Appraisal Institute®
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The Wisconsin Chapter MESSENGER

http://www.wisai.com JANUARY 2011

PRESIDENT'S COLUMN

Tim Warner, MAI, SRA

Greetings and best wishes for the New Year! We have just entered what promises to be a somewhat unusual year - but aren't they all recently?

I am reminded, when I was starting my own appraisal shop, I asked another very good and experienced appraiser what he did for business planning. He told me that in the first ten years of his appraisal business, he started each year with a plan based on likely trends and what the market was likely to do. But at the end of each year, he had to concede that the year always turned out differently than expected. With that in mind, if I just offer views of where the action is likely to be, I suspect that I might have a better chance at being more right than wrong,

As we enter 2011, both the residential and commercial real estate markets remain soft. But after last year, we have higher expectations of events leading us to the almost mystical market "Turnaround." These expectations are tempered with the knowledge that it is almost certain that a sustainable turnaround will not occur without sustainable job growth. Unfortunately, current forecasts are that meaningful job growth sufficient to spur new real estate development is not expected to occur until 2015 or 2016.

Residential appraisers have been the hardest hit by the housing market downturn and then whipsawed by HVCC and the rise of AMCs. The Dodd-Frank Wall Street Reform and Consumer Protection Act, and the related Interim Final Truth in Lending Act (TILA), have arrived, as well as the Final Interagency Appraisal and Evaluation Guidelines. Also, 2010 saw the proposed legislation in Wisconsin for mandatory appraisal licensing fail to move forward, due in part to the debate over the inclusion of Broker Price Opinion (BPO) language. Dodd Frank specifically prohibits BPO appraisals being used to value collateral for a loan and this seems to have muted BPO proponents for the time being. AMC legislation is likely to come forward in Wisconsin during 2011. Despite model legislation language, there might be tie-ins to related issues with mandatory licensing. The chapter will keep you informed as this issue arises.

FIRREA enabling legislation was passed in 1989 and in October of 1994, the OCC, FRB, OTS and FDIC jointly issued The Appraisal and Evaluation Guidelines. Although there have been additional guidance documents released in between, the Final Interagency Guidelines issued in December of 2010 is the first major update. You can find these at www.fdic.gov/news/news/financial/2010/fil10082a.pdf. As the implementation of Dodd-Frank continues, it is likely that there will be future updates.

The provision of Dodd-Frank, and also TILA, that has created the most buzz and a lot of scratching of heads is that of "Customary and Reasonable Fees" paid appraisers. This is referred to in Dodd-Frank and TILA (TILA at www.gpo.gov/fdsys/pkg/FR-2010-10-28/pdf/2010-26671.pdf. - see Paragraph 42.)

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TREASURER'S REPORT

The Chapter funds as of 12/31/10 are:

Primary Checking Account:	$17,144.64
Money Market Account:	$25,211.04
CD Account:	$25,775.52
Total funds balance:	$68,131.20

PRESIDENT'S MESSAGE
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So what exactly is a "customary and reasonable fee" you ask? Well, the Interim Final TILA states in 42(f)(2)(i) that its determination is a two step process. The first step is to consider "recent rates" in the geographical market and then go to the second step where "other factors" are considered as adjustments. These "other factors" are detailed in paragraph 42(f)(i)(A)-(F) and are scope of work of the assignment, fee appraiser qualifications, membership in professional organizations, experience and professional record, and work quality.

There is also an "Exception for Complex Assignments - In the case of an appraisal involving a complex assignment, the customary and reasonable fee may reflect the increase time, difficulty, scope of the work required for such an appraisal, and include an amount over and above the customary and reasonable fee for non-complex assignments". Does this sound like some of your recent assignments?

In determining the "recent rates", the legislation describes using "reasonable methods" or a fee study. The Fall edition of *Working Real Estate*, page 7, commented "The legislation also states 'Fee studies shall exclude assignments ordered by known appraisal management companies ,' which clearly debunks the notion that customary and reasonable fees can be considered the lowest fees fee negotiated - which is what AMC interests had been arguing. Congress came down unambiguously on the side of appraiser in the face of some pretty loud opposition."

However, there are other considerations in determining Customary and Reasonable Fees. *Working Real Estate* quotes the Senior Counsel at the Division of Consumer and Community Affairs Federal Reserve Board saying that either of the two "presumptions of compliance" which might be looked to as escapes are not "safe harbors" if an AMC is chal-
PRESIDENT'S MESSAGE

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lenged over customary and reasonable fees. While I was writing this, The Appraisal Institute sent a letter, also signed by other appraisal organizations like ASA, urging the Federal Reserve Board to revise the customary and reasonable fees section of its Interim Final Rule of TILA if fees that AMCs are paying are a component. So this matter appears to be waiting a final decision.

There is a nugget in knowing that the term "customary and reasonable fees" comes from what health insurance companies are willing to pay for a medical service or procedure. It is what the majority of doctors in the area would charge for that service or procedure. So, historically, the term "customary and reasonable fees" has been the antonym for low bid.

So what about requests for appraisal bids and/or fee quotes? What is the appraiser's responsibility under the Customary and Reasonable Fee provision when lenders or AMCs call for a fee quote? Does it not appear that it is the lender's or AMC's responsibility to develop the Customary and Reasonable Fee for an appraisal based upon property type, geographic location, scope of work of the assignment, fee appraiser qualification, membership in professional organizations, experience and professional record, and work quality? This, of course, would be easier for residential properties than commercial. Would a viable alternative be sending an engagement letter asking that the appraiser please charge the customary and reasonable fee for the scope of work involved?

Sorting this all out is important because financial penalties for lenders and AMC's violating customary and reasonable fees are steep and these financial penalties can be cumulative for each individual violation.

In visiting the internet recently, I have noted a number of article headlines like "valuation has become more important than ever according to the Grubb & Ellis 2011 CRE forecast" and, another example, "determining value is one of the thorniest issues facing commercial real estate today according to a congressional roundtable .". So indeed, 2011 has every promise of presenting continuing challenges.

2011 UPCOMING COURSES & SEMINARS

For more information on each offering and
TO REGISTER, please go to:
http://www.appraisalinstitute.org/education/Wisconsin

Date	**Course/Seminar**
January 24-27	General Appraiser Report Writing and Case Studies
February 25	USPAP Update
October 21	USPAP Update

All seminars/courses will be offered at
WCAI's facility located at:
11801 W. Silver Spring Drive, Suite 200
Milwaukee, WI 53225
(Unless otherwise noted.)

QUESTIONS?
Please call the WCAI office at (414) 271-6858
or visit www.wisai.com.

Specific dates and locations will be published as they become available.

BOARD MEETING MINUTES

December 3, 2010

President Mike Brachmann called the meeting to order at 5:12 pm at the office of Wisconsin Association Management, 11801 W. Silver Spring, Milwaukee, WI.

Members Present
Mike Brachmann, Bill Sirny, Steve Stiloski, Tom Swan, Jason Teynor. Chris Ruditys on staff was also in attendance.

Secretary's Report
The minutes from the August 30, 2010 meeting were approved (Motion, Stiloski, 2nd Swan) with unanimous approval.

Treasurer's Report
Tom Swan reviewed the financials through October 31, 2010 and provided an overview of expected outcome. The net profit or net loss will be determined on whether associate dues will be received from AI in December like they were last year at this time and the decrease of dues received this year. The financial report through October 31, 2010 was approved. (Motion, Sirny, 2nd Stiloski) with unanimous approval.

2011 Budget - The Board went through the proposed 2011 budget and no concerns were addressed. The Board did emphasize the importance of keeping funds in the budget for three people for LDAC. To approve the 2011 budget as presented. (Motion, Warner, 2nd Sirny) with unanimous approval. The other question was whether to pay WAM in advance to versus monthly to save additional funds. To pay WAM the lump sum for one year in advance on January 1, 2011. (Motion, Sirny, 2nd Warner) with unanimous approval.

Education Report
Review Year in Review Symposium - Feedback seemed very positive except for some comments about the keynote was too AI oriented versus real estate related.

2011 Education Offerings - There will be a General Report Writing Class from January 24-27. We should look at having classes on March 16-17, 2011 as well. Business Practices should be looked at as a possible offering as well as the Advanced Market Analysis & Highest and Best Use prior to June - preferred date should be April or May 2011. Bill Sirny agreed to do a seminar on the new agency guidelines around the state.

Legislative Update
No report

Old/New Business
The Appraisal Foundation's Board of Trustees actions - No report.

Other Business
LDAC - it was suggested that Katie Thompson, Dominic Landretti and Rob Dirksmeyer be sent to LDAC on behalf of WCAI. (Motion, Stiloski, 2nd Sirny) with unanimous approval0

Adjournment
Motion, Warner; 2nd Sirny; 5:54 p.m.

Respectfully Submitted,
Christopher Ruditys
Executive Director, Wisconsin Chapter of the Appraisal Institute

RISK MANAGEMENT INSIGHTS

The New Interagency Guidelines on Appraisals and Evaluations: A Concise Summary for Lenders

George R. Mann, Managing Director and Chief Appraiser, Collateral Evaluation Services, LLC; Robert S. Ely, Chief Business Development Officer and Chief Appraiser, Collateral Evaluation Services, LLC

In December 2010, the five federal banking authority agencies issued a statement titled "Interagency Appraisal and Evaluation Guidelines." These Guidelines supplement existing guidance and rescind the following (FDIC references):

o 1994 Interagency Appraisal and Evaluation Guidelines, FIL-74-94;
o Statement on Appraisal Standards, FIL-20-2001;
o Interagency Statement on Independent Appraisal and Evaluation Functions, FIL-84-2003; and
o 2006 Revisions to Uniform Standards of Professional Appraisal Practice, FIL-53-2006.

The statement can be found on the Web sites of the FDIC[1], Federal Reserve Board[2] and OCC[3]. All regulated institutions should obtain a copy of the recent statement because an institution's board of directors is responsible for reviewing and adopting policies and procedures that establish and maintain an effective, independent real estate appraisal and evaluation program for all its lending functions.

The Guidelines contain 18 sections and four appendices. Although this article addresses some of the pertinent items, it does not cover everything in the statement. The authors reviewed each of the 18 sections and four appendices noting both new items that have not appeared in prior statements and items that the Agencies are reemphasizing.

SECTIONS

Sections I thru III titled "Purpose," "Background" and "Supervisory Policy" are basically an introduction that provide the origination of appraisal and evaluation guidelines and the importance of program compliance.

Section IV "Appraisal and Evaluation Program" lists 10 bullet points of which the authors find the following six noteworthy:

o Provide for the independence of the persons ordering, performing, and reviewing appraisals or evaluations.
o Establish selection criteria and procedures to evaluate and monitor the ongoing performance of appraisers and persons who perform evaluations.
o Ensure that appraisals comply with the Agencies' appraisal regulations and are consistent with supervisory guidance.
o Develop criteria to assess whether an existing appraisal or evaluation may be used to support a subsequent transaction.
o Implement internal controls that promote compliance with these program standards, including those related to monitoring third party arrangements.
o Establish criteria for monitoring collateral values.

[1] http://www.fdic.gov/news/news/financial/2010/fil10082.html
[2] http://www.federalreserve.gov/boarddocs/srletters/2010/sr1016.htm
[3] http://www.occ.treas.gov/news-issuances/bulletins/2010/bulletin-2010-42.html

Regarding program independence, the new Guidelines not only pertain to those persons performing appraisals and evaluations, but also to persons who order and review appraisals and evaluations.

This section states that appraisals must comply with the Agencies' appraisal regulations (which may differ from or exceed the Uniform Standard of Professional Appraisal Practice requirements). Also, institutions should "evaluate and monitor" the performance of fee appraisers and persons who perform evaluations. A simple rating of each appraisal received can be designed to address items like timeliness, report quality, responsiveness of appraiser to review questions, etc.

The last three bullet points listed above are now explained in their own sections of the new Guidelines. As such, we will discuss these sections later in the article.

Section V "Independence of the Appraisal and Evaluation Program" has been expanded substantially to clarify some points and also to address the communication process between an institution and its fee appraisers. As noted above, independence applies to those persons who order, perform and review appraisals and evaluations. The standards of independence apply to both appraisals and evaluations.

The Guidelines continue to state that *"An institution should establish reporting lines independent of loan production for staff who administer the institution's collateral valuation program…"* Appendix D further defines Loan Production Staff as *"Generally, all personnel responsible for generating loan volume or approving loans, as well as their subordinates and supervisors."* As such, this would not only include loan officers but also credit officers who approve loans regardless of dollar amount.

This section also addresses the types of communications that would not be construed as coercion or undue influence on appraisers and persons performing evaluations, as well as examples of actions that would compromise independence. For the most part, the Agencies' wording is self-explanatory and thus what follows is quoted directly from the Guidelines:

> *Communication between the institution's collateral valuation staff and an appraiser or person performing an evaluation is essential for the exchange of appropriate information relative to the valuation assignment. An institution's policies and procedures should specify methods for communication that ensure independence in the collateral valuation function. These policies and procedures should foster timely and appropriate communications regarding the assignment and establish a process for responding to questions from the appraiser or person performing an evaluation.*
>
> *An institution may exchange information with appraisers and persons who perform evaluations, which may include providing a copy of the sales contract for a purchase transaction. However, an institution should not directly or indirectly coerce, influence, or otherwise encourage an appraiser or a person who performs an evaluation to misstate or misrepresent the value of the property. Consistent with its policies and procedures, an institution also may request the appraiser or person who performs an evaluation to:*
>
> *o Consider additional information about the subject property or about comparable properties.*
> *o Provide additional supporting information about the basis for a valuation.*
> *o Correct factual errors in an appraisal.*
>
> *An institution's policies and procedures should ensure that it avoids inappropriate actions that would compromise the independence of the collateral valuation function, including:*
>
> *o Communicating a predetermined, expected, or qualifying estimate of value, or a loan amount or target loan-to-value ratio to an appraiser or person performing an evaluation.*
> *o Specifying a minimum value requirement for the property that is needed to approve the loan or as a condition of ordering the valuation.*
> *o Conditioning a person's compensation on loan consummation.*
> *o Failing to compensate a person because a property is not valued at a certain amount.*
> *o Implying that current or future retention of a person's services depends on the amount at which the appraiser or person performing an evaluation values a property.*
> *o Excluding a person from consideration for future engagement because a property's reported market value does not meet a specified threshold.*

It should be noted that this provision does not preclude an institution from with

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RISK MANAGEMENT INSIGHTS
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holding compensation from an appraiser or person who provided an evaluation based on a breach of contract or substandard performance of services under a contractual provision.

Section VI "Selection of Appraisers or Persons Who Perform Evaluations" emphasizes the importance of appraiser competency for a particular assignment relative to both the property type and geographic market and stresses that an institution should not select a valuation method or tool solely because it provides the highest value, the lowest cost, or the fastest turnaround time.
New subsections have been added to address the development, administration and maintenance of an approved appraiser list and the Agencies' recommendation that institutions use engagement letters. Ongoing monitoring of the work performed by fee appraisers and persons performing evaluations is once again emphasized.

A new and very important quote in this section states *"...An institution's use of a borrower-ordered or borrower-provided appraisal violates the Agencies' appraisal regulations. However, a borrower can inform an institution that a current appraisal exists, and the institution may request it directly from the other financial services institution."* This statement brings to an end the fairly common practice of Bank B receiving a copy of Bank A's appraisal from the borrower. Going forward this is not permitted and Bank B will have to contact Bank A directly to get a copy of that appraisal. As an aside, the appraiser who performed the appraisal for Bank A cannot provide a copy of the report to anyone (e.g., Bank B) without Bank A's permission.

Section VII "Transactions That Require Appraisals" simply refers to Appendix A, which lists the 12 instances in which an appraisal exemption may be employed. These remain the same as published in the last FIRREA amendments of 1994.

Section VIII "Minimum Appraisal Standards" is probably one of the most important sections in the Guidelines as it lists the five items that are mandatory for an appraisal to comply with the Agencies' appraisal regulations. This section has been greatly enhanced to clarify each of the five standards.

The first standard states appraisals still must comply with USPAP and contain the Agencies' definition of market value. However, the following two items have been added:

> *o An institution may refer to the appraiser's USPAP certification in its assessment of the appraiser's independence concerning the transaction and the property.*
> *o Under the Agencies' appraisal regulations, the result of an Automated Valuation Model (AVM), by itself orsigned by an appraiser, is not an appraisal, because a state certified or licensed appraiser must perform an appraisal in conformance with USPAP and the Agencies' minimum appraisal standards.*

The second standard addresses the "sufficient information" requirement for an appraisal report to support the institution's decision to engage in the transaction. Additional explanation has been provided for this standard with the following quotations best summarizing the requirements:

> *o The appraiser's scope of work should be consistent with the extent of the research and analyses employed for similar property types, market conditions, and transactions. Therefore, an institution should be cautious in limiting the scope of the appraiser's inspection, research, or other information used to determine the property's condition and relevant market factors, which could affect the credibility of the appraisal.*
> *o An institution should specify the use of an appraisal report option that is commensurate with the risk and complexity of the transaction. The appraisal report should contain sufficient disclosure of the nature and extent of inspection and research performed by the appraiser to verify the property's condition and support the appraiser's opinion of market value.*

The third standard deals with deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms and tract developments with unsold units. Appendix C has been added to the Guidelines and explains the expectations for appraisals of these complex property types.

The fourth standard requires the appraisal to be based upon the Agencies' definition of market value and includes the requirement that an "as is" value be provided in each appraisal. The definition of market value applies to "real property" only and as such the Guidelines state:

> *Value opinions such as "going concern value," "value in use," or a special value to a specific property user may not be used as market value for federally related transactions. An appraisal may contain separate opinions of such values so long as they are clearly identified and disclosed.*

The "as is" value defined as *"...the real property's actual physical condition, use, and zoning as of the effective date of the appraiser's opinion of value."* In addition to "as is" value, an institution can also request a prospective market value upon completion and/or stabilization as long as there is *"...a point of reference to the market conditions and time frame on which the appraiser based the analysis."* **Thus, a value conclusion based on a hypothetical value as if complete and/or stabilized as of the effective date of appraisal is not allowed.**

The last standard requires appraisals to be performed by appropriately state certified or licensed appraisers. Additional discussion regarding competency has been added to clarify that licensure alone does not indicate an appraiser is competent.

Section IX "Appraisal Development" reiterates most of what is discussed in the second item of the five minimum appraisal standards outlined in Section VIII.

Section X "Appraisal Reports" emphasizes the need to obtain a report that contains "sufficient information and analysis." The Agencies indicate a Restricted Use Appraisal Report probably will not be appropriate for most federally related transactions, but may be useful for ongoing collateral monitoring.

Section XI "Transactions That Require Evaluations" outlines the three exemptions that require an evaluation in lieu of appraisals, which remains exactly the same as stated in the 1994 Amendments to FIRREA. However, the Agencies have added the following guidance as to when an institution should consider getting an appraisal although an evaluation is permitted:

> *An institution should consider obtaining an appraisal as an institution's portfolio risk increases or for higher risk real estate- related financial transactions, such as those involving:*
>
> *o Loans with combined loan-to-value ratios in excess of the supervisory loan-to-value limits.*
> *o Atypical properties.*
> *o Properties outside the institution's traditional lending market.*
> *o Transactions involving existing extensions of credit with significant risk to the institution.*
> *o Borrowers with high-risk characteristics.*

Section XII "Evaluation Development" is a new section that works in conjunction with **Section XIII "Evaluation Content."** The Agencies added the new section to emphasize that evaluations must be consistent with safe and sound banking practices and contain an appropriate level of analysis and information necessary to support the estimate of market value.

The content requirements for evaluations have been increased with emphasis placed on a physical inspection of the collateral and listing of all sources of information used in the analysis to value the property. Regarding the collateral's actual physical condition, the Guidelines now state:

> *... an institution should establish criteria for determining the level and extent of research or inspection necessary to ascertain the property's actual physical condition, and the economic and market factors that should be*

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> *considered in developing an evaluation. An institution should consider performing an inspection to ascertain the actual physical condition of the property and market factors that affect its market value. When an inspection is not performed, an institution should be able to demonstrate how these property and market factors were determined.*

Lastly, these sections specify that valuation methods that do not produce Market Value conclusions are not acceptable as evaluations. Automated Valuation Models (AVMs) and Competitive Market Analysis (CMAs) do not constitute an evaluation on their own, but may be used as support for an evaluation. Broker Price Opinions (BPOs) may not be used because they do not produce a market value, but a potential selling price.

Section XIV "Validity of Appraisals and Evaluations" is mostly unchanged from prior statements and reference is made to including support for using a prior appraisal or evaluation in the credit file.

Section XV "Reviewing Appraisals and Evaluations" is now its own section and contains an abundance of new information. Subsections also address reviewer qualifications and depth of review by property type and for appraisals received from other institutions, resolution of deficiencies and review documentation. The Guidelines still require that an appraisal or evaluation review be completed prior to a final credit decision.

This section states that, *"An institution's policies and procedures for reviewing appraisals and evaluations, at a minimum, should:*

> *o Address the independence, educational and training qualifications, and role of the reviewer.*
> *o Reflect a risk-focused approach for determining the depth of the review.*
> *o Establish a process for resolving any deficiencies in appraisals or evaluations.*
> *o Set forth documentation standards for the review and the resolution of noted deficiencies."*

Many institutions will likely need to develop policies and procedures to address appraisal and evaluation review in accordance with the above requirements. In order to comply with independence and competency requirements for reviewers, the Agencies state, *"An institution may find it appropriate to employ additional personnel or engage a third party to perform the reviews."*

Section XVI "Third Party Arrangements" is a new section added to the Guidelines. This section addresses the risk management practices that an institution should consider if it uses a third party to manage or conduct all or part of its collateral valuation function. The Agencies make it clear that an institution cannot outsource its responsibility to maintain an effective and independent collateral valuation function.

Section XVII "Program Compliance" is significantly expanded from prior statements. Subsections now address monitoring collateral values, addressing portfolio collateral risk, and modifications and workouts of existing credits.
Specific items added to program compliance address appraiser competency, testing the appraisal and evaluation review process, and reporting appraisal and evaluation deficiencies to appropriate internal and external parties.

The subsections are quite detailed and well worth reading several times to fully understand the various options allowed by the Guidelines. As most institutions are dealing with modifications and workouts, this section is very relevant at this time.

One noteworthy item is the recommendation that an institution obtain market data for its footprint to ensure that timely information is available to management for assessing collateral and associated risk.

Section XVIII "Referrals" has been strengthened with the following new paragraph:

> *An institution should file a complaint with the appropriate state appraiser regulatory officials when it suspects that a state certified or licensed appraiser failed to comply with USPAP, applicable state laws, or engaged in other unethical or unprofessional conduct. In addition, effective April 1, 2011, an institution must file a complaint with the appropriate state appraiser certifying and licensing agency under certain circumstances (See 12 CFR 226.42(g)).*

Additional information is provided as to when a suspicious activity report (SAR) must be filed.

APPENDICES

In addition to the 18 sections discussed above, the Guidelines have added four appendices.

Appendix A restates the 12 appraisal exemptions outlined in the 1994 FIRREA Amendment.

Appendix B is titled "Evaluations Based on Analytical Methods or Technological Tools." This appendix contains four pages of discussion on using AVMs and a page on using tax assessment valuations. An institution should read this appendix carefully if it currently uses or plans on using one of these tools.

Appendix C is titled "Deductions and Discounts." This appendix relates to the third requirement in the five minimum appraisal standards. A discussion of the various property types requiring deductions and discounts is presented.

Appendix D is a "Glossary of Terms." This appendix contains 49 definitions. Some of the more useful definitions are included for: "as is" market value, business loan, evaluation, loan production staff, market value, raw land, sum of retail sales, tract development, transaction value and value of collateral.

SUMMARY

The most recent Guidelines were issued to provide further clarification of the Agencies' appraisal regulations and supervisory guidance to institutions and examiners about appraisal and evaluation programs. Although numerous items were addressed above, your institution should read the statement in its entirety and ensure compliance. As there are many ways of performing the appraisal and evaluation functions and because institutions vary by size, possibly the best advice is to ask your examiner for assistance. Federal examiners can review your policies and procedures and help determine if the federal guidelines are being met or if adjustments need to be made within your institution.

As to bringing your institution into compliance with the new Guidelines, the Agencies state the following:

> *The Guidelines are effective upon publication in the Federal Register. However, on a case-by-case basis, an institution needing to improve its appraisal and evaluation program may be granted some flexibility from its primary federal regulator on the timeframe for revising its procedures to be consistent with the Guidelines. This timeframe should be commensurate with the level and nature of the institution's real estate lending activity.*

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State of licensure: ____________________ License number: ______________________________ License expiration date: _____________________

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- ☐ I am a new applicant to the Appraisal Institute
- ☐ I was previously a Designated member, Associate member, or Candidate with the Appraisal Institute or one of its predecessor organizations.

Per the membership Regulations, prior Associate members (including Trainee Associate members) seeking readmission must meet the Standards and Ethics requirements within the four (4) years prior to applying for readmission. Please indicate the date you have met BOTH portions of the requirement:

- ☐ Provide proof of passing the 15-Hour National Uniform Standards of Professional Practice (USPAP) course/exam - Date Completed: _______________
- ☐ Complete the Appraisal Institute course Business Practices and Ethics course - Date Completed: ___________________________________

- ☐ I am currently an Appraisal Institute Designated or Associate member applying for dual membership. Member number: ______________________

Were you recruited by an Appraisal Institute member:

- ☐ No
- ☐ Yes – Recruiter's name:____
  Recruiter's phone number:____

2011 Membership Dues

Membership will be come effective upon receipt of dues payment and acceptance into membership. Membership dues for Associate Members are $310. Members joining between February and November have prorated dues. Members joining after November will be charged the full dues amount for the upcoming year. *Once remitted, membership dues are non-refundable.*

Chapter: Wisconsin

National Dues $310.00

Total Amount $310.00

Dues Payment Method

☐ Check ☐ VISA ☐ MasterCard ☐ American Express

Card Number Expiration Date

Signature

☐ **YES, I would like to go paperless and receive future dues invoices via email**

Identification

Mr./Ms.

Last First Middle Initial

Maiden Name Date of Birth

Home Address City/State/Zip

Company Name Title

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(Continued from Page 9)

Business Address City/State/Zip

Home Phone Business Phone

Fax E-mail

Preferred Mailing Address ☐ Home ☐ Business

How did you hear about us? ☐ Education Program ☐ Mailing/email ☐ Appraisal Institute Publication
☐ *www.appraisalinstitute.org* ☐ Local Chapter ☐ Other:

Good Moral Character

All Members of the Appraisal Institute must have good moral character, which is honesty, truthfulness, and respect for the law. Please answer the following questions:

Are you currently the subject of a pending criminal proceeding, or have you ever been convicted of any criminal offense, either misdemeanor or felony? ☐ Yes ☐ No

Are you currently the subject of any regulatory proceedings, or have you ever been disciplined, or had a license, certification, or registration suspended, revoked, or denied by a regulatory agency? ☐ Yes ☐ No

Are you currently the subject of a civil proceeding in which you are alleged to have acted or failed to act in a manner reflecting negatively on your honesty, truthfulness, or respect for the law, or have you ever been the subject of a civil proceeding in which a finding has been made that reflects negatively on your honesty, truthfulness, or respect for the law? ☐ Yes ☐ No

If the answer to any of the above questions is "Yes," please attach a full description and copies of the official documents setting forth the allegations (e.g., indictment, complaint) and the results of the proceedings (e.g., judgment, decision).

Agreements of the Applicant

I hereby apply for admission to Associate Membership in the Appraisal Institute. In making this application and in consideration of review of my application:

1. I agree to abide by the Appraisal Institute's Bylaws, Regulations, Standards of Professional Appraisal Practice, and Code of Professional Ethics, now and as they may be amended in the future, as well as such policies and procedures as the Appraisal Institute may promulgate from time to time. I understand that the Appraisal Institute's Regulation No. 1 and the MAI Procedure Manual set forth requirements and procedures relating to admission to General Associate Membership and MAI Membership, and that the Appraisal Institute's Regulation No. 2 and SRA Procedure Manual set forth requirements and procedures relating to admission to Residential Associate Membership and SRA Membership.
2. I agree to immediately disclose to the Associate and Affiliate Member Services Department any circumstances and events occurring after the date of submission of this application that may have a bearing on my moral character.
3. I understand and agree that if I am convicted on or after the date of this application of a crime committed prior to this application, I will be subject to discipline pursuant to the Appraisal Institute's Regulations.
4. I understand and agree that the Appraisal Institute may investigate my moral character and I consent to such investigation.
5. I understand that if I was subject to any pending peer review proceedings when any previous candidacy, affiliation, or membership with the Appraisal Institute or its predecessor organizations ended, these proceedings may be reopened if I am readmitted or admitted to associate membership.
6. I understand and agree that if my application for admission to Associate Membership in the Appraisal Institute is approved:
   a. I will become an Associate Member of the Appraisal Institute.
   b. I will only refer to myself, both orally and in writing, as an "Associate Member" of the Appraisal Institute, which term is not a professional designation and may not be abbreviated.
   c. I will use the title "Associate Member" only in conjunction with my name and not in connection with the name, logo, or signature or any firm, partnership, or corporation.
   d. If I refer improperly to my membership, I may be subject to disciplinary proceedings conducted pursuant to the Appraisal Institute's Regulation No. 6.
7. I IRREVOCABLY WAIVE ANY CLAIM OR CAUSE OF ACTION AT LAW OR EQUITY THAT I MIGHT HAVE AT ANY TIME AGAINST THE APPRAISAL INSTITUTE, ITS BOARD OF DIRECTORS, OFFICERS, COMMITTEE MEMBERS, CHAPTER MEMBERS, EMPLOYEES, MEMBERS OR OTHER PERSONS COOPERATING WITH THE APPRAISAL INSTITUTE, EITHER AS A GROUP OR AS INDIVIDUALS, FOR ANY ACT OR FAILURE TO ACT IN CONNECTION WITH THE BUSINESS OF THE APPRAISAL INSTITUTE AND PARTICULARLY AS TO ACTS IN CONNECTION WITH: (1) DENYING THIS APPLICATION FOR ASSOCIATE MEMBERSHIP; (2) DENYING ME CREDIT FOR ONE OR MORE DESIGNATION REQUIREMENTS; AND (3) CONDUCTING PEER REVIEW PROCEEDINGS, INCLUDING BUT NOT LIMITED TO THE TAKING OF DISCIPLINARY ACTION AGAINST ME.
8. I represent and certify that, to the best of my knowledge and belief, all the information contained on this application is true and accurate. I understand and agree that if I have made any false statements, submitted false information, or failed to fully disclose information requested in this application I will be subject to discipline pursuant to the Appraisal Institute's Regulations.

Signature Date Promotion Code

Upon acceptance to Associate membership, confirmation will be sent via email. Please allow 5-10 business days for processing of completed application.

Note: Upon acceptance to Associate membership, an appropriate portion of your national Associate Member dues will be allotted to your yearly subscriptions to Appraisal Institute publications. Dues are not considered charitable contributions for federal income tax purposes; however, they may be deductible by Associate members as an ordinary and necessary business expense.

Nondiscrimination Policy

The Appraisal Institute advocates equal opportunity and nondiscrimination in the appraisal profession and conducts its activities in accordance with applicable federal, state and local laws.