. 14-15		Pkg.	Pkg.	
Advanced Residential Report Writing, Part II – 30 Hrs. PL/QE with Exam – Aug. 16-20		Pkg.	Pkg.	
Advanced Residential Applications, Part I – 15 Hrs. PreLic/QE with Exam – Aug. 14-15		300.00	350.00	July 31
General Appraiser Report Writing and Case Studies– 30 Hrs. PL/QE with Exam – TBD		450.00	600.00	Nov.

2008 Seminars ~ Title – Hours - Dates	v	Member Tuition	Non- Member	Late Pay. +
Save! Combine Seminars – Back To Back – and Save \$40.00 – May 6 & 7		340.00	380.00	April 22
Office Building Valuation: A Contemporary Perspective – 7 Hrs. AP/RE – May 6		190.00	210.00	April 22
Reviewing Residential Appraisal Reports – 7 Hrs. AP/RE - May 7		190.00	210.00	April 23
10th Annual Real Estate Trends Seminar - 8 Hrs. CE - MN/A.I.-AP/RE – May 29		140.00	140.00	May 22
Save! Combine Seminars – Back To Back – and Save \$40.00 – July 14 & 15		340.00	380.00	June 30
Maintaining Control: Dealing/Client Pressure, Identity Theft, Report Tampering – July 14 -7 Hrs. AP/RE		190.00	210.00	June 30
Appraising for Alternate Uses: Life Beyond Lending – July 15 - 7 Hrs. AP/RE		190.00	210.00	July 1
Appraisal of Local Retail Properties – Date TBD – 7 Hrs. AP/RE to be applied for		190.00	210.00	TBD
Case Studies in Commercial Highest and Best Use – August 11 – 7 Hrs. AP/RE		190.00	210.00	Aug. 1
Valuing Green Buildings - TBD		190.00	210.00	TBD

Register online: www.northstarai.org/education

2007 Honorary Member Award Presented to Harvey Swenson

At the Chapter meeting on November 15th - Harvey Swenson, MAI, SRA was presented with the Honorary Member Award. It seemed fitting to honor a man as dedicated as Harvey has been and was during the unification process - this, the year of the Appraisal Institute's 75th Anniversary. We have been asked by several members to reprint the remarks made by President, Dan Mueller, MAI, about Harvey.

“The year 1991 was a landmark year for appraisers! It was the beginning of licensing and certification in Minnesota and the year that the AIREA Minnesota Chapter #35, the SREA- Minneapolis Chapter #44 and the SREA - St. Paul Chapter #16 joined the National Society of Real Estate Appraisers and the American Institute of Real Estate Appraisers as they unified to become one merged organization - the Appraisal Institute. Also joining the Minnesota unification efforts were the Rochester and the Minn-Dak group as satellite or branch Chapters and combined we had approximately 550 members.

During that year there were many jobs to be accomplished by the newly formed Chapter in Minnesota – chief among them the name of our new local unified Chapter. The National office informed us that we could not use “Minnesota” Chapter with out modification. Modifiers suggested were, Northern, Central and Greater. The Board of Directors selected the name, “Greater” Minnesota and the first Greater Minnesota Chapter meeting was held on January 17, 1991. Stationery was printed, new checks were ordered, name tags for all members- were purchased. The Chapter, under the supervision of the Chapter President, worked through countless hours of restructuring the Bylaws and Policies, helped to establish Regional Boundaries, selecting 7 representatives to our Region, a slate of Officers and can you believe 18 Directors - and Committees – all accomplished cheerfully and smoothly in the spirit of unification. At the same time, Minnesota passed a law that any individual appraiser wishing to continue engaging in appraisal activities was to apply for obtain a permanent appraisal license by September 1 of that year. It was a hectic time for everyone with some glitches here and there, but generally – it was a great year.

Then came November and “a funny thing happened on the way to Unification”...the chapter received a letter from the Appraisal Institute stating that because there was another chapter in the state – we could not use the name Greater Minnesota – so as the President said, “we have to re-christen this baby” and it was decided to let the membership submit their ideas for a new name. Names submitted included: the Loon Chapter, Gitcheegumee, Aurora Borealis, the Twinkies, Ladyslipper, Paisley Park and the Greatest. Eventually the name Metro/Minnesota Chapter won out and new stationery, checks, name tags were all redone.

This evening (November 15, 2007) we would like to present our Honorary Award to the man, who asked the question in his first President's letter, “Is January 1, 1991, the end of an era? (or) the beginning of a new era? And went on to say that the old form and the old names have changed, but the real substance – the spirit of dedication and the strength of the Society and the American Institute will live on and continue to flourish through its members, associates and affiliates in the Appraisal Institute.”

Our Honorary Award winner tonight is the man who guided and led us all through that monumental time in the history of the chapter, **Harvey Swenson, MAI, SRA**. I would like to point out that Harvey is the only President who served as the actual President for two Chapters in one year and has actually served three Appraisal Institute Chapters – the Greater Minnesota Chapter, the Metro/Minnesota Chapter and the now North Star Chapter since the merger in 1991. Harvey received his RM Designation (back before records were established), his MAI on November 1, 1976 and the SRA with Unification on January 1, 1991 and has Chaired and served on Committees too numerous to mention!

We thank you, Harvey, for the countless hours of dedication and service and especially the humor and energy you brought to your Presidency as you helped establish a legacy of cooperation and good will in our Chapter membership that does live on to this day. (And we are happy that your personal submission for the new chapter name, “Gopher State One – Call before you dig” Chapter of the Appraisal Institute – didn't become our official Chapter name!)”

Facsimile Transmittal

North Star Chapter of the Appraisal Institute

Fax: 651-633-5956

Phone: 651-633-0676

1265 Josephine Road
Roseville, Minnesota 55113



Date:

Attention:

Maribelle

FAX:

651-633-5956

From:

Number of pages (including this cover):

Schedule: 11:30 am ~ Registration

12:00 pm ~ Luncheon followed by the two-hour program

Please reserve the following space(s) for me on January 8th at the Golden Valley Country Club
for the Luncheon and Program with **Ken Riggs, MAI, CRE, CFA**

Name: _____

Guest: _____

If you have paid your Chapter Service Fee there will be a \$35.00 additional fee for this meeting only.

(This will help cover the cost of the speaker and a copy of the RERC—2008 Forecast Book)

Otherwise the fee for Members and Guests —\$70.00 (this meeting only).

Please make your reservations for the Luncheon by January 4, 2008

Cancellations not called in by January 7th will be billed.

NO-Shows will also be billed.

Register Online: www.northstarai.org/meetingsEvents.asp

Fax: 651/633.5956

E-mail: MaribelleC@aol.com

or mail your reservations to: Maribelle Cushman

1265 Josephine Road, Roseville, MN 55113

