Appraisal Institute®
Professionals Providing Real Estate Solutions

The Wisconsin Chapter
MESSENGER

http://www.wisai.com NOVEMBER 2008

PRESIDENT'S COLUMN

Steven Stiloski, MAI, CCIM

"All for ourselves and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind." - Adam Smith

I was asked to write this latest President's message about the middle of September 2008. I then proceeded to watch the Dow Jones Industrials Average lose about 3,000 points and the market for commercial paper freeze-up. It was not a good time to start writing an optimistic President's message.

If you've read Tom Wolfe's "Bonfire of the Vanities" you'll see the parallels between the foregoing quote and what we are currently experiencing. Mr. Wolfe writes in a recent Op-Ed piece in the New York Times that some of the former "Masters of the Universe" are now joining the fire department because, "The pension plan is awesome."

These are truly unusual times.

I wrote about Black Swans in a previous President's message hoping we wouldn't experience one. I was wrong. Within the last few months we've watched a growing number of banks, insurance companies and brokerage firms experience one of the following:

1. Go out of business
2. Get taken over by the government
3. Get acquired by healthy competitors in government arranged mergers

In case you thought the worst was over let me remind you that there are currently 117 banks on the FDIC watch list and that number is expected to grow.

How did all this happen? Sub-prime mortgages! Personally I lay a large portion of the blame on the doorsteps of the mortgage brokers and credit rating agencies. Here's a real quote between two executives of the rating agencies, " We rate every deal. It could be structured by cows and we would rate it." The mortgage brokers put together the deals that got us into trouble but they needed the credit rating agencies and real estate appraisers to bless the mess. What did the appraisers get out of this? Did you know that the primary enticement to get an appraiser to engage in mortgage fraud is the promise of more work? That's right, an appraiser will risk fines and imprisonment to write a fraudulent appraisal for his or her standard fee plus the chance to do more work for a client that should be in jail. It makes you wonder if the appraisers that engage in mortgage fraud understand their own value.

Where does it all leave us in the real estate industry? I'm not going to try and foretell the future but I can say there will be fewer bad; appraisers, mortgage brokers, credit analysts, real estate sales people, and developers around at this time next year. Contrast that to the Appraisal Institute having one of its best years recruiting Associate Members. It seems to me that like in the last real estate downturn (early 1990's for young readers) our profession will experience an influx of professionals that want to do a good job if we give them the opportunity.

I hate using that tired old aphorism where crises = danger + opportunity but in this case I have to because it not only helps me segue into my next point it's also apt. The dangers are apparent and it's my opinion that the opportunities are threefold:

1. If you own an appraisal firm now is the time to keep (or hire more of) those appraisers that put a priority on understanding the latest appraisal techniques and regulations. In short, those appraisers that are Associate Members of the Appraisal Institute. If you can keep them busy now it will pay dividends for yourself and the profession in the future.
2. If you aren't involved in your local chapter of the Appraisal Institute then get involved. Almost every month the Wisconsin Chapter of the Appraisal Institute (WCAI) holds a class or seminar that keeps you abreast of the latest techniques in appraisal and

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TREASURER'S REPORT

The Chapter funds as of 9/30/08 are:

Primary Checking Account:	$3,743.66
Money Market Account:	$10,102.99
CD Account-1:	$27,589.78
CD Account-2:	$34,324.77
Total funds balance:	$75,761.20

PRESIDENT'S MESSAGE *(Continued from Page 1)*

gives you the chance to network with your peers and clients. At the WCAI we need designated members that want serve in leadership positions. If you are interested in being an officer please contact any of the officers listed in this newsletter or past President Detlef Weiler and your name will be added as a candidate for office.

3. Write your local congressman about the coming appraisal regulations. We all pay dues to the Appraisal Institute to lobby on our behalf in Washington but our Senators and Representatives have told me that it means more if it comes from you. If you aren't sure of your opinion regarding a particular piece of legislation check out the Appraisal Institute's website as they have plethora of research on these topics.

Finally, different agencies in the government will be looking for appraisers to review appraisals for potential mortgage fraud and potentially provide testimony against a crooked appraiser. What if the crooked appraiser sues you for your testimony? It is my understanding that the government (FBI, DOJ, WDRL) will not defend an appraiser against a civil action and may not even let the appraiser use the appraisal review prepared for them in his defense. While we all need to be vigilant in weeding out bad appraisers, be careful before you agree to do any work in this capacity unless you get it written into your contract that the applicable agency will defend you against any litigation resulting from the assignment.

I hope this President's message hasn't been too gloomy. I really think we will survive the sub-prime mess and the result will be better oversight of the financial industry. I think we will all welcome better regulations that weed out the bad appraisers and protect the remaining appraisers from such things as client pressure and blacklisting.

The WCAI is planning a great year for education in 2009 starting out with the Advanced Income class being offered in early January followed by Ted Whitmer's Comprehensive Exam Review seminar and the new Appraisal Curriculum Overview class that all designated members have to attend. Before any of that occurs though I hope to see many of you at our annual Year-in-Review symposium on November 19th.

Steve Stiloski, MAI, CCIM
Chapter President

What can be added to the happiness of a man who is in health, out of debt, and has a clear conscience? - Adam Smith

BOARD MEETING MINUTES

September 25, 2008

President Steven G. Stiloski called the meeting to order at 4.54 PM at the office of Wisconsin Association Management, 11801 West Silver Spring, Milwaukee, WI.

Members Present
Larry Hayes, Jason Teynor, Katie Thompson, Steve Stiloski, Tom Swan, Mike Brachmann, George Mann, Angela Kwasny, Bill Sirny, and George Mann who was invited guest and course instructor. Larry Nicholson and Ed Potter joined by teleconference.

Minutes - Secretary's Report
The minutes of the May 15th board meeting were approved as published in the most February 22 newsletter.
(Motion - Sirny, 2nd - Kwasny)

Treasurer's Report
(Mike Brachmann & Chris Ruditys)
Year-to-date as of August 31, 2008 financial statements were distributed, reviewed, and discussed. The Board discussion focused primarily on educational offerings and expenses as reflected on the statements. The Board approved $10,0000 to be kept in cash from a maturing CD to be available for 2009 expenses. (Motion -Warner, 2nd - Sirny) Treasurer's Report and August 31, 2008 financial statements were approved.
(Motion -Sirny, 2nd - Teynor)

Educational Update Report
The Wisconsin chapter will have offered 11 courses and seminars in 2008. As of the August 31st financial a net loss of $4,641. A profitable Year-in-Review seminar is likely to bring financial results to break-even or slightly profit. The 2009 chapter educational schedule is for 18 seminar and course offerings. The 2009 schedule will be available in December. The chapter will offering several of the newest Appraisal Institute seminars in 2009.

Legislative Update
Ed Potter attended and reported to the board on the May Department of Regulation meeting.

Other Business
Steve Stiloski has agreed to continue for a third terms as chapter president but chapter leadership succession was discussed. The board approved a total of $3,600 for two attendees to LDAC in 2009 in order to assist in developing future chapter leadership. Current indications are that 6 to 8 designations will be awarded to chapter members in 2009. The board also discussed the possibility of raising chapter dues as the chapter has not increased dues in several years.

Adjournment
President Stiloski adjourned the meeting at 5:54 PM.

Respectfully Submitted,
Tim Warner, MAI, SRA
Secretary, Wisconsin Chapter of the Appraisal Institute

YEAR IN REVIEW SYMPOSIUM

Join professionals in the appraisal and real estate industries as they recap the year 2008.

The Wisconsin Chapter of the Appraisal Institute is pleased to once again present the **Year In Review Symposium** on **Wednesday, November 19th** at the WCAI Office from 12:30-3:30 p.m. The Annual Holiday Party will take place after the symposium from 3:30-4:30 p.m.

This year's speakers are:
Patrick Dervin, FDIC
Keynote Speaker

Jeff Horn, Grubb & Ellis | Apex Commercial, Inc.
Industrial Market

Stephen C. Lauenstein, MAI, Lauenstein & Associates
Multi-Family & Condo Market

Don Lindeman, Mandel Group
Multi-Family & Condo Market

Jody Nelson, CPM, NAI MLG Commercial
Office Market

Steve Stiloski, CCIM, MAI, Commercial Property Consultants
Office Market

Michael J. Tompkins, The Nicholson Group LLC
Industrial Market

S. Steven Vitale, MAI, Vitale Realty Advisors, LLC
Retail Market

Steven D. Wagner, Continental Properties
Retail Market

This symposium has been approved for 3-hours of Appraisal Institute continuing education credit.

To register, please go to:
http://www.appraisalinstitute.org/education/Wisconsin

Sponsored by: M&I BANK

TOOTHLESS RULES, BUMBLING REGULATORS CRIPPLE OVERSIGHT OF REAL ESTATE APPRAISERS

Sunday August 17, 2:12 pm ET
By Mitch Weiss, Associated Press Writer

CHARLOTTE, N.C. (AP) -- As soaring home prices set the stage for America's great housing meltdown, a critical step in making sure those home sales were a fair deal -- the real estate appraisal -- was undermined from within.

After the nation's last major banking disaster, Congress set up a system to catch rogue appraisers. Their game: inflating the value of homes at the direction of equally unscrupulous real estate agents and mortgage brokers, whose commissions are determined by the size of the deals.

But a six-month Associated Press investigation found that the system is crippled by both the bumbling of its policemen and their inability to effectively punish those caught committing fraud.

And despite ample evidence appraisers are pressured into inflating home values -- sometimes to prices in support of loans that are more than buyers can afford -- the federal regulators charged with protecting consumers have thus far made a conscious choice not to act.

"The system is completely broken," Marc Weinberg, the former acting director at the federal agency charged with monitoring the appraisal industry, told the AP before he retired earlier this year. "It's amazing that the system ever worked at all."

The AP conducted dozens of interviews and reviewed thousands of state and federal documents, and found:

-- Since 2005, at the height of the housing boom, more than two dozen states and U.S. territories have violated federal rules by failing to investigate and resolve complaints about appraisers within a year. Some complaints sat uninvestigated for as long as four years. As a result, hundreds of appraisers accused of wrongdoing remained in business.

-- The only tool federal regulators have to force states into compliance is so draconian -- it would effectively halt all mortgage lending in a state -- that it has never been used.

-- Both state appraisal boards and the federal agency charged with overseeing them are chronically understaffed, many with only one full-time investigator to handle the hundreds of complaints that arrive each year. Some don't even have an investigator.

"The appraisal reforms of the late 1980s were good reforms," said Susan Wachter, a real estate professor at the University of Pennsylvania's Wharton School of Business. "But they were not sufficient to prevent what we have seen ... because regulation without teeth is not regulation."

To be sure, there are many causes of the housing crisis -- lenders who allowed people with spotty credit to buy homes with little or no money down, mortgage brokers who focused on selling loans without regard to the

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2008-2009 UPCOMING COURSES & SEMINARS

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

Date	Course/Seminar
November 19	*Year-In-Review Symposium* (3 Hours)
January 8-14, 2009	*Advanced Income* (40 Hours)
January 22-25, 2009	*AI Comprehensive Exam Review* (30 Hours)
January 29, 2009	*General Membership Meeting and Past President's Dinner* at North Hills Country Club
January 29-30, 2009	*Appraisal Curriculum Overview* (16 Hours)
March 5, 2009	*USPAP Update* (7 Hours)
March 6, 2009	*Introduction to FHA Appraising & 2008 Roster Eligibility* (7 Hours)
March 11-12, 2009	*Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)* (16 Hours)
March/April, 2009	*Valuation of Conservation Easements* (30 Hours)
May, 2009	*Condemnation Seminar* (4 Hours)
June 10, 2009	*USPAP Update* (7 Hours)
June 11, 2009	*REO Appraisal: Appraisal of Residential* Property (7 Hours)
July, 2009	*Regression Analysis in Appraisal Practice* (7 Hours)
August, 2009	*Business Practices & Ethics* (7 Hours)
August, 2009	*Feasibility Analysis, Market Value, etc.* (7 Hours)
September, 2009	*An Introduction to Valuing Green Buildings* (7 Hours)
October 1, 2009	*USPAP Update* (7 Hours)
October 2, 2009	*Foreclosure and Preforeclosure* (7 Hours)
November/December 2009	*Year-in-Review Symposium* (3 Hours)

More Courses/Seminars to be added at a later date. Stay tuned!

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

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.

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borrowers' ability to repay, investment bankers who bought and sold risky mortgage-backed securities. A few of the worst offenders -- appraisers included -- have been put behind bars.

But experts and industry insiders, including appraisers who feel betrayed by colleagues who don't follow the rules, believe the failure to effectively monitor the real estate appraisal industry contributed to housing's collapse.

There is no doubt, Wachter said, "that fraud has increased and appraisal fraud has increased in a way to exacerbate the problems."

This is the way the system is supposed to work:

Typically, an appraiser receives an order from a real estate agent, lender or mortgage broker to inspect a property. Based on a physical inspection of the home and comparable sales in the area, they develop an estimated value for the property. That figure is used by banks to set the home's value as collateral for the mortgage loan.

Appraisers are supposed to come up with a value free of any outside pressure. But more than three dozen appraisers nationwide interviewed by the AP said they often felt pushed by a real estate agent or mortgage broker to fraudulently inflate a property's value. They supplied the AP with documents from lenders asking them to "hit a number."

"The higher the loan amount, the more money brokers and lenders make in the deal," said Ray Haynes, an appraiser from Cherryville, N.C. "And they threaten you. They say, 'If you don't play ball with us, we'll go somewhere else.' And they do. I've seen my business shrink. They're all doing it. It's hard to stay honest."

Documents obtained by the AP also show that hundreds of appraisers complained to federal and state agencies about such fraudulent inflation of property values.

The appraisal system has broken down before. In 1989, Congress concluded that "faulty and fraudulent appraisals were an important contributor to the losses that the federal government suffered during the saving and loan crisis." And it passed the Financial Institutions Reform, Recovery and Enforcement Act.

Under the law's reforms, a private group known as the Appraisal Foundation wrote the rules governing appraisers. The law also recommended that states begin licensing appraisers and disciplining those who break the rules.

A federal agency called the Appraisal Subcommittee, an independent federal agency that answers to Congress, would conduct field reviews and audits, and maintain a national registry of appraisers -- including dossiers on those who break the rules.

But problems plagued the system from the start. It took years for some states to set up the independent review boards to supervise appraisers or hire personnel to investigate complaints. Even today, eight states still do not require appraisers to obtain a license or certification.

"We got to this point by a lack of enforcement. ... The public has the right to expect the appraisal boards are taking care of that problem," said Bob Ipock, an appraiser from Gastonia, N.C., who is a critic of the current system. "And they are not. They're looking the other way."

The Appraisal Subcommittee is supposed to help states remove from the system those appraisers who agree to "hit a number." But it has only four employees to conduct field reviews and audits of 50 states and four U.S. territories, and hasn't even had a permanent director since the agency's former chief retired at the end of last year.

Following Weinberg's subsequent departure in February as acting director, none of the agency's current employees -- including interim director Vicki Ledbetter -- returned more than a dozen messages left by the AP over a period of several months seeking comment.

When the agency does find a state failing to follow the law, the only tool available to force compliance is a death sentence known as "non-recognition" -- a penalty that would ban all appraisers in that state from handling deals involving a federal agency.

"Do you know what that would have meant? The net effect is it would have effectively shut down mortgage lending in that state," former subcommittee director Ben Henson, who retired in December, told the AP. "To take that action would have been an unbelievable disruption to the economy. I wasn't going to do that."

When field reviews began in the 1990s, states were repeatedly warned they were failing to comply with the law -- warnings that continue to this day. But without the ability to issue fines or impose a less destructive punishment, the Appraisal Subcommittee is powerless. It has never taken any action against a state for not obeying the law.

"Either you shut it off completely in a state, or you just send letters," said Gary Taylor, an appraiser from New York who sits on the Appraisal Foundation board that writes qualification guidelines. "The threat of the atomic bomb is the only thing."

And so, the violations stack up year after year, largely without consequence.

In the last three years alone, as the nation's housing market went from boom to bust, 27 states or territories failed to investigate and resolve complaints within a year. In Washington, D.C., the agency found last August that 32 of the district's 35 pending cases were older than two years. In Florida, almost 50 percent of 169 cases older than a year concerned appraisers involved in "fraud and flipping."

Faced with such backlogs, some states just give up. In New Hampshire, the state appraisal board decided in July 2006 to close all outstanding files dating to 2002 -- some of which included allegation of fraud -- because they "were too old to investigate."

In Ohio, the Appraisal Subcommittee found in 2005 that 40 percent of the state's 199 outstanding cases were older than a year, many older than two. To help clear the backlog, Ohio began allowing appraisers to sign consent orders -- a deal similar to a plea bargain in which an appraiser agrees to the facts of a case in exchange for a reduced punishment. That could be a short-term suspension, for example, instead of a license revocation.

In 2006, 11 appraisers signed such consent orders in Ohio. That figure swelled to 148 the following year.

"They know they can keep doing what they're doing because they can get away with it," said Carl Schneider, an appraiser who serves on the Oklahoma appraisal board's disciplinary procedures committee. "They're not getting punished. And states aren't doing more because they know regulators won't do a thing."

By law, the Appraisal Subcommittee must maintain a registry of appraisers that includes a disciplinary history. But a disciplinary action stays on the Web site only as long as it's current -- once the suspension is over, the action is

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removed, making it appear as if the appraiser has never been in trouble.

The flaws in the system also allow appraisers to stay in business while complaints against them are under investigation. North Carolina appraiser Jerry Gooden had eight complaints filed against him between 2001 and 2003, all related to a trainee who performed dozens of appraisals under his supervision and later pleaded guilty to mortgage fraud.

All the while, Gooden remained listed in good standing on the Appraisal Subcommittee's Web registry of appraisers. His license was suspended in 2005 for nine months because of the complaints. But even today, his entry shows he's never been disciplined. When contacted recently by telephone, Gooden said he was busy and didn't have time to talk.

When Illinois appraiser Donald Martin wrote to the Appraisal Subcommittee in December 2000, he told of how lenders, mortgage brokers and real estate agents withheld business from appraisers who refused to inflate values, guarantee a predetermined value or ignore deficiencies in a property.

Honest appraisers, he wrote, were blacklisted in favor of those with a "rubber stamp." He begged the agency to take action.

But as it would say in response to nearly a dozen such letters, the subcommittee answered that it didn't have the statutory authority to investigate such complaints. It promised to forward the complaint to the appropriate federal agencies, such as the Federal Reserve, which could have acted out of concerns for the health of the appraisal industry.

There is no evidence that ever happened.

"They just blew me off," Martin said. "I wasn't alone. We had appraisers from all over the nation writing in and urging them to take action."

That same month, subcommittee board member Thomas Watson Jr. -- then the national bank examiner at the federal Office of the Comptroller of the Currency -- did propose action. In a letter to appraiser groups and banking regulators, he called a meeting to discuss concerns "resulting from inappropriate pressure being placed on real estate property appraisers to 'hit a certain value.'"

Henson, the subcommittee's director at the time, attended the meeting and remembers hearing story after story about appraisers being pressured. But he called the information "mostly anecdotal," never forwarded the information to the full board and never followed up to see if any federal regulator looked into the complaints.

"People who say we should have done more don't understand how the system works," Henson said. "Agencies just don't lobby to change things. We had no interest in doing anything like that. It just wasn't our area."

The American Society of Appraisers formally asked the Appraisal Subcommittee to act in January 2001, noting the agency was in a "good position to work with bank regulators and others on the problem." Again, the agency responded by saying it did not have the authority to examine the issue.

"It didn't surprise me they didn't do anything," said Richard Amoling, the society's former president. "Everything related to the issue went into a black hole. Why, I just don't know."

Weinberg, who worked at the Securities and Exchange Commission before he was hired as the Appraisal Subcommittee's attorney in 1991, said the agency could have pushed more.

"I tried to push, but nobody wanted to hear what I was saying," he said.

That included Congress. When serving as president of a national appraisers trade association in June 2004, Taylor -- the Appraisal Foundation committee member -- told a House subcommittee field hearing that "problem appraisals are being allowed, and in some ways even encouraged, by a regulatory structure that promotes lax enforcement and ineffective oversight."

Taylor, president of Rogers & Taylor Appraisers Inc. in Hauppauge, N.Y., pleaded for help: "We are here to alert Congress that the licensing system it created for appraisers is broken ... and needs to be fixed." It wasn't.

Records obtained by the AP also show that complaints about individual appraisers filed at the state level are left unresolved for months -- and often for years -- but for a different reason: Many states have only one full-time inspector. Some appraisal boards also are rolled into bigger regulatory agencies, where inspectors with little or no experience are assigned to investigate complaints.

"I think the design of the system is excellent," said Philip Humphries, the current director of the North Carolina Appraisal Board. "But states don't have the money to hire personnel to carry out what the system was designed to do."

Henson said most of the complaints are frivolous, involving consumers upset because an appraiser "may have been rude or said my house wasn't worth as much as I thought." He said few of the complaints have anything to do with inflated appraisals. "That was just not a problem," he said.

Filed complaints are considered private and are not open to public inspection. But consent orders are public, and the AP's investigation found that Henson's assessment that most complaints are frivolous is simply wrong. In North Carolina, for example, of the more than 300 consent orders filed since 1994, 65 percent involved mistakes that inflated a home's value.

Even when states do investigate and find problems, rogue appraisers are rarely disciplined. Since 1994, only 13 appraisers -- there are currently about 3,500 licenesed appraisers in the state -- have had their licenses taken away by North Carolina's appraisal board. During the same period, California, the nation's most populous state, revoked 89 licenses; Tennessee, West Virginia and Wyoming did not revoke any, according to Appraisal Subcommittee records.

Violators are usually only reprimanded or, if their licenses are suspended, the suspension often is reduced if they agree to take remedial education classes.

Since 1994, consumers have filed 23 complaints against Richard Chapman, an appraiser from Emerald Isle, N.C. His license was suspended for five years in a case in which he was accused of submitting appraisals with "misleading information" and "inaccurate data." Since his license was reinstated in 2000, 11 new complaints have arrived.

"Just because you're disciplined, that doesn't make you a bad appraiser," said Chapman, who estimated he's been involved in 80,000 appraisals since 1980 and trained about 60 appraisers. "I may have done some technical things wrong, but I've done a good job. I'm proud of my work."

The North Carolina board dismissed two of the 11 recent complaints outright, while two others were dismissed with warnings to be more careful. Six were dismissed on the condition that Chapman complete appraiser education classes, and he was reprimanded for one complaint.

"There no habitual felon law for appraisers," said board attorney Roberta Ouellette, defending the agency's action. "Why should he get super-zapped

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for doing a lot of little things that a lot of other appraisers are doing every day but haven't had complaints turned in on them?"

The failings of the appraisal regulatory system and its impact on the nation's housing market led Andrew Cuomo, the New York attorney general, to reach a deal in March with Fannie Mae and Freddie Mac, which purchase mortgages from other financial institutions.

Cuomo's deal requires Fannie Mae and Freddie Mac to buy mortgages only from lenders who use independent appraisers. The new rules also prevent lenders who want to sell loans to Fannie Mae or Freddie Mac from using in-house appraisers to do the first evaluation.

The agreement, which will take effect in 2009, will create a watchdog to monitor the appraisal business: Fannie Mae and Freddie Mac will spend $24 million to create the Independent Valuation Protection Institute, which will accept complaints from consumers and appraisers. It will also monitor the enforcement and report to Cuomo's office.

But such a system duplicates the regulations already in place, including the same lack of enforcement tools that led the existing system to failure. And it's already under fire. John Dugan, the U.S. comptroller of the currency, wants the deal scrapped, arguing it would increase the cost of home loans for borrowers without strengthening consumer protections.

Cuomo didn't return repeated requests for comment. But Taylor, the Appraiser Foundation board member who asked Congress for action in 2004, doesn't see much hope for his success.

"There has to be effective enforcement of some sort. There has to be reality to it," Taylor said. "What are you going to do if there is pressure on appraisers? How are you going to penalize someone who puts that pressure on appraisers? Who's going to do it? Who's going to enforce it? They need to have that or it won't work."

GREENWICH TIME

By TOM WOLFE
Published: September 27, 2008

Be aware that your correspondent is merely bringing you the news when he reports how many people have besieged the author of "The Bonfire of the Vanities" over the past week with the question, "Where does this leave the Masters of the Universe now?"

"This" refers to the current credit panic. The Masters of the Universe is a phrase from that book referring to ambitious young men (there were no women) who, starting with the 1980s, began racking up millions every year - millions! - in performance bonuses at investment banks like Salomon Brothers, Lehman Brothers, Bear Stearns, Merrill Lynch, Morgan Stanley and Goldman Sachs. The first three no longer exist. The fourth is about to be absorbed by Bank of America. The last two are being converted into plain-vanilla Our Town banks with A.T.M.'s in the lobby and, instead of Masters of the Universe, marginally adult female cashiers with wages in the mid-three figures per week, stocked with bags of exploding dye to hand the robbers along with the cash. American investment banking, the entire industry, sank without a trace in the last few days.

So where does this leave the Masters of the Universe? In Greenwich, Conn., mainly. The hottest, brightest, most ambitious young men began abandoning investment banking in favor of hedge funds six years ago. Your correspondent can describe scenes of raging carotid-aneurytic anger as the young hot-shots resigned. Security goons seized them by the elbow and marched them off the floor at six miles an hour. They couldn't touch anything in or on their desks - not even the framed picture of Mom and Buddy and Sis, propped upright from behind by little cardboard wings covered in synthetic velvet - so furious were their superiors. Their biggest producers and future leaders were walking out on them.

Greenwich is the center of the Masters' hedge-fund world, replacing Wall Street. For five years, the heart of Wall Street, the fabled Floor of the New York Stock Exchange, has been gradually emptying out. A hundred years ago, the Floor was a club for gentlemen oligarchs. Only men with social credentials could have one of the insider "seats" on the Floor. By last year, when your correspondent paid his one and only visit to the Floor, one member came up to another and informed him that he, like so many others recently, was leaving the Exchange for good.

"What will you be doing?"

"I'm joining the Fire Department."

"The Fire Department? In what capacity?"

"I'll be a firefighter. The pension plan is awesome."

Incidentally, there are no seats on the Floor, none that this correspondent ever saw. The Exchange is already an anachronism, like Broadway. Everything is done by computer today. Hanging out on the Floor of the Exchange is like hanging out at OTB. Broadway and the Exchange are like the first thing you see when you enter Disneyland in California. You find yourself in a turn-of-the-last-century town with a trolley and an apothecary and a barber shop. That's Broadway and Wall Street today.

It may dash your hopes for that nice warm feeling called Schadenfreude, but the Masters of the Universe are smarter than the people they left behind at the investment banks. Their hedge funds have blown up here and there, but unlike the investment banks, they are still very much in business. They have hurriedly pulled themselves into defensive positions inside their shells, like turtles. Their Armageddon, if any, will not come for two more days, which is to say, Tuesday, Sept. 30.

Most hedge funds open up a crack on Sept. 30, Dec. 31, March 31 and June 30 to give investors the chance to "redeem" their investments, meaning take their money out. These moments are called gates, like a series of gates in a prison. The gate is the limit, the fixed percentage of your money, that the fund will allow you to take out at one time. Even with these strict caps on withdrawals, some funds may end up nothing but shells.

Shed no tears for the Masters of the Universe, however, not that your correspondent actually thought you might. Most of the young Masters already have their own personal nut free and clear. "Nut" is the term for the amount of money you need salted away in weather-proof investments in order to generate enough interest to live comfortably in Greenwich on Round Hill Road, Pecksland Road or Field Point Road in a house built before the First World War in an enchanting European style, preferably made of stone featuring the odd turret, with a minimum of five acres around it and big enough to be called a manor. Every Master of the Universe knows the number.

Tom Wolfe, the author of "The Bonfire of the Vanities," is at work on a novel about immigration in Miami.

Appraisal Institute®
Professionals Providing Real Estate Solutions

ADVERTISING OPPORTUNITIES AVAILABLE

The Wisconsin Chapter of the Appraisal Institute (WCAI) is proud to offer advertising opportunities in its newsletter and website. To sign up to advertise, please fill out the form below.

If you have any questions regarding advertising, please call the WCAI office at 414-271-6858.

AD SIZES	1 Issue	2 Issues	3 Issues	4 Issues
A. Business Card	$50 / $75	$45 / $70	$40 / $65	$35 / $60
B. ¼ Page	$85 / $125	$80 / $120	$75 / $115	$70 / $110
C. ½ Page	$125 / $175	$120 / $170	$115 / $165	$110 / $160
D. Full Page	$225 / $300	$215 / $290	$205 / $280	$190 / $265
E. Inside Front Cover	$325 / $425	$310 / $410	$295 / $395	$280 / $380
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F. Back Cover (1/2 pg)	$375 / $475	$360 / $460	$345 / $445	$330 / $430
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Price per issue decreases for each additional issue you advertise in
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Confirm your selection by e-mailing a .jpeg/.tif/.pdf/or .eps file to Heather Westgor at heather@wamllc.net and mail your advertising fee and order form to WCAI, 11801 W. Silver Spring Dr., Ste 200, Milwaukee, WI 53225.

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Appraisal Institute®

Professionals Providing Real Estate Solutions

SAMPLE APPLICATION ONLY! (Pages 9-11)

Complete actual application at:
https://www.appraisalinstitute.org/mbrapplic/admission_associate.asp?chptr_id=123

Application for Admission to General or Residential Associate Membership

Intro

Please direct any additional correspondence or questions to:

Associate and Prospective Member Service Center

Phone: (312) 335-4111
Fax: (312) 335-4146
Email:
associate@appraisalinstitute.org

550 W Van Buren
Suite 1000
Chicago, IL 60607

Category

* = Required

* I am applying for: ◯ General Associate Membership - I am not pursuing a designation at this time ◯ Residential Associate Membership - I am not pursuing a designation at this time

◯ General Associate Membership path to MAI designation ◯ Residential Associate Membership path to SRA designation

◯ Dual Associate Membership - path to the MAI and SRA designations

Please check all boxes that apply:

☐ I am currently an Appraisal Institute designated member. Member#:

☐ I was previously a Designated Member, Associate Member, Affiliate Member, Candidate, or enrollee with the Appraisal Institute or one of its predecessor organizations.

☐ An Appraisal Institute member recruited me. Recruiter's Last Name First Middle

Member #(if known)

2008 Membership Dues

Membership will become effective upon receipt of dues payment and acceptance into membership.

Membership dues for Associate Membership are $295. Members joining between January 1 and October 31 have prorated dues. Members joining after November 1 will be charged the full dues amount for the upcoming year.

Chapter: Wisconsin

National Dues	$196.67	(Pro-rated)
Total Amount	$196.67	

☐ I am employed by a Company Wide Membership participant (contact your employer for verification). If yes, please list company name:

Dues Payment Method

* = Required

◯ Visa ◯ Mastercard ◯ American Express

* Name on Card

* Card # * Expiration Date (Example: mm/dd/yyyy)

Identification

* = Required

Prefix * Last Name * First Name Middle Name Maiden Name

◯ Mr. ◯ Ms.

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SAMPLE APPLICATION ONLY!

Home

Address Line #1

Line #2

City State Zip

Country (leave blank for USA)

Home Phone Ext.

Business

Name of Firm

Position/Title

Address Line #1

Line #2

City State Zip

Country (leave blank for USA)

Business Phone Ext.

Fax No. Ext.

Additional Information

Email

* Upon processing your application, we will send you an e-mail confirmation. If you do not specify an e-mail address, you will receive confirmation via regular mail.

Birth Date (Example: mm/dd/yyyy)

* Please indicate preferred mailing address: Business Home

How did you hear about us? Other, please specify

Good Moral Character

* = Required

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 under indictment for, 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 send 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) to associate@appraisalinstitute.org or 312-335-4146 (fax).

Agreements of the Applicant

* = Required

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.

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2. I agree to immediately disclose to the Admissions and 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 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 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.

7. 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.

8. * ☐ I, ______________________, accept the terms in the Agreement.

   * ☐ I do not accept the terms in the Agreement. If you do not agree to the terms and conditions of this agreement, please do not click on "Submit".

Comments

Note: Upon acceptance to associate membership, an appropriate portion of your national associate member service fee is allotted to your yearly subscriptions to Appraisal Institute publications. Service fees 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.

Promotion Code

Please allow 5-10 business days for your application to be processed.

Applicants will be notified via email of admission to associate membership.
Please note that your application will not be transmitted until you click "Submit" on this page and verify and click "Application Complete" on the next page.

SAMPLE APPLICATION ONLY!

Complete actual application at:
https://www.appraisalinstitute.org/mbrapplic/admission_associate.asp?chptr_id=123