



# Chicago Appraisal Times



Volume 4, Issue 2

Summer 2012

## President's Letter

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

"Chaptering" is a word that your volunteer Chicago board members coined a few months ago when our email was buzzing with plans for upcoming events. We were working out the details of one program and then decided "... as long as we are already *chaptering*" to continue with talk about another event as well.

It's a good word for the friendly collaboration that goes on behind the scenes. Did you know that your Chicago Chapter board and section leaders meet every month for a brief telephone conference call? Did you know that you are always invited? Just ask any Chapter officer for the time and conference code.

You can find our contact information on the Chicago Chapter website, which was brilliantly developed last year by John Friedman, who was last year's winner of the Chapter's *Best Contributing Member* award. Bookmark this site!

<http://www.asachicagochapter.org/>

Opportunities for participation in your Chapter include: helping plan a meeting for your discipline, writing a newsletter article, or forwarding a useful link to be included among the Resources listed on our website. (To browse what's available, just click on "Resources" in the upper right of the website.) For the upcoming year we are especially looking for help in maintaining our website (training provided).

Kudos to this year's key volunteers: in addition to your Chapter officers, please join us in thanking

Michael Crismyre, ASA; John Josko, ASA; John Friedman; Michael Holtzman; Jeffrey Kirk, ASA;

Michael Ackerman, ASA; Brian McCabe, ASA; Cathy Young; Lee Lansford, ASA; and Barton DeLacy, ASA. Special thanks to Pamela Bardo, ASA and David Koller, ASA for hosting two sensational recent Chapter meetings and to Steve Thomas, ASA and Robert Ross, ASA, for their upcoming joint presentation.

Please send an email to next year's Chicago Chapter President, Erin D. Hollis, ASA if you are interested in helping or if you have ideas on how to improve the Chicago Chapter.

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## ASA Chicago Chapter Board

President	Patricia H. Atwood, ASA
Vice President	Erin Durand Hollis, ASA
Vice President (2)	Kevin Michael Zanni, ASA
Secretary	Lela Hersh, AM
Treasurer	Jordan Donsky, ASA

### Discipline Chairs

Business Valuation	Brian McCabe, ASA
Gems & Jewelry	Michael Holtzman
MTS	Michael Ackerman, ASA
Personal Property	Patricia H. Atwood, ASA
Real Property	Jeffrey T. Kirk, ASA

### ICAP Representatives:

Newsletter Editor	Lee Lansford, ASA
Public Relations Chair	P. Barton DeLacy, ASA
Website	Cathy L. Young
	Erin Durand Hollis, ASA
	John Friedman

## Members in the News

Two Chicago Chapter members, Steven J. Sherman, ASA & Daniel R. Van Vleet, ASA were both mentioned on the first page of a recent edition of *BVWire*, published weekly by Business Valuation Resources, LLC. Steve, who is chair of the International Valuation Standards Board was one of the BV leaders speaking at the first-ever valuation roundtable held by The Appraisal Foundation. Dan Van Vleet was mentioned in *BVWire* because he is a speaker at the May 7<sup>th</sup> ASA NYC Chapter's annual *Current Topics in Business Valuation*.

If you have read the bios in the latest ASA election ballot, you'll notice that five Chicago Chapter members in three disciplines have tossed their hats into the ring. Continuing a proud tradition of service to the American Society of Appraisers, Daniel R. Van Vleet, ASA has spent countless hours working on board governance, strategic planning and fiscal discipline in his current role as Vice-President of ASA. A past president of our chapter, Dan is incoming President of ASA.

Two Chicago Chapter members, both past presidents, are volunteering to serve on the MTS Discipline Committee: John A. Matthies, ASA and Park R. Johnson, ASA. Also, our Chicago Chapter representative to ICAP, Lee Lansford, ASA will join the Real Property Discipline Committee. And, past president, Timothy J. Meinhart, ASA will be a new member of the BV Discipline Committee.

These Chicago Chapter members will join our Chicago Chapter colleagues, who are currently serving ASA in leadership roles:

ARM committee: Lawrence M. Levine, ASA and Barbara A. Spoor, ASA.

BV committee: Erin D. Hollis, ASA

MTS committee: Douglas R. Krieser, ASA, Michael R. Crismyre, ASA, and Sharon A. Desfor, ASA, (Discipline Governor),

Regional Governor, Mary O'Connor, ASA; District Director, John A. Josko, ASA

## New Partnership

Personal Property appraisers will benefit from a new ASA partnership that was announced recently. Beginning this fall, the University of Chicago Graham School of Continuing Liberal and Professional Studies will offer Principles of Valuation classes taught by accredited senior appraiser members of the American Society of Appraisers (ASA).

The four-part series of ASA courses are designed for prospective Personal Property Appraisers. The classes focus upon valuation theory and methods that are common to many areas of expertise. Some examples are Gems & Jewelry, Fine Art, Automotive Specialties, Antiques & Decorative Arts, Numismatics, Books & Manuscripts, Residential Contents, and Oriental Carpets. The courses not only provide information about personal property valuation, but also they offer an opportunity for students with diverse backgrounds to meet and collaborate with new colleagues.

"We are delighted to be able to add Excellence in Personal Property Valuation Training to the other university-quality educational programs offered at the Graham School," says Dean Daniel W. Shannon. "These courses will bring an added dimension to the current Artifact Collection Care Certificate program."

Daniel R. Van Vleet, ASA, current Vice President of the American Society of Appraisers and an alumnus of the University of Chicago is "thrilled with this partnership between my two favorite educational institutions." He says: "The American Society of Appraisers is internationally recognized as a leader in appraisal education and provides training to support the growing demand for appraisers who meet IRS qualification standards."

Classes begin October 17, 2012 at the University of Chicago downtown Gleacher Center campus.

More information and registration information may be found on their website at:

<http://www.appraisers.org/Education/UniversityPartners.aspx>

## Public Meeting of the AQB

On April 20<sup>th</sup> along with about a hundred other attendees, several Chicago Chapter members attended the regional public hearing of the Appraisal Qualifications Board (AQB). An independent board appointed by the Appraisal Foundation, the mission of The AQB is to establish the minimum education, experience, and examination requirements for real personal property appraisers.

Since these minimum requirements are translated into mandatory state licensing criteria for real property appraisers, and the newest qualification guidelines were met with lively discussion. Many state regulatory departments from North Dakota to Oklahoma were represented along with Brian Weaver, Appraisal Coordinator, Division of Professional Regulation, Illinois Department of Financial & Professional Regulation.

One of the other topics discussed was the new requirement (part of Dodd-Frank legislation) that requires the Appraisal Subcommittee to set up a complaint "hot line." Judging from the conversation and questions, there are still many questions about how this will be implemented.

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**The ASA table at the American Association of Museums conference in Minneapolis (April 30th through May 2nd).**



## What Is ICAP?

*By Lee Lansford, IFA, ASA*

In 1994, the Chicago Chapter of the ASA joined local chapters of the Appraisal Institute, American Society of Farm Managers & Rural Appraisers, and the National Association of Independent Fee Appraisers to form ICAP: IL Coalition of Appraisal Professionals. ICAP was established to be a unified voice for Illinois real property appraisers.

ICAP's mission is to promote the appraisal profession and its image to the general public and to users of appraisal services. ICAP initiates discussion and analysis of issues affecting professional appraisers and monitors political action with the intent to influence legislation, regulation, and public opinion toward the appraisal profession. The collective voice of ICAP is "louder" than that of a single member or sponsoring association. In all that ICAP does, protection of the public at large is always in the forefront.

ICAP has, and continues, to influence legislation affecting licensed real property appraisers. The Legislative Committee of ICAP has had significant input into every real property appraiser licensing act since ICAP's inception. ICAP also directs frequent communications to members regarding day-to-day issues which affect appraisers in the performance of their duties. ICAP is funded by individual membership dues and annual seminars (CE credit for licensed appraisers) held in Springfield and the Chicago area. **To learn more about ICAP, go to <http://www.icapweb.com/>.**

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## ADVANCEMENTS

<i>Pragya Mishra</i>	<i>BV</i>	<i>ASA</i>
<i>Steven Schumacher</i>	<i>BV</i>	<i>ASA</i>
<i>Jonathan Martin</i>	<i>BV</i>	<i>ASA</i>
<i>Richard Sanfratello</i>	<i>BV</i>	<i>ASA</i>
<i>Jeffrey Dunn</i>	<i>MTS</i>	<i>AM</i>
<i>Alec M. Story</i>	<i>MTS</i>	<i>ASA</i>
<i>Richard Wiorek</i>	<i>MTS</i>	<i>ASA</i>
<i>Howard Newman</i>	<i>MTS</i>	<i>ASA</i>

## Asian Works of Art

By Lela Hersh, AM

On Tuesday, March 27, ASA members attended a preview of *Asian Works of Art* at Leslie Hindman Auctioneers. Leslie Hindman is a full service auction house with over thirty years of experience. The program included an informal discussion with Leslie Hindman, President. It also included presentations by Andrew Lick, Director and Asian specialist, who toured the group through the Asian Works preview and Sarah Leonetti contemporary and modern specialist, who gave attendees an early look at some of the properties that were later auctioned at the Modern and Contemporary Art Auction in May. After the presentation, ASA members enjoyed a festive lunch at Ina's restaurant - some of our members had the special - fired chicken and waffles!



Andrew Lick of Leslie Hindman Auctioneers, Diane Carr and Susan Hammerman, at the event "The Appraiser and the Auction House" held at Leslie Hindman Auctioneers

## CAPM vs. PCOC

By Brian McCabe, ASA

Estimating the cost of equity capital is an integral part of valuation. For many years, the Capital Asset Pricing Model ("CAPM") has been one of the most commonly used methods to estimate the cost of equity capital.

An article by Eric W. Nath, ASA, titled "The Biggest Business Valuation Myth" explores the criticisms of the CAPM. Nath notes that private equity investors do not use the CAPM to price their acquisitions, and asks, "If market participants do NOT use the theories we are taught in business school, and the traditional backward-looking cost of capital models have clearly failed us, then why do we persist with the same old tried and obviously untrue theoretical solutions rather than working to discover better ways to emulate the market?" Nath argues that appraisers need to employ methods actually used by market participants, a sentiment shared by Judge David Laro.

Nath proposes Pepperdine University's Private Cost of Capital study ("PCOC") solves many of the criticisms of the CAPM. The PCOC study is an online survey of a large number of investors in different asset classes. The study, first published in 2009, is still in its early stages. The PCOC model examines the actual markets where privately-held companies fund their capital needs. This is in contrast to the CAPM, an important distinction because of the differences between public capital markets and private capital markets.

Whether using the CAPM or the PCOC model, estimating the cost of capital still requires judgment from the appraiser.

Link to Nath's article:

<http://www.ericnath.com/articles/TheBigMyth.pdf>

Link to Pepperdine's Survey:

<http://bschool.pepperdine.edu/appliedresearch/research/pcmsurvey/>

## Appraisers' Forum

By *Michael L. Ackerman, ASA, CEA*  
M&E Chair

The Association of Machinery and Equipment Appraisers conducted their annual Appraiser's Forum March 22-24, 2012 at the Westin OHare Hotel in Rosemont, IL. The three day program included a seven hour USPAP course on Thursday. The final Thursday activity involved the group participation in the Machinery Dealer's National Association Chicago Chapter meeting and dinner at the Rivers Casino. Friday's session was divided into four separate presentations explaining Plastic Extrusion, CNC Turning, Rolling Mill, and Packaging Equipment. The Friday session concluded with a panel discussion on personal safety and etiquette in the field. Saturday's program consisted of a tour of The Frain Group one million square foot warehouse.

The forum was well attended, particularly for the Friday session, which was the most educational. ASA member attendance was low. I suppose that this circumstance is partially due to ASA not being invited to participate in the sponsorship of the event, for unknown reasons that are not a concern of this article. The important aspect I hope to promote to the MTS ASA membership is the convenient educational opportunity that was well worth the investment in time and funds. I have been looking at machinery and equipment for thirty plus years and always learn from this event. I recommend attendance to all of our MTS membership. Perhaps next year we need to do a better promotional job for this event. If anyone has any questions regarding the forum, do not hesitate to contact me.

The market for late model machinery and equipment appears to be improving. Prices are rising and demand increases. However, demand still appears to be inconsistent because of perceived fragility in the overall economy.

## Behind the Scenes at Wrigley Field

This program included a private personal tour of the history of the ballpark and the Chicago Cubs, as well as a tour of the "inner works of Wrigley, including the new scoreboard, the in-house video system, and other technical aspects of the stadium.

In the press booth at Wrigley Field: Michael Crismyre, ASA; Park Johnson, ASA; and Scott Jacobson, ASA



Behind the Scenes at Wrigley Field: Leo Dorsey, ASA



At the referee's desk: Jordan Donsky, ASA



## PP CONFERENCE IN NEW ORLEANS!

May 13 -19, 2012



Country Inn & Suites near French Quarter  
and on the edge of the Arts District

May 16<sup>th</sup> included a **one-day advanced report writing course** taught by Sandra Tropper, ASA, Chair of ASA Education, and Edith Yeomans, ASA, Chair of the PP Board of Examiners. There was a **three-day course on antiques and decorative arts (ADA)** for appraisers prepping to sit for the ADA specialty examination on May 20.

## WELCOME NEW MEMBERS!

### Business Valuation

***Maher Abolgar, Ernst & Young***  
***Steven Fischoff, American Appraisal***  
***Michael Kennelly, Navigant***  
***Luke Liakopoulos, Mesirow***  
***Jamie Lee Miller, Edward G. Detwiler Assoc.***  
***Dharmesh Panchal, CHA***  
***Brandi Ruffalo, Valuation & Forensic Partners***  
***Gregory Shufelt, The Camden Group***

### Personal Property

***Nancy Stanley, Magnificent Group***

### Machinery & Technical Specialties

***Jeffrey Dunn, SAI Valuations***  
***Adrain Galis, PwC***  
***Rick Milburn, Milburn & Associates***

## SAVE THESE DATES!

International ASA Conference in Phoenix Arizona  
October 7 - 12, 2012  
Co-sponsored with BV  
The Arizona Biltmore



## Chapter End of Year Event!

Wednesday, June 6, 2012 member-only dinner at:

Zealous Restaurant  
419 West Superior Street  
Chicago, Illinois



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

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

## ASA Accreditation Special Offer

Receive 50% off your advancement fee for  
“complete accreditation packages” submitted  
between June 1-30, 2012.

## USPAP – PP Consulting

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

Here is a paraphrased excerpt from the 2012-13, *USPAP Q&A* that addresses personal property consulting. ASA is a member of the Appraisal Foundation. The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services.

An appraiser is asked to perform a consulting service on when and where best to sell some machinery and equipment. We observe that STANDARDS 4 and 5 relate only to *real property* appraisal consulting. However, this assignment will require estimating probable value ranges in different markets. What are the *USPAP* obligations?

Because this assignment will require “estimating probable value ranges,” it includes 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.

## More Asian Works of Art



## More Wrigley Field Pics



In the press booth at Wrigley Field: Roger Grabowski, ASA; Erin Hollis, ASA; Daniel Van Fleet, ASA; and David Koller, ASA.



# 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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ASA Website: <http://www.appraisers.org/>



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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.**