

East Florida  
chapter

# Headlines

## ***APPRAISING DISTRESSED COMMERCIAL REAL ESTATE: HERE WE GO***

*Friday, August 28, 2009  
8:00 Registration/Continental Breakfast  
Seminar 8:30 AM—5:00 PM*

*Cost:  
Members \$195, Non-Members \$225, late fee after 8/18/2009  
(Lunch included in seminar fee)*

*Instructor:  
William T. Anglyn, MAI*

*Location:  
Sheraton Hotel, 600 N. Lake Destiny Drive, Maitland, FL*

In keeping with its cyclical nature, the real estate market has once again moved toward a state of dissolution. In the current economic downturn, this timely new seminar provides critical insights on how appraisers, lenders, and investors will value distressed real estate. In *Appraising Distressed Commercial Real Estate: Here We Go Again*, learn how to analyze distressed development properties and improve commercial real estate under the present market conditions. Examine, in detail, specific steps to enhance distressed properties. Develop methods for arriving at a market-supported "as-is" value forecast and in doing so, acquire techniques for enticing entrepreneurs, among other buyers. Discuss adaptive and alternative use on distressed properties that no longer support their current use by reviewing three examples that demonstrate the conversion process. Also, learn to accurately evaluate land values with limited direct comparables while you explore three unique case studies involving property in times of distress.

*DBPR & AI Continuing Education: Approved for 7 Hours*

EAST FLORIDA CHAPTER  
SOCIAL

EMBERS  
DOWNTOWN ORLANDO

AUGUST 27, 2009  
5:30 PM—7:30 PM

See Page 3 for Details

MEMBERSHIP LUNCHEON

FRIDAY  
AUGUST 28, 2009  
Noon

SPEAKER  
**JIM AMORIN, MAI, SRA**  
2009 President  
Appraisal Institute

TOPIC  
State of the Appraisal Institute

**NEW LOCATION**  
SHERATON HOTEL  
600 N. Lake Destiny Drive  
Maitland, FL

Cost: \$25

*To ensure the correct number of  
meals ordered, please make sure  
you make reservations. Walk-ins  
will now be charged an  
additional  
\$5 fee.*

FOR DETAILED INFORMATION/REGISTRATION GO TO:  
<http://www.appraisalinstitute.org/education/EastFlorida.aspx>  
Or call the chapter office at 407-888-9480





## PRESIDENT'S MESSAGE

Lauren Stricklen, MAI

Mark your calendars! I am very excited to report that, Jim Amarin, MAI, SRA, President of the Appraisal Institute, will be our guest speaker at the August 28, 2009 membership meeting. Please sign up early to attend lunch and hear Jim talk about what is happening in our industry and what he and the Appraisal Institute is doing to meet the current challenges. Thank you Charlie Lentz, MAI for facilitating Jim's visit!

This membership meeting will be held at the **Sheraton in Maitland**. Watch the announcements for directions to this alternative meeting place. We look forward to a terrific turnout, and, thanks to the efforts of Ryan Zink, MAI, we found a lunch spot to accommodate all of you who want to hear what Jim has to say. Jim will also be around after lunch for individual questions and some personal interaction.

You will note in this newsletter that Ryan and his Public Relations Committee also plan a social hour at Embers in Downtown Orlando the evening of August 27, 2009. That is the evening before our Friday membership meeting. I look forward to seeing all of you there for some good networking, good food, and good fellowship opportunities. Charlie Lentz, thank you and Integra Realty Resources - Orlando for helping to finance this event.

While the economy continues in a state of flux and many chapters as well as the national organization struggle to avoid a deficit financial situation, we are pleased to report that the East Florida Chapter continues to operate in the black. To date we have 2 newly designated Members, 24 new Associate Members, and 2 new Affiliate Members. That is good news!

As most of you know, our major funding comes from our educational offerings. As of the date on this newsletter, over 450 students attended the 9 classes and 10 seminars sponsored by the East Florida Chapter. We still have several education offerings scheduled for the rest of the year, including Appraising Distressed Commercial Real Estate, a seminar that will be held when Jim Amarin, Appraisal Institute President, meets with us on August 28, 2009. Please sign up early to guarantee a seat.

In order to counter the sharp drop in projected revenues, the National organization eliminated several positions and reduced program spending in training and development, chapter services, production and administrative support. Additionally, they reduced discretionary program and administrative expenses, including travel, training, and conferences, to save money. Over the next few weeks these branches of our national organization will continue to explore other measures to ensure that the Appraisal Institute withstands the economic challenges for the remainder of 2009 and into 2010.

That said, the Appraisal Institute continues to encourage new membership. A new Member Referral Program will allow existing members to earn a 5% discount on 2010 National Dues for every new member that joins in their name by September 30, 2009. As a member, you can make up to four referrals for a maximum of 20% discount on dues. To take advantage of this opportunity, download the member referral cards from the Appraisal Institute website and fill in your first name, last name, and phone number. Then distribute the referral cards to potential new members. When a new member enters your name as the referring member in the membership application form, you will earn 5% off your dues. Throughout the referral period, you will be updated regarding the number of referrals you have accrued. Please note that new members must join the Appraisal Institute by September 30, 2009 to be eligible for the referral discount.

The officers and Board of Directors of the East Florida Chapter of the Appraisal Institute continue to work on your behalf to benefit our members. I hope you are all enjoying a productive summer. I look forward to seeing each of you at the social hour at the Embers on August 27 and at our membership meeting on August 28.

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## Did you know?

- Appraisal Institute has discounts of 20-70% on Office Max products. This includes Print and Document services.
- Appraisal Institute has discounts on shipping with FedEx
- Appraisal Institute Membership Cards are available

Go to [www.appraisalinstitute.org](http://www.appraisalinstitute.org) for more information

# LEADERSHIP DEVELOPMENT ADVSORY COUNCIL (LDAC)

Curtis Phillips, MAI

The East Florida Chapter of AI sent two delegates to the Leadership Development and Advisory Council - LDAC in 2009, Nicholas Pilz, MAI and myself. Overall 10 representatives from Florida attended a great turnout. LDAC had over 100 appraisal leaders and industry participants. This year was my 2<sup>nd</sup> year and it was an excellent experience again. Nic attended for his 1<sup>st</sup> year. The LDAC program is designed to give inspiration for new ideas to the BOD of AI. Each year several roundtable discussions are held on various topics that AI is interested in receiving membership feedback. The LDAC experience also provides a venue for visiting your individual legislators on Capitol Hill.

Just before LDAC's conference AI's President Jim Amarin, MAI, SRA, had the privilege of representing the AI when he testified on April 23, before the House Financial Services Committee on H.R. 1728. He focused on the regulatory loopholes plaguing the mortgage lending industry and presented the House Financial Services Committee with a short list of areas AI believed needed reform. LDAC's conference followed this trip by only one week. This was a great precursor for our meetings on Capitol Hill. During the meetings with Representative Posey and a staffer from Senator Nelsons' office favorable support for H.R. 1728 was given. Later that month the bill was passed by the House. This bill is pending in the Senate. The Senate is proposing their version of the bill.

LDAC's roundtable discussions focused on four topic areas: Keeping AI Alive, It's Just Business, Improving Our Profession and AI Benefits. In the 1<sup>st</sup> roundtable discussion centered on the values, skills and abilities of the AI designated members. It was discussed that more college programs should be offered in order to advance the candidates from this area. The chair reported that 40% of designated members are "Baby Boomers". The 2<sup>nd</sup> roundtable discussed It's Just Business, or diversification and the appraisal business. As appraiser's we are "Property Economic Experts" and should think beyond the normal engagement. Should AI expand into FFE valuation training? Improving Our Profession discussed mentoring new members. It was reported that non-designated members outside of AI are six more times likely to have ethics or standards violations. How can AI help State Boards on guidance or reporting violations? Finally, AI Benefits illustrated the many benefits of AI membership. This list is only partial but includes discounts on E&O insurance, the Lum Library, Government Affairs, Education, the Appraisal Directory, as well as the Ethics and Counseling Hotline.

## EAST FLORIDA CHAPTER SOCIAL HOUR

The East Florida Chapter of the Appraisal Institute will be hosting a social hour gathering from 5:30 PM to 7:30 PM on August 27, 2009 at Embers in downtown Orlando. Embers is located at 42 W. Central Avenue across from the Wachovia Bank building. There is plenty of public parking available on Central Ave, under I-4 and in the Wachovia Building. Come join your fellow appraisers and enjoy a sample of appetizers and cash bar at Ember's outdoor patio bar. The food will be provided by the East Florida Chapter and a complimentary drink ticket will be provided by Integra Realty Resources - Orlando to every member who RSVP's by August 20, 2009. Appraisal Institute members are invited to bring one guest to this social event. Please RSVP with Ryan L. Zink, MAI at [rzink@irr.com](mailto:rzink@irr.com) or (407) 843-3377 Ext. 109.

## NEW MEMBERS ASSOCIATE/AFFILIATE MEMBERS

Teresa	L.	Arnett
Juan	C.	Colon
Juan	M.	Colon
Victor	A.	Daddis
L.	D.	Geiger
Robert	J.	Mauer
Randall	K.	Motes
Patricia	J.	Raspa
Barry	A.	Reeves
Richard	E.	Sapp
Jay	C.	Smith
Juan	C.	Sola
Kendall	D.	Swain
Ronald	V.	Wolfe



# SPECIAL VALUATION ISSUES IN A DEPRESSED MARKET

Bill Pardue, Jr., MAI, SRA, SREA, CCIM

WARHORSE CORRAL

CRASHES: 1960- 2007:

The depressed U. S. real property market we are experiencing today is my 3<sup>rd</sup> experience with severe market declines. The first was in the late '60's, basically the result of residential overbuilding. The second was in the '80's after property values had risen so fast that interest rates reached 18 and 20%.

Just as today there was an oversupply of property for sale; and as one Realtor® told me, "One day, the phone just never rang again." I recall that almost everyone was caught by surprise...they had first thought it was only a minor market adjustment.

Then, as now, appraisers, found that much of the appraisal theory they had learned no longer applied, or applied in differing ways.

Then, in the residential home market, the effect of obsolescence increased by a factor of 2 or 3; and obsolescence affected properties required a much longer market exposure to sell. Property on the market for a prolonged time developed an onus; Prospective buyers just assumed they had some major defect and wouldn't even look at them. But in most cases the only problem was they had been greatly overpriced, healthy market or not.

Then, recently financed commercial and industrial properties could not produce enough income to pay expenses; and foreclosures were rampant. The few typical investor-buyers did not expect any immediate cash flow...they expected to profit by continuing rapid increases in value.

Land values decreased 35% to 55% as the market realized that growth and development would be delayed 5 or more years.

OUR CURRENT CRASH (2008):

This current depression is not much different; just worse. There is a market for property, but it's weak and fragmented. The adverse effects on value from obsolescence are probably worse. In residential, there is the after foreclosure market, the short sale market, the "would sell" market, and: the home seller to home buyer market, but now atypical because it is clearly segmented into very marketable properties and hard to sell properties: those that are very plain and with few if any special features: the "basic model".

These last are sometimes called "McMansions" or "Plain Janes". I call them "wallflowers". Their only sale motivator is a deeply discounted price or seller financing. The "would sells" are not a market at all and should not be counted for any purpose. In my judgment, after a property has been For Sale more than 300 days it is a "will sell" ("If you meet MY price").

These same principles apply to all improved properties. The mention of "residential properties" is just a method of illustration of those principles.

There has been, to my surprise, exhaustive discussion of which of these segments is the true indicator of classically defined market value. (What's the problem?") I contend it is one or the other of the 2 home seller to home buyer segments. i.e. the highly marketable or the weakly marketable properties.; and there is no significant crossover of those markets. None of the other market segments incorporate all the factors requisite to a market value transaction.

The highly marketables have attractive finishes, trim and appointments. The weakly marketables are the "plain Janes, with no, or so few, extras that the property does not stand significantly out from others offered for sale.

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# EMPLOYMENT OPPORTUNITIES



Our Employment Opportunities ads have moved to our website at [www.eflai.org](http://www.eflai.org). To place an ad, fill out the form at the bottom of the page.

## EAST FLORIDA CHAPTER OF THE APPRAISAL INSTITUTE 2009 EDUCATION

July 20-24	Report Writing and Valuation Analysis	Hawthorn Suites, Orlando
August 10-13	General Market Analysis & HBU	FDOT
August 28	Appraising Distressed Commercial R.E.	Sheraton, Maitland
Oct 19-24	Adv Sales Comp & Cost Approach	Hawthorn Suites, Orlando
Dec 3	7 Hours USPAP	U of Phoenix, Maitland
Dec 4	Florida Law	U of Phoenix, Maitland
Dec 4	Supervisor/Trainee	U of Phoenix, Maitland

## Chapter Office

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## Appraisal Help Line

"Unsure of how to approach  
an appraisal problem?"  
Bill Pardue, MAI, SRA  
(407) 629-4428  
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Only those appraisers with long and strong experience leading to the ability to make consistently accurate and appropriate judgments should try to compare across this "market line." Less experienced appraisers just have to work harder and longer to make appropriate adjustments to sale prices to indicate subject property values.

#### LAND VALUE IMPLICATIONS:

Stories abound claiming that, in our Chapter's jurisdiction we have a 5 or 6 years inventory of finished subdivision lots. But that is true only in an unreal, technical sense. The countervailing facts are: many of those lots are really "far out", in areas which are so clearly unmarketable that many will never actually be developed. I am of the opinion that most of those lots will not see building improvements for at least 25 years, if ever. The Highest and Best Use of such lands has changed back to agricultural with little prospect of any other foreseeable development. Subdivision improvements such as streets could actually reduce overall land value. OLD ADAGE: Never assume present or once intended use is the Highest and Best Use.

A CLOSING WORD: If you have as much as an appraiser license you should be able to make very accurate property value estimates, even in this chaotic market. It may take a little more work, but all you need to do is observe the activity in the market. And if you really want to learn just what is going on in today's market, just confirm a lot more sales. The buyers and sellers and Realtors® will teach you quickly; and you can be one of the better appraisers out there.



## International Valuation Congress - November 11-13, 2009

Fiesta Americana Condesa Hotel  
Cancún, Mexico

Looking for the **professional education** and **connections** that will help you with your international valuation assignments? Join us for the **International Valuation Congress** in scenic Cancún, Mexico:

- Network with international clients and associates.
- Gain fresh perspectives on different cultures, laws and points of view that affect our global marketplace.
- Combine attendance at Regional meetings, national programs and international activities into one package.
- Come away with the tools you need to be successful in today's global markets.
- Increase your knowledge of international practice, theories and business building.

Explore products and services in our exhibit hall and increase your productivity by leaps and bounds.

#### Education

Two of the Appraisal Institute's newest seminars, [\*An Introduction to Valuing Green Buildings\*](#) and [\*Appraising Distressed Commercial Real Estate: Here We Go Again\*](#), will be presented at the congress. More education offerings are being added. [Click here](#) for education updates.

#### Registration Fees

**Conference Only:** \$425 early bird\*/\$500 regular

**Education Only:** \$200

**Full Conference Registration Fee (Conference + Education):** \$625 early bird\*/\$700 regular

**Guest Registration Fee:** \$295

*\*Early bird registration ends August 1, 2009.*



#### Conference Hotel

Located in the heart of Cancún's main hotel zone, **Fiesta American Condesa Cancún** is just steps away from Cancún's famous beaches, shops, restaurants and night life. **Group rates** are \$151 Single, \$170 Double. Call **1-800-345-5094 ext. 0** or **1-800-345-5094 ext. 27** to make a reservation. Use reservation code **GJZUT**.

Hosted by the Appraisal Institute (AI®) & Federation of Valuation Colleges, Institutes and Societies of the Mexican Republic, A.C. (FECISVAL).