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MESSENGER

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OCTOBER 2018

PRESIDENT'S MESSAGE

Kevin Dumman, MAI, SRA, AI-GRS

I hope everyone had a wonderful summer and is finding enough work at reasonable fees to stay busy.



In the end of July Steve Stiloski and I had the opportunity to attend the Appraisal Institute Joint Regional Meeting in Nashville, TN before the Appraisal Institute National Convention. If you have never been to Nashville, I would encourage you to consider visiting it. There are plenty of fun interesting things to do and the live music is phenomenal. The big topics of discussion this year at the meeting were the Governance Structure proposal and the CEO search. Shortly before the meeting, national released the recommendations of the Governance Structure Project Team.

Here are the highlights of the new GSPT recommendations:

1. Chapters are not touched
2. Education delivery is not touched
3. Regions eliminated
4. National Nominating Committee (selected by Chapter Presidents from 4 quadrants in US) will select Vice President and Board of Directors
5. Board of Directors reduced from 26 to 18 (with no guarantee of regional diversity)

Region III had a special teleconference meeting prior to the national meeting and overwhelmingly passed a resolution asking that the Governance Structure proposal not be accepted as proposed. This caused other regions to examine the proposal and begin asking questions. With growing opposition to the proposal as presented, national decided to back off pursuing the restructuring as proposed and instead implemented a special listening session for members to voice their concerns about the proposal and make suggestions. After participating in this process first hand, I am convinced that regions are necessary and essential in the governance structure of the organization. Regions allow smaller chapters such as, Wisconsin with limited representation a forum to get their voice heard and be represented on a national level.

National representatives declined to discuss the CEO search at length and answer most of the member's questions due to privacy concerns. After the meeting on August 21, the Appraisal Institute announced the hiring of Jim Amorin, MAI, SRA, AI-GRS, as chief executive officer. Amorin had served as acting CEO since August 2017.

The appraisal threshold debate continues..... Congress is currently still looking to increase the threshold limit for commercial appraisals. The Appraisal Institute has opposed this legislation saying it may result in the elimination of nearly all appraisal requirements in one of the highest risk lending programs in the United States, potentially negatively affecting taxpayers. There are currently two bills in congress due to be voted on anytime with that intent. H.R. 6347, the 7(a) Real Estate Appraisal Harmonization Act, and H.R. 6348, the Small Business Access to Capital and Efficiency Act, would increase the Small Business Administration appraisal threshold level to the threshold level established for commercial real estate by the federal bank regulatory agencies. Earlier this year, those agencies finalized a rule to increase the commercial real estate appraisal threshold level from \$250,000 to \$500,000. However, H.R. 6347 and H.R. 6348 fail to fully align the SBA requirements with those of the federal bank regulatory agencies. In the final rule, the federal bank regulatory agencies imposed a requirement to perform an "evaluation" where appraisals are not required for commercial real estate loans. Evaluations have specific development and reporting requirements smaller in scope than appraisals; however, the SBA does not require evaluations, and neither bill includes corresponding evaluation requirements.

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2018 OFFICERS & DIRECTORS

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8:00 a.m. - 5:00 p.m. Monday-Friday

The National Credit Union Administration recently proposed to increase the appraisal threshold level for non-residential loans to \$1 million. If finalized, the bank regulatory agencies would face great pressure to establish a corresponding threshold level as the NCUA. Nearly all SBA loans would then be subject to a no-appraisal or evaluation loophole.

I encourage everyone to monitor the proposed changes to the appraisal threshold in attempts to modernize the current regulatory process and keep informed. Please, comment when you can and contact legislators to oppose any future changes to the threshold limits. Increasing the appraisal threshold limits will have a significant future impact on our industry that we can't even begin to imagine.

The appraisal waiver saga continues..... A severe shortage of real estate appraisers has North Dakota officials making a request to temporarily waive appraisal reports on some residential loans. In some parts of the state, appraisals are reportedly taking up to three months. As a result, some of the transactions have fallen through hurting timely credit availability for prospective borrowers and slowing economic development. A joint request was made by North Dakota Gov. Doug Burgum, Department of Financial Institutions Commissioner Lise Kruse, and the North Dakota Bankers Association to the Federal Financial Institutions Examination Council's Appraisal Subcommittee. A temporary waiver of appraisal requirements that are currently required by North Dakota law is being sought by the state for federally related real estate mortgage loans issued by banks or credit unions. The state is asking for a temporary waiver on residential loans up to \$500,000.

As promised earlier in the year, more discussion of appraisal waivers and hybrid appraisals..... On June 7, 2018, The Appraisal Foundation convened the largest national gathering of organizations with an interest in valuation to provide a forum on emerging appraisal issues. Representatives from the Foundation's two advisory councils, representing approximately 100 companies, non-profit organizations, and government agencies, were in attendance to hear presentations and exchange thoughts on two high profile topics in today's marketplace: appraisal waivers and hybrid appraisals.

TREASURER'S REPORT

The Chapter Funds as of 9/30/2018 are:

Primary Checking Account:	\$13,200.65
Money Market:	\$4,7249.16
 Total Funds Balance:	 \$60,449.81

The morning panel featured representatives from Fannie Mae and Freddie Mac, both of which now accept certain loans without a traditional appraisal, instead relying on automated valuation models or other valuation tools. Panelists discussed the circumstances under which appraisal waivers are allowed and the processes used to evaluate the risk associated with the underlying collateral. In addressing audience concerns about the rapid increase in appraisal waivers, panelists noted the purposeful guidelines and parameters that surround these products. Panelists also encouraged continued collaboration and input among stakeholders as the profession moves forward with modernization efforts.

The luncheon panel featured representatives from LIA Administrators & Insurance Services and Moody's Investors Service, who focused on the impact of hybrid appraisal assignments.

As appraisers are increasingly being asked to provide an opinion of value based on an inspection provided by another party, the panelists discussed the level of risk associated with these types of assignments, the lack of information available regarding those who complete the inspections, and the potential degradation of the resulting analyses. Responding to this increased risk, panelists suggested diligence on the part of appraisers and investors in monitoring any increased usage of hybrid appraisals, which are a new arrival to the market.

Remember to mark your calendars for the year-end event at Lambeau Field in Green Bay, WI, which you will find listed in the chapter education schedule. I hope to see you all at a class or chapter event this year.

WCAI JOB POSTING

Company: Chudnow Druck Valuation, Inc.

Location: Glendale, Wisconsin (Appraisers are typically allowed to work remotely provided that their home office is fully equipped)

Position: Residential Staff Appraisers and Appraiser Trainees

Job Description: Due to the increase in business activity, Chudnow Druck Valuation has immediate openings for experienced residential appraisers and appraiser trainees who cover one or more of the following counties: Brown, Dane, Dodge, Fond du Lac, Jefferson, Manitowoc, Rock, Sheboygan, and Winnebago.

Compensation: We offer competitive compensation with a base salary and fee splits for certified staff appraisers.

Benefits: The benefit package for full time staff appraisers includes paid time off, access to a partially paid health insurance plan, group disability insurance, and paid E&O insurance.

Required Skills: Technologically competent, time management skills, WI driver's license with valid insurance

Required Education: 4-year college degree preferred; trainees must have completed at least the first 2 appraisal courses

Experience: 2 years appraisal experience preferred; Certified appraisers and FHA approved appraisers preferred



CONTACT INFORMATION

Bill Druck, *Managing Director*

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BOARD MEETING MINUTES

August 22, 2018

Kevin Dumman called the meeting to order at 4:00 p.m. at the WAM office, 11801 W. Silver Spring Drive, Milwaukee, WI 53225

Members Present

Kevin Dumman, Erik Hanson, Cherie Laffin, Katie Thompson, Jorge Barreiro, Art Sullivan, Rick Larkin, Pierce Buchinger, Robert Quam. Ryan Sikorski and Hank Schneider joined via teleconference.

Staff members present included Doug Stangoehr.

Approval of Minutes

Minutes from the 5-2-2018 board meeting were approved. Motion made, seconded and passed.

Treasurer's Report

Financials were reviewed and approved. Motion made, seconded and passed.

Education Report

Discussion of 2018 offerings to date and future classes by year end. Discussion about future classes with Jennifer Marshall and Steve Stiloski and fee structure.

National/Regional Update

Discussion about the status of the Statute of Repose. Rick Larkin and his team is working on and assembling information with looking for individuals who have had problems with needing records for appraisal which have exceeded record keeping time-lines. Jorge' and Rick talking the Byron from Minnesota chapter about their success. Examples of those affected are beneficial for legislators to confirm need. Government relation committee to be the task force and Chris Ruditys and Doug Stangoehr is assisting.

Statute of Repose summary - National is pushing chapters to pass limiting liability for appraisers after completion of job and the record keeping.

New/Old Business

LDAC

- 2019 LDAC will be attended by Erik Hanson (discussion leader), Cherie Laffin (3rd Year) Jorge Barreiro (2nd Year). Looking for a first-year participant.
- Discussion on need to increase budget amount to include the registration fee.
- National will no longer send code for registration. Participants will have to pay and submit to Chapter for reimbursement.
- General Membership Meetings
- Discussion of dates/locations for meetings and valuation socials.
- Dates for meeting tentatively set for November 7.
- Donations/Gifts
- Discussion of donation to Marquette Law School for Condemnation symposium was discussed and \$1,500 was voted to be donated.

Advertising/Job Postings

- Discussion about what process should be, fees, what is accepted and where ads to be placed.
- It was concluded the ad to be placed on Website, Facebook, Linked In, and Messenger newsletter.
- It was concluded no fee for members; \$300 for nonmembers.

Motion made, seconded and carried. Doug to draft notice for announcement to advertise.

Year in Review 2018

- Discussion of Lambeau Field with tours of facility, area and training camp. Working on detail for time, date and event. Speakers are lined up.
- Looking for additional sponsors.

Adjournment

Meeting adjourned at 5:31 p.m.
Motion made, seconded and passed.

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**LAMBEAU FIELD,
GREEN BAY**

REAL ESTATE DAY AT LAMBEAU FIELD

**DECEMBER 7,
2018**

LUNCH SPONSOR:



HOTEL INFORMATION

Hilton Garden Inn
1015 Lombardi Ave
Green Bay, WI

Room Block: \$101

Your HiltonLink is: https://hiltongardeninn.hilton.com/en/gi/groups/personalized/G/GRBGHGI-601-20181207/index.jhtml?WT.mc_id=POG

This is a fun, casual event - everyone is encouraged to wear their best game day Packer attire!

SCHEDULE OF EVENTS

- 10:30am - 11:30pm: Construction and Architectural Tour of Lambeau Field (two tour slots)
- 11:30pm - 12:15pm: Lunch served on the North Balcony
- 12:30pm - 12:45pm: Open Remarks/Recognition of Corporate Sponsor, Kevin Dumman, MAI
- 12:45pm - 1:15pm: Charlie Millerwise, *Green Bay Packers*
- 1:15pm - 1:30pm: Mark Nystead, *Keller*
- 1:30pm - 2:00pm: Aaron Schuette, *Village of Ashwaubenon Community Development*
- 2:00pm - 2:30pm: Kevin Vonck, *City of Green Bay Dept. of Community & Economic Development*
- 2:30pm - 2:45pm: Afternoon Break
- 2:45pm - 3:15pm: Brandon Svec, *Co-Star*
- 3:15pm - 4:00pm: Karen Harkness, *City of Appleton Dept. of Community & Economic Development*
- 4:00pm - 4:30pm: Paul Belschner, *Base Companies*
- 4:30pm - 5:00pm: Garritt Bader, *GB Real Estate Investments*
- 5:00pm - 5:15pm: Closing comments, Eric Hanson, MAI
- 5:15pm - 7:00pm: Reception

5 Hours of Continuing Education Credits - PENDING APPROVAL



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RAPT UPDATE

In January 2017, the Appraisal Institute created the Residential Appraisal Practice Team (RAPT) in response to a growing realization that the declining number of SRA's, declining number of SRA candidates, and fewer residential practicing affiliates required the Appraisal Institute's full attention. The effort was chaired by Appraisal Institute's VP Stephen Wagner, MAI, SRA, AI-GRS. A group of SRA's from throughout the U.S. comprised this advisory panel. I was honored to be named to this group.

2017 saw a series of teleconference meetings to create some groundwork for what AI could do to improve SRA numbers, reinvigorate the SRA brand, and reach out to the residential appraisal community. 2017 AI President Jim Amarin, MAI, SRA as well as members of AI's executive staff attended these teleconferences as well.

These meetings presented the "good, bad, and ugly" with respect to the current state of the residential appraisal profession. The ability for working SRA residential appraisers from all over the country to discuss the current state with AI's top brass proved valuable. Committee members pulled no punches with respect to what they thought was needed to improve not only SRA numbers but AI's image as well. An effort was initiated to "broaden the tent" as our first order of business.

We addressed what AI does well. This includes government advocacy on appraisal issues (which benefits all appraisers), quality education (which was also identified as often too expensive), and quality books and publications.

A little more painful were discussions of AI's insular nature and negative image amongst some members of the appraisal community. The lack of awareness of what AI offers was discussed with respect to not only the general residential appraisal community, but also to the overall consumers of residential appraisals in general. In your experience, how many clients have little, if any, knowledge or appreciation for what it takes to become an SRA? Painful also was the anti-AI sentiment that is present in some social media discussions. As you can see, our discussions pointed to the big job ahead of us. These discussions, with AI national lead-

ership in attendance, will hopefully result in meaningful change. RAPT began its second year in January 2018 with Charles Baker, SRA of California as Chair. The meetings produced a more targeted focus along with some new members. AI President James Murrett, MAI, SRA now attends as well as past Chair Stephen Wagner and new AI CEO Jim Amarin. In addition, RAPT is now leaner and meaner.

The "Broaden the Tent" discussions of the previous year now focus on more and better residential Webinars, AI residential courses, and residential roundtables. Speaking of residential roundtables, our WCAI Chapter just had one! On October 4th, in conjunction with our three day CE courses and Valuation Social, approximately 17 appraisers participated in a roundtable at ABV Social. The group enjoyed some snacks and drinks, along with an energetic discussion of what is affecting the residential appraisal world and what the AI can do better.

Course Instructor Woody Fincham, SRA and RAPT committee members Lisa Meincziner, SRA, Byron Miller, SRA, and I informally chaired the discussion. We were very fortunate to have a very representative group of appraisers in attendance with designated SRA's, supervisory appraisers, principles of appraisal firms, practicing affiliates, a trainee, and some of our MAI colleagues. Woody and the group introduced the attendees to what the RAPT was about and then kicked off a discussion on the "Good, Bad, and Ugly" theme. I took seven pages of notes. Again, the strengths and weaknesses of AI, briefly discussed above were fleshed out in the discussion.

I deeply thank all those who provided great and detailed insight, as well as their honesty and candor as to what AI can do better. The seven pages of notes will be summarized and presented to the RAPT as well as AI leadership and executive people as part of the effort to improve our residential appraisal profession. The ability to give input at the highest levels of AI leadership is invaluable.

Thanks to all who participated. Let's keep moving forward.

Sincerely,
Richard S. Larkin, SRA

WOOLSACK SOCIETY PANEL RECOGNITION

Dear WCAI,

On behalf of Deans Kearney, Novotny and Wilczynski-Vogel, thank you for your generous support of Marquette Law School during the University's fiscal year ending June 30, 2018. We would like to express our appreciation by including your name on our annual Woolsack Society recognition panel of the Ray and Kay Eckstein Hall donor wall.

Listed below is the way your inscription will appear on the Woolsack Society panel:

Appraisal Institute - Wisconsin Chapter

CONGRATULATIONS TO OUR NEWEST DESIGNATED MEMBERS!

New Designations

Congratulations to all of the newly designated Wisconsin Chapter members:

Felix Castro, MAI

Tyson Hall, MAI



CONGRATULATIONS 



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