



Chicago Appraisal Times



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President's Letter

By Patricia H. Atwood, ASA
President, ASA Chapter 33

Resting on laurels is not part of the job description for past presidents of ASA's Chicago Chapter. Consider the following sixteen examples: **Michael Crismyre ASA** is now going into his sixth year as Membership Chair. Every year **John Josko ASA** helps organize Chapter programs and also serves as District Director at the request of current ASA Regional Governor, **Mary O'Connor ASA**. Past Regional Governor **Edward Detwiler ASA** always offers support and advice in program planning. **Park Johnson ASA** continues to participate in monthly board discussions as a much-appreciated mentor. **Steve Thomas ASA**, past president both of ASA Chicago and ICAP (Illinois Coalition of Appraisal Professionals), is helping put together an ASA Real Property program for the Chapter this coming May. **John Matthies ASA**, for many years our Chapter webmaster and newsletter producer, continues to offer support not only to the Chapter but also to ASA's MTS Committee. **Timothy Meinhart ASA**, now a board member of the BVA, generously offers advice and logistical support. **Daniel Lynn ASA** helped put in place a system that continues to provide superlative administrative assistance. **Gregg Gaffen ASA**, **Andrew Campbell ASA** and **Michel St. Martin ASA** regularly attend programs and share ideas. Many Chapter members still remember how **Steven Friedman ASA**, **Richard Lunt ASA** and **Rhea Rosen ASA** contributed for many years after their presidency. This is in addition to **Daniel Van Vleet ASA**, a Chicago Chapter past president who serves now as ASA International Vice President.

Please join me in thanking these Chicago Chapter past presidents! I would enjoy hearing about other past presidents & hope that any not listed here will contact me to share stories from earlier years. The Chicago Chapter is grateful for these continuing volunteer efforts and welcomes all members, who are interested in participating. For more information about how to join this congenial group, just come to any of the Chapter meetings or email for information on the monthly telephone board meetings.

ASA Chicago Chapter Board

President	Patricia H. Atwood, ASA
Vice President	Erin Durand Hollis, ASA
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Gems & Jewelry	Michael Holtzman
MTS	Michael Ackerman, ASA
Personal Property	Patricia H. Atwood, ASA
Real Property	Jeffrey T. Kirk, ASA
Other	
Membership Chair	Michael R. Crismyre, ASA
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Website	John Friedman

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A LITTLE SOMETHING FOR EVERYONE

State of the Capital Markets Panel

By Brian McCabe, ASA

The American Society of Appraisers and the Business Valuation Association hosted the annual State of the Capital Markets panel on January 19, 2012. The panel was once again comprised of Steven M. Bernard, CFA, Director of M&A Market Analysis at William Blair & Co.; Robert T. Brown, Managing Director at Lincoln International and Robert Johnson, CFA, Director of Economic Analysis at Morningstar. The panelists discussed 2011 and provided their thoughts on the outlook for 2012. The much anticipated event was well attended.

Slides from the presentations are available on our website at <http://www.asachicagochapter.org/articles.html>.



ASA Chicago BV Section Leader, Brian McCabe, ASA with Seth Palatnik, ASA and John Worthen, ASA



The Appraiser and the Auction House

By Lela Hersh, AM



How does the job of the Appraiser interconnect with that of the Auction house personnel? Come find out during an open discussion with specialists at Leslie Hindman Auctioneers.

On Tuesday, March 27, at 10:30 a.m., ASA members will attend a preview of *Asian Works of Art*. The program will include a short presentation from Andrew Lick, Director and Asian specialist as well as a discussion with Leslie Hindman, President or another senior staff member. Leslie Hindman will address how the auction house determines auction estimates, research into authenticity, trusts, estates and auction house appraisals. The program will end at noon and there will be an optional lunch afterwards.

Reaccreditation credit: 1.5 hours of CPE credit, plus 1.5 hours organizational participation for those attending lunch. Lunch participants will choose and pay for their own lunch at a nearby restaurant.

Leslie Hindman Auctioneers is a full service auction house and with over thirty years of expertise and experience. Leslie Hindman Auctioneers and her team of professionals run up to forty sales a year specializing in Fine Furniture and Decorative Arts; Asian Works of Art; Fine Art; Fine Books and Manuscripts; Fine Jewelry and Timepieces; and Vintage Couture and Accessories. 1338 West Lake Street, Chicago, IL 60607. 312.280.1212, <http://www.lesliehindman.com/offices/Chicago>

Facebook Valuation

By Brian McCabe, ASA

On February 1, Facebook filed for an initial public offering. The company hopes to raise at least \$5 billion, and analysts estimate it could be valued between \$75 billion and \$100 billion. The IPO is expected to be the largest tech IPO in history, and for good reason.

There are an estimated 845 million members of Facebook, including the Chicago Chapter of the American Society of Appraisers.

When valuing privately-held companies, appraisers often examine prior transactions of a company's stock. For many private companies, there are very few prior transactions. This is not the case with Facebook.

Shares of Facebook have been trading in the secondary market via SharesPost and SecondMarket for several years. After Facebook filed for IPO, the pace of auctions picked up. An early February 2012 auction on SharesPost closed at \$40 per share, which indicates a \$100 billion valuation.

The secondary market allows private companies to access capital and accredited investors to purchase or sell shares of private companies.

This market, like Facebook, has grown rather rapidly in recent years.

While SecondMarket primarily serves large tech companies, it hopes to expand to smaller profile companies and believes it can serve as an alternative to IPOs. If successful, SecondMarket and other similar companies could provide valuable research and transaction information for appraisers.

We will likely have to wait until at least April to find out exactly how many millionaires the Facebook IPO will make. When the time comes, you will probably read about it on Facebook.

Issues of Attribution

By Patricia H. Atwood, ASA

Big news recently is the discovery of a *Mona Lisa* replica in the Prado Museum in Madrid. Conservators reconsidered the attribution of the painting after determining that it had been painted on (Italian) walnut rather than (Northern European) oak. The removal of an 18th-century black background has revealed a landscape almost identical to the famous Louvre painting. It is now thought that the works were painted in the same studio at the same time –perhaps by a da Vinci pupil. Upon examination, infrared technology demonstrated a close correlation between specific changes as the paintings were created. Travelling to Paris from March 29 to June 25, 2012? The Louvre will host a must-see exhibition of the two works side-by-side.

Attribution is a major issue for Personal Property appraisers, and the topic can be even more complex for works of contemporary art. A Reuters article regarding a lawsuit after a work was pulled from a Sotheby's sale concludes with the comment "art isn't a commodity which can simply be bought and sold at a market price." The market value of a work has always included a consideration of copyright. Other important factors include artist's resale royalties (The California Resale Royalty Act - only applicable to California artists) and the possible challenges to attribution by artists who may disavow authorship (Visual Arts Rights Act) depending upon their level of dissatisfaction with a particular work that is pending sale. Reuters concludes: "the art world is a fuzzy place..." (Source: Reuters, *Why art isn't a commodity*, Cady Noland edition, by Felix Salmon February 13, 2012.)

Insights for Real Estate Appraisals

By Jeffrey Kirk, ASA
Real Property Chair
Chicago Chapter, ASA

Brian Weaver, Appraisal Coordinator for the Appraisal Division of the Illinois department of Professional and Financial Regulation has provided these insights for people entering the real estate appraisal field. These are excerpts from his article in the October 2011 department newsletter.

The appraisal profession since 2008 has been like to an obstacle course for Illinois Associate Trainee appraisers. The AQB's 2008 Criteria education and experience requirements raised the bar significantly for trainees seeking to upgrade. The next leg was the real estate and financial implosion that happened later in 2008. Appraisal firms, like everyone else in real estate, were hit hard. Trainees couldn't find anyone to take them on. Lenders gradually stepped up their restrictions on trainees. Lender *overlays* limited or prohibited trainees from signing or even being acknowledged in appraisal reports.

In January 2011, the **Administrative Rules** were changed to require a supervisor for every trainee. Is there some conspiracy to eliminate the trainee in appraising? You'd think so. The trainee rank *should be* the first step toward a career in appraisal. But we're not seeing scads of twenty somethings sitting for the exam. That's no way to grow a profession. Most of the trainees in Illinois are supervised by family members. That's no way to grow a profession, either. The only bright spot is that commercial and agricultural trainees have a better chance at landing a supervisor and a paying gig. There just aren't that many slots available. In 2012, we will have an *inoperative status* available. This will be similar to what real estate agents have with brokers. Trainees will be able to hang on to the license without a supervisor. They just won't have an actual paper license in their possession until they land a supervisor. Nothing is ever easy.

Chicago Chapter Sponsored Class MTS 216

By Sharon Desfor, ASA

"Our thanks to the Chicago Chapter for making this course offering happen. We had lots of good input from the peanut gallery throughout the class. I am so glad we decided to offer this through the chapter instead of individually in our office. Incorporating non-HeliValue\$ classmates enriched the class immeasurably. Mixing together MTS and BV appraisers was brilliant, since we could compare and contrast experiences."

Cuneo Mansion – Special Tour, November 10, 2011



John Josko, ASA, dwarfed by large clock at the Cuneo Mansion. ASA appraisers enjoyed a visit and special tour on November 10, 2011.

Upcoming Real Property Event Ad Valorem Debate & Luncheon – May 24th

Save the date for a lively lunch meeting on May 24th downtown at the UBS Tower conference center located at 1 North Wacker Drive. Tentative time is from 11:30 until 2pm.

Price will be \$35 for ASA and ICAP members (as well as any other groups that offer reciprocity for ASA) and \$45 for non-members.

Our presenters are two ASA members on opposite sides of the ad valorem debate, Robert H. Ross, ASA (McHenry County Supervisor of Assessments) and Steven R. Thomas, ASA of the National Bureau of Property Administration.

Dreihaus Event

About two dozen ASA members and guests joined Pamela Bardo, ASA for a visit to one of the grandest residential buildings of nineteenth-century Chicago. The educational program focused upon decorative arts in the Richard Driehaus collection and highlighted unusual features of late 19th century architecture in the context of the history of Chicago. The day concluded with a lecture on 19th century Chicago craftsmen and was followed by a tour of the exclusive Art Deco 1929 Woman's Athletic Club.



Pamela Bardo with

Taken from the Appraisal Foundation 2012-13 USPAP Q&A dated Feb 13, 2012: 2012-03:

DEFINITIONS

Personal Property Appraisal Consulting Question:
I am an appraiser who has been asked to perform a consulting service on when and where best to sell some machinery and equipment. I am aware that STANDARDS 4 and 5 relate only to real property appraisal consulting. I have determined that this assignment will require me to estimate probable value ranges in different markets. What are my USPAP obligations?

Response:

Because this assignment will require you to “estimate probable value ranges,” you will be developing appraisals as part of this assignment. These appraisals must be developed in compliance with STANDARD 7 and reported in compliance with STANDARD 8.

There are no development or reporting Standards for personal property appraisal consulting. However, the ETHICS RULE, COMPETENCY RULE, and JURISDICTIONAL EXCEPTION RULE apply to all appraisal practice. In addition, the RECORD KEEPING RULE and the SCOPE OF WORK RULE both apply to all appraisal, appraisal review and appraisal consulting assignments. Therefore, all of these Rules apply to personal property appraisal consulting assignments.

Jeffrey T. Kirk, ASA

A LITTLE SOMETHING FOR EVERYONE



Congenial group of ASA appraisers from many disciplines participated in the Chicago Chapter sponsored educational event (7-hour USPAP update class) at the Chicago Rockford International Airport on December 2, 2011.

Brian McCabe, ASA shares with us:

Aswath Damodaran is a well known teacher, appraiser, writer and speaker. He has given a presentation at least one ASA conference and the Chicago BVA president mentioned he was trying to get him to come to Chicago for a presentation. Damodaran's blog is located at <http://aswathdamodaran.blogspot.com/> In the next week or so he will post his opinions on the Facebook IPO.

For reference, his discussions on other recent IPOs can be found using the links below:

Groupon -
<http://aswathdamodaran.blogspot.com/2011/11/are-you-ready-to-value-groupon.html>

LinkedIn -
<http://aswathdamodaran.blogspot.com/2011/05/valuing-young-growth-companies.html>

SAVE THE DATE!

Please save Wednesday, June 6, 2012 for the chapter's end-of-the-year, member-only full dinner at:

Zealous Restaurant
419 West Superior
Enjoy contemporary American cuisine with global influences

Beginning at 5:30 p.m. and until....!

Find out who the new Chapter Board will be and which members will receive the *Greene-Kuehnle Scholarship Award* and Patricia Hefner *Best Contributing Member Award*.

Look out for an email announcing the event in May. RSVP as soon as you can as space is limited.



Zealous has been awarded the AAA Four Diamond Award for 10 consecutive years

A LITTLE SOMETHING FOR EVERYONE

More Capital Markets Event 2012 Pictures



Speaker, Robert Johnson, Director of Economic Analysis for Morningstar with Andrew Colmar and speaker, and Steven M. Bernard, CFA, from William Blair & Co.



Bryan Flemming, ASA with Mike Sedlak and speaker, Robert T. Brown, Principal of Lincoln International's Business Services Group



Speaker Steven M. Bernard, CFA from William Blair & Co. with Robert Reilly, ASA

More Dreihaus Event Pictures



A LITTLE SOMETHING FOR EVERYONE





Chicago Appraisal Times



Chicago Appraisal Times is an online newsletter published quarterly by the Chicago Chapter of the American Society of Appraisers, an international, non-profit organization that teaches, tests, and awards designations in all appraisal disciplines, including Business Valuation, Gems and Jewelry, Machinery and Technical Specialties, Personal Property, and Real Estate.

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The American Society of Appraisers is an international organization of appraisal professionals and others dedicated to the education, development and growth of the appraisal profession. ASA is the oldest and only major organization representing ALL disciplines of appraisal specialists, originating in 1936 and incorporating in 1952. ASA's headquarters is in the metropolitan Washington, DC area. This newsletter represents the members of the Chicago Chapter of the American Society of Appraisers.