The Short Version
Welcome to the new Appraisal Institute circa 1/1/2013. As of this New Year’s Day, we are now a professional society and this message is directed to our Northern California Chapter’s roughly 298 designated members, 144 candidates for either the MAI or SRA designation, and about 206 former associates who have been moved to the Practicing Affiliates. On many levels, the chapter is in a period of change and adaptation.

I want to communicate that all three categories of being part of the Appraisal Institute are important. The success of the chapter in any year depends to a very great extent on volunteer interests and efforts. In other words, it is made stronger by your interests and efforts. To many, this is my special “thank you” for serving on the chapter board of directors, one of the branch chapter teams, a committee, a conference, or one of the new candidate advisor roles.

If you are reading this newsletter it likely means that you are the person who strives to do better today than the work completed yesterday and you grasp the importance of the availability of appraiser education. If you are helping right now, in any form, to keep this collection of appraisers we call a chapter moving forward into a better future...please keep at it.

For everyone else, it doesn’t matter if you have been designated for 40 years, you are a Candidate for Designation, or you have decided to hold a Practicing Affiliate status, if you have an idea for a panel discussion, a workshop, a needed class, or a social event, I am asking you to help make it a reality...your suggestions and modest help can bring it to fruition.

You are requested to reach out to our Executive Director, Lisa Estes, or me, or one of the branch chapter chairs or team members with your ideas and volunteer time. You will be amazed at what you and the chapter will gain in terms of shared knowledge and new connections. It can happen if you give your time to help put on a workshop in your area or help make a conference a success. With credit to Nike: “Just Do It!” and with credit to the US Army: “Nor Cal wants You.”

The Longer Version
Branch Chapters Reignited
Incoming chapter presidents often have some sort of pet project or theme of action for the period of time in which they hold this title. In my case, the goal for the year is the “Rebuilding of Branch Chapters.” The work really began as vice president, reaching out to fill branch chapter and committee chairs, and vice-chairs positions throughout the chapter. Created as a result of past mergers, our chapter consists of seven branch chapters that stretch from Fresno to the south, Mendocino to the north, Monterey Bay to the west and the Sierras and the border with Nevada to the east.
Ours is one of the largest chapters in the nation in terms of the number of appraisers served as well as the size and diversity of our geographical area. The seven branch chapters exist to keep on top of local appraiser needs for education and networking.

After many years serving on the chapter board, and then moving through the chairs of the board’s Executive Committee, it has become clear to me that as a very large chapter we need to enhance or rebuild the tradition actually relies upon the success of our branch chapters. If we have branch chapters there are requirements from National. A branch chapter is required to have at least two membership meetings per year plus a joint membership meeting on the chapter level. A branch chapter is expected to be a self-sustaining membership meeting with a locally elected branch chapter Chair, Vice-Chair, three Branch Advisors plus other branch members.

Within each of our seven branch chapters, volunteers within the chapter from those respective areas have stepped up to take on these 2013 branch chapter roles. Success at the end of 2013 will be accomplished if most, if not all, branch chapter Chairs, Vice-Chairs and team members can look back at the year-end and feel good about their accomplishments. Membership meetings and elections will have been held and the tradition of locally elected branch team leaders consistent with the national bylaws re-established. The leadership teams in these branch chapters have already started to create and hold at least two workshops with CE credit that meet the needs of those in the local branch chapter. If you are not one of those local teams, and have an idea for a workshop or seminar, contact the Branch Chair and give them that input and volunteer to help.

**Candidates for Designation**

As the chapter president for 2013, I would like to convey how exciting it is that so many “associates” have transitioned to a Candidate for Designation status. They have stepped up to complete the final requirements to becoming designated members of this newly re-envisioned society of designated real estate appraisal professionals.

For the nearly 140 associates who have stepped forward to accept the status of Candidates for Designation, you are among the more than 4,000 former associates nationally who have committed to achieving either the SRA or MAI designation within the next four years. Many candidates will complete this race to the end much more quickly.

There has been a jump in the awarding of SRA and MAI designations both in our chapter and nationally. A major contributor was the creation of the Capstone course. It is one of the several ways of meeting the demonstration appraisal report requirement. It is not an easy course, but it allows the candidate to complete this requirement within a defined period of time with lots of support. For most candidates, completing the “demo” is the big mountain to climb.

Another important element in the Candidate for Designation program is the matching of the candidate with a designated member advisor. We welcome more signups to become an advisor. The staff at national is also doing a great job in helping candidates plan the
coursework, demonstration report and experience credit requirements for one of the two
designations. Candidates need not choose an advisor from within their own chapter. Ideally,
our chapter will eventually have at least 35 advisors. We currently have slightly less than 20
members who have gone through the brief online training.

My advice to a candidate is that you should not wait for national (or the chapter) to work out
the details of the advising program. Contact the chair of our chapter Candidate Guidance
Committee, Lisa Wright, MAI, or the vice-chair, Melissa Bach, MAI. For those designated
members who would like to become advisors, take the online training. It is not an
overwhelming role but a very supportive helping hand.

Practicing Affiliates
What happens if you are not a designated member and you did not elect to become a
candidate for designation? The answer is that if you were an active associate in 2012, you have
been rolled into the status of Practicing Affiliate. As long as you are not dropped from the rolls
for failure to pay your annual affiliate fees, you can be “grandfathered” into this status
indefinitely. If you lose this status by failing to pay the annual fees, or you are a new applicant
to the Practicing Affiliate status, certified appraisers can only stay in the PA status for one year.

The goal for the re-envisioned Appraisal Institute is for new Practicing Affiliates to move on the
Candidates for Designation and then on to Designated status with four or five years of
becoming a certified appraiser.

The change is also recognized that there are many former associates who for a multitude of
reasons cannot pursue a designation. We want you to continue to participate in the life of the
chapter and continue to enjoy discounts on all chapters sponsored educational events. We
want the continued social and networking interaction with you and we want to continue to
support your need for quality continued education.

If you have not already done so, go onto your webpage or pick up the phone and call the folks
in the national office in Chicago. If you need to work out a payment plan, talk with the
counselors in Chicago. If you don’t act soon to become current with the 2012 or 2013 fees, a
reactivation later to the PA status will not have the benefit of grandfathered longevity.

Designated Members
Some of you existing designated members may be thinking...“Oh, come on. What has really
changed?” If a complete and full retirement is only a few months or even a couple of years
away, hang on for these last few years. However, if you are going to be with us a bit longer, the
continuing education requirements will get more intense and the concept that you are a
representative of the highest standards and abilities of the appraisal community will get even
more demanding.

Another recent change for designated members is the need to meet higher Advanced
Education continuing education requirements. You will be required to take at least one
advanced education course with an exam within every five-year renewal period. A recent effort to make the CE renewal period even shorter failed to get the national AI board approval. However, the trend in the profession is to hold existing designated members accountable for staying current on the terminology and the types of analysis expected by clients and intended users.

**The New Reviewer Designation**
In this day of intense appraisal reviews and underwriter scrutiny, even the appraisal of a very conforming single family home requires additional consideration of many more comparable sales and listings plus a well-supported market trends analysis. For nearly all assignments, the expectation is that the appraiser’s work will be subject to a detailed review of the data used and the valuation methodology applied. In recognition of this trend, the national board of directors of the Appraisal Institute has approved the development of a new reviewer designation. Initially, those seeking that designation will need to already hold the MAI or SRA designation. For those interested in obtaining a reviewer designation, standby, the requirements and needed courses are expected to be available soon.

**Change and Adaptation**
As you already know, the technologies used to gather data, analyze that data, reach an opinion and then communicate all of that to a client keeps morphing into new shapes. The examples of this are coming at us fast and furiously. Last week, I attended a meeting of the Appraisal Standards Board. After several draft exposures, the ASB voted to approve the elimination of “self-contained” and “summary” categories of appraisal reports. In the next version of USPAP, there will only be an Appraisal Report and a Restricted Report.

These revisions to USPAP mean that defining the Scope of Work that meets the needs of a client and intended user(s) will become even more important. Some clients will provide the appraiser with a clear set of scope of work requirements. Others will not be so clear in their needs. These assignment negotiations will involve a much more interactive process between the client and appraiser. Oh, remember consulting Standards 4 and 5? They will be retired from the next edition of USPAP. As several speakers noted, with this change, if you give an opinion on just about any aspect of a property, it may be an appraisal. The fallback offered by Standards 4 and 5 that those opinions were consulting assignments will is soon to be gone. Be prepared.

**Chapters are Changing**
Another element of the change are shifts in the roles and responsibilities within the governance of the Appraisal Institute and this includes national, regional, chapter, or branch chapter levels. We have just left, hopefully, the period of time labeled the “Great Recession”. Budgets and operating reserves have been decimated on all levels of AI governance. Nationally, operating reserves are at the equivalent of just under 4 months. National has set the goal of building those operating reserves back to at least six months over the next several years.
This is an exciting time but it is also one in which fundamental questions regarding how the Appraisal Institute should be structured to best meet the needs of current and future members is the hot topic for 2013. In real terms, the number of chapters spread across the nation has declined from roughly 100 to the current level of about 87. More mergers and consolidations are expected as the reality of rising chapter overhead and limited funding resources (dues, fees and profits from education) to be shared between national, regional and chapter levels of governance cause us all to face hard choices.

Clearly, we find ourselves being buffeted by the winds of change. The management and leadership of the Appraisal Institute are constantly rethinking the structure of the Appraisal Institute. The most obvious recent example is the shift to a professional society and the move to create candidates for designation and practicing affiliates.

Of importance in the next round of likely structural changes to the Appraisal Institute is the following question: **What do chapters do best and most efficiently?**

In 2013, and beyond, the chapter’s Exec Committee, the members of the board of directors, the Executive Director, the branch chapter teams and the chairs of the various committees all have a responsibility to constantly try to answer that question. In my opinion, it is often an inherently unfair question to try to answer because we do not control all aspects of our destiny (our revenues from national). Never-the-less...try we must.

Last week, several of us had lunch after the Appraisal Standard Board meeting in San Francisco with the new National Vice President, Lance Coyle, MAI. It was a great discussion with Lance. I left the conversation feeling lucky to be part of the Northern California Chapter. The discussion at times centered changes going on throughout the country. All aspects of our larger structure were open for discussion including the role of regional governance and the possible need to create super-chapters. Collapsing small chapters into these super-chapters that would be able operate more efficiently than having a large number of smaller chapters with relatively high overhead is in the wind. The truth is that the reduction in the number of chapters within the US is happening in any event. Weak chapters are merging into larger chapters.

**The End**

2013 will be a year of change and adaptation. Overall, the chapter’s health remains strong and steady. With an energized board of directors, a new emphasis on supporting an increase in newly designated members, an experienced captain in the form of Lisa Estes, and the contributions of the many volunteers who serves on committees and conference teams, 2013 is shaping up to be a good year for the chapter. Thank you!

Bradford MacLane, MAI