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JULY 2018

PRESIDENT'S MESSAGE

Kevin Dumman, MAI, SRA, AI-GRS

I hope everyone is having a good start to summer and is finding enough work at reasonable fees to stay busy.



Three members from the Wisconsin Appraisal Institute Chapter, Erik Hanson, MAI, Cherie Laffin, MAI, SRA, and Jorge Barreiro, SRA, attended the Leadership Development Advisory Council event in Washington, DC May 16-18. Congratulations to Erik Hanson,

MAI for being chosen to return to 2019 LDAC as a discussion leader. Please see the article written by the attendees for a detailed summary of the event. If anyone is interested in attending 2019 LDAC the details of how to apply are included in the article.

Many of you may remember the Wisconsin Coalition of Appraisers. The group recently agreed to dissolve and offered to transfer the remaining balance of their funds to the Wisconsin Chapter of the Appraisal Institute to be used for legislative efforts on behalf of Wisconsin appraisers. We thank Sherryl Andrus and the Wisconsin Coalition of Appraisers for these funds as they will be extremely helpful to our chapter in getting the Statute of Repose Legislation we are presently working on and other future legislative endeavors passed.

The Appraisal Institute Governance Structure project is not dead and has taken on some new life. Recently our membership was sent an email notifying you of the new developments in the project and asking you to submit comments. AI President Jim Murrett recently announced some new recommendations. The highlights of these recommendations are summarized below.

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

The deadline for AI professionals to provide comment for the board's consideration at its next scheduled meeting is July 18. The board of directors is scheduled to meet August 2-3 in Nashville, Tennessee. This is a wide sweeping policy that will have the potential to change AI forever, so if you have any comments or opinions about these recommendations please log onto the AI website and submit your comments.

There has been some recent legislation that may affect the demand of appraisals by lending clients. On March 8 The House Financial Services Committee approved HR3221, the Securing Access to Affordable Mortgages Act, legislation that grants appraisers an exemption from having to conduct evaluations in accordance with the Uniform Standards of Professional Appraisal Practice for loans under \$250,000 that were held in a portfolio for three years.

Appraisals are not required for loans of \$250,000 or less, but federal bank regulatory policy requires lenders to obtain an evaluation to understand the collateral risk involved with the loan. HR 3221 creates greater flexibility for lenders, allowing them to more easily use appraisers for such services when allowed by federal regulations.

Section 2 of the legislation provides an exemption from specific appraisal requirements, such as second appraisals and full interior inspection appraisals, mandated by the Dodd-Frank Act and related to higher risk loans. The Appraisal Institute interprets HR 3221 as a move to provide regulatory relief and align Dodd-Frank requirements with the long-standing appraisal requirements found in Title XI of FIRREA.

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

In my previous column we discussed the recent trend of several lenders requesting appraisal waivers to negate the appraisal requirement when making a loan. This is an update on the latest developments in this request. The Appraisal Subcommittee unanimously rejected a temporary waiver request from TriStar Bank of Dickson, Tennessee, during a special meeting April 23 in Washington, DC. The Appraisal Institute led industry efforts opposing the bank's request for a waiver of certification requirements, which would have allowed appraisals to be completed by non-certified appraisers.

Congress continues to make efforts to reform the Dodd-Frank Act. On May 24 President Donald Trump signed S. 2155 into law also known as the Economic Growth, Regulatory Relief and Consumer Protection Act. The bill rolls back reforms from the 2010 Dodd-Frank Act and is the first bill to do so since Dodd-Frank was passed. Although the Appraisal Institute took no position on the bill, it endorsed changes to proposed appraisal exemptions found in a previous version of the measure.

The bill now clarifies that a bank must engage at least three appraisers on the bank's approved appraiser list, in the local market area and in compliance with existing appraiser independence requirements. It also establishes a reasonable timeliness standard.

Our year end educational event will be held on Friday December 7, 2018 at Lambeau Field in Green Bay, WI. Remember to mark your calendars and save the date. We are planning a fun casual event that will include stadium tours, lunch, continuing education, and our Holiday party. If anyone wants to make a vacation out of the event a block of rooms is reserved at the Hilton Garden Inn on Lombardi Avenue. More details and registration for this event will be coming in the future.

We have many good educational offerings remaining this year including two full days of residential education and AI Business Practice and Ethics at the WAM office in Milwaukee, WI, which you will find listed in the chapter education schedule. I hope to see you all at a class or chapter event this year.

TREASURER'S REPORT

The Chapter Funds as of 5/31/2018 are:

Primary Checking Account:	\$28,204.80
Money Market Account:	\$47,225.86

Total Funds Balance:	\$75,430.66
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BOARD MEETING MINUTES

May 2, 2018

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

Members Present

Kevin Dumman, Erik Hanson, Rick Larkin, Jorge Barreiro, Leah Dauer Murphy, Pierce Buchinger, Hank Schneider, William Dreyer, Robert Quam, Ryan Sikorski. Garret Warner joined by phone. Staff members present included Doug Stangohr.

Approval of Minutes

Minutes from the 1-11-2018 board meeting were approved. Motion made by Rick Larkin; 2nd by Jorge Barreiro.

Treasurer's Report

Financials were reviewed and approved along with approval of 2017 990 tax return. Motion made by Leah Dauer Murphy; 2nd by Hank Schneider

Education Report

Discussion of 2018 offerings that have taken place and upcoming including Yellow Book, Condemnation Seminar, Business Practices and Ethics, FHA Appraising, and Valuation by Comparison.

Region Update

Minimal discussion of 45 day notice and power point presentation

- Wisconsin Appraiser Coalition Funds

The Chapter agreed to accept \$6,000+/- from the Wisconsin Appraiser Coalition. Motion made by Rick Larkin; 2nd by William Dryer

- Chapter agreed to use funds for efforts involving government issues and/or lobbying. Motion made by Erik Hanson; 2nd by Jorge Barreiro

New/Old Business

Nominating committee is working to find candidates to apply for 2019 board positions.

Adjournment

Meeting adjourned at 5:59 p.m.

Submitted by Erik Hanson, Chapter Treasurer

LDAC Update

Discussion of planned lobbying

Statue of Repose Legislation

The committee is working to find sponsors and committees to support a potential bill

Year in Review

Year In Review will be held December 7, 2018, at Lambeau Field in Green Bay. Kevin Dumman is working on arraigning speakers and seeking corporate sponsorships.

Job Postings/Website

Discussion to make a policy/outline for content and charge for services

AI LEADERSHIP DEVELOPMENT & ADVISORY COUNCIL - LDAC 2018

Three Representatives of the AI Wisconsin Chapter, Erik Hanson, MAI, Cherie Laffin, MAI, SRA and Jorge Barreiro, SRA attended LDAC in Washington, DC, in May of 2018.

Day One included an opening session and legislative update to prepare for the lobbying effort the next day on Capitol Hill. The opening session was followed by a reception for all attendees.

Day two began with two breakout discussion sessions detailed below. In the afternoon, we traveled to Capitol Hill to lobby for appraisal related issues. This year's issues were appraisal regulatory modernization and statutes of repose. The Wisconsin delegation met with representatives of Senator Tammy Baldwin and Senator Ron Johnson's offices to discuss the issue. A random "quick" question about Senator Ron Johnson's availability for a picture led to an opportunity to chat with him to discuss why we were there.

Day three included two additional breakout discussion sessions and a discussion panel about the Governance structure of the appraisal institute led by James L. Murrett, MAI, SRA and Rebranding the REGIT led by Byron E. Miller, SRA, AI-RRS, followed by a closing session.

LDAC leaders summarized the discussion topics and the Appraisal Institute Board of Directors gave updates and took questions from members.

Breakout Discussion Sessions

In addition to the lobbying component, LDAC includes breakout discussion sessions to discuss topics impacting our profession. This year's topics and a brief list of suggestions or ideas included:

Charles Baker, SRA, AI-RRS – Where is the profession exceling? What are threats and what is the secret to success? How do you go from good to great?

Suggestions and ideas include:

- Increase marketing
- Impact and reliance of mentors
- Maximize the value and benefits to mentors
- Expose the profession to the public
- Relevance of brand in the marketplace
- Focus on retention of members



Michael Lamb, MAI, SRA, AI-GRS, AI RRS – How can we make the appraiser community stronger?

Suggestions and ideas include:

- Build relationships with teamwork
- Assist and support others
- Represent what profession is, respect and lead
- Many hands make light work
- Appraisers can diversify with a common goal

Jacinto Munoz, MAI, SRA, AI-GRS, AI-RRS – How can we grow outside the box?

Suggestions and ideas include:

- Everyone is an ambassador for the Appraisal Institute
- Be more inclusive of appraisers in the profession
- Partner with other organizations (i.e. brokers, attorneys, accountants)
- Available trainee website for employers looking to hire similar to "Farmers Only.com"

During the closing ceremony, Jacinto Munoz, MAI, SRA, AI-GRS, AI-RRS was elected 2019 Vice Chairperson of LDAC. Molly Skipper, Maryland was selected as the Ted Anglyn award winner for outstanding first year participation. Steve Henry, MAI, from California will be 2019 chair.

AI LEADERSHIP DEVELOPMENT & ADVISORY COUNCIL - LDAC 2018 (CONT.)

We are proud to report Erik Hanson, MAI was chosen to be a Discussion Leader for 2019. Discussion Leaders for 2019 include: Erik Hanson, MAI; Lisa Meinczinger, SRA, AI-RRS; Robert Moorman, MAI, SRA, AI-GRS; and Eric Schneider, MAI, SRA. All of the discussion leaders selected for 2018 were third year participants in this year's event.

In closing, we would like to thank you for sending us to represent our chapter. LDAC is a unique opportunity to obtain leadership training, network with appraisers from around the country, and lobby on Capitol Hill for important appraisal related issues. Over the past few years our chapter has sponsored three attendees; with a first year, second year, and third year attendee.

If you are interested in attending LDAC and representing the Wisconsin Chapter of the Appraisal Institute, please contact Cherie Laffin via email at Cherie@scottwilliamsappraisal.com or via phone 715-581-9724 for more information.

Talking points for lobbying are shown below
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The Importance of Appraisals in Safety & Soundness

Background

Various stakeholder groups, including bank trade organizations, have been raising concerns with appraisals to Congress for years. Some have taken issue with entry requirements into the profession – others have expressed concern regarding appraiser shortages in rural areas. Some of their ideas and proposals have begun to turn into legislation. The legislation introduced this session to provide appraisal-related regulatory relief include:

- Appraisal Exemption: H.R. 3221 provides an exemption from overlaying appraisal for “high risk loans”, if they are under \$250,000 and kept in the bank's portfolio for at least 3 years.
- Appraisal Exemption Allowance: S. 2155 provides an allowance from appraisal requirements with loans held in portfolio in rural areas if lenders are unsuccessful in placing an appraisal assignment with appraisers on their approved appraiser list.
- “Hybrid Appraisals”: H.R. 3561 permits appraisers to use information based solely on info from a property inspection by a third party for VA loans.

Similarly, federal banking agencies have recommended lenders request temporary appraisal waivers from appraiser certification requirements, and Fannie Mae & Freddie Mac have introduced appraisal waiver programs themselves, even when previous appraisal data may not be available.

All of these actions are attempting to respond to issues that are really just symptoms of a larger problem facing the appraisal industry today -a regulatory system that is outdated and doesn't match today's reality. What is clear is that all appraisers are being choked by rules and regulations in nearly every facet of their business. From how an appraiser reports an appraisal, to supervising trainees, to uneven licensing requirements, to licensing and registration fees passed down by clients, to mandates from federal agencies – appraisers' professional lives have become extremely complicated, more expensive and less productive due to a dated and archaic regulatory structure.

The declining interest in real estate appraisal as a professional endeavor beg for action to improve the appraisal business and regulatory environment. This is far preferable to establishing or granting a patchwork of exemptions to avoid appraisals altogether. Doing so only increases risk to consumers, financial institutions, and investors. The Federal regulatory structure for real estate appraisal essentially has been untouched since the enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (“FIRREA”). In the intervening years, the marketplace has changed, and technological advancements have occurred. With these thoughts in mind, on the back side of this page, you will find the key principles that the Appraisal Institute continues to share with Members of Congress.

Legislative Goals

- Clarify the intent of H.R. 3561 to ensure property inspectors are to be affiliated with appraisers. The VA confirms this is the intent of the bill, but the bill itself is undefined on this point
- Reform the overall appraisal regulatory structure instead of establishing exemptions. Doing so would alleviate appraisal shortage concerns by making the appraisal profession more efficient and attractive to existing and prospective appraisers while mitigating a buildup of risk in the financial system.
- Further explore modernization of the appraisal regulatory system through Congressional oversight of existing regulatory practices.

AI LEADERSHIP DEVELOPMENT & ADVISORY COUNCIL - LDAC 2018 (CONT.)

Appraisal Reform Vision

Modernize Appraisal Oversight

- Align appraisal regulation along the lines of regulatory structures in other industries, such as insurance and mortgage origination, recently enacted by Congress. Those structures maintain state licensing authorities but set up more efficient licensing application and renewal processes.

- Explore a nationwide platform, or portal, for appraisal practitioners, users of appraisal services, and state regulators to use to process license applications and renewals, thus eliminating redundancies and “red tape.”

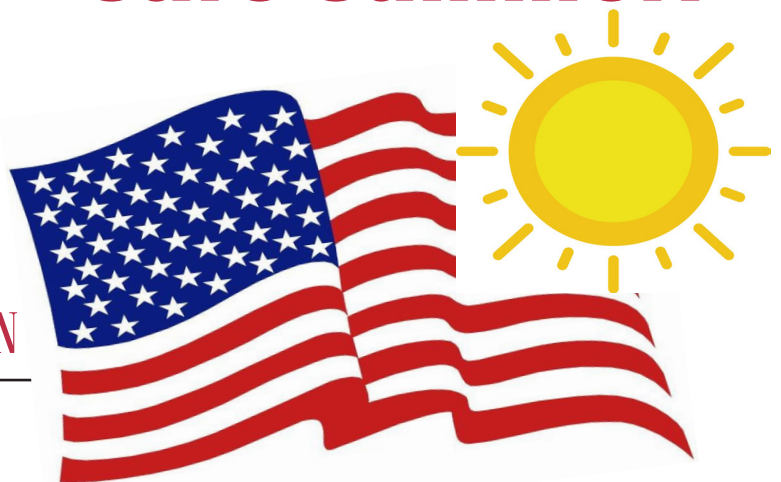
Improve Enforcement

- Provide clear audit processes for states’ appraiser regulatory agencies, allowing state regulators to focus on licensing administration and enforcement.

- Improve information-sharing among state regulatory agencies through a common platform. Improve Appraisal Quality.

- Authorize financial institutions to “raise the bar” when hiring real estate appraisers, utilizing professional appraisal designations that exceed minimum licensing requirements when procuring appraisal services.

**The Wisconsin
Chapter wishes
everyone an
enjoyable and
safe summer!**



WISCONSIN CHAPTER 2018 EDUCATION

October 3rd - Business Practices and Ethics, 7 Hour class but qualifies for 4 hours of State CE

October 4th - FHA Appraising for Valuation Professionals, 7 Hours

October 5th - Valuation Comparison, Residential Analysis Logic, 7 Hours

December 7th - Annual Year In Review

AI NEWSLETTER RESPONSE

Garrett Warner, MAI & Joege Barrerio, SRA

The legislative committee of our local chapter of the Appraisal Institute is attempting to get Statute of Repose Legislation passed in Wisconsin. The legislation being proposed to state law makers is an attempt to bring the appraiser's liability in line with the Uniform Standards of Professional Appraisal Practice (USPAP). The Record Keeping requirements of USPAP states that the workfile must be retained for a period of at least five years after preparation or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expired last.

The present law in Wisconsin does little to limit the liability of appraisers from being sued on past work. This leaves appraisers vulnerable to lawsuits on very historic projects where they are unable to defend themselves adequately due to the time that has passed since the work was completed. The Statute of Repose legislation would limit the appraiser's liability for past work to something comparable to the record keeping law in USPAP, greatly reducing their exposure and improving their ability to defend themselves.

It is unfair to an appraiser to be subjected to litigation on an appraisal they no longer have records for. This significantly impairs their ability to defend themselves. The good news is that other chapters of the Appraisal Institute have been successful in getting similar legislation passed in their states. This provides confidence that Wisconsin legislators will pass the bill we propose, or at a minimum some version of it.

At this point we have done the following:

1. Gathered the Enacted Legislation from Tennessee, Oregon, and Minnesota.
2. Gathered legislation language from North Carolina, Kentucky, and South Dakota
3. Gathered talking points and memos used in other states for enactment of legislation
4. Gathered draft legislation for Wisconsin
5. Coordinated for possible assistance from AI National
6. Located case studies that occurred to demonstrate unfair impact on appraisers.

We are currently coordinating with WAM personnel to find a Wisconsin Legislative Sponsor. Once one is attained, we will work with them to draft legislation. Then they will propose a vote.

CONGRATULATIONS TO OUR NEWEST DESIGNATED MEMBERS

New Designations

Congratulations to all of the newly designated Wisconsin Chapter members:

Angela Kwasny, AI-GRS
Pierce Buchinger, MAI
Christopher D. Krueger, MAI
Kimberly Foglia, MAI

CONGRATULATIONS



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