

ASA Governor Region 2 Report Roger P. Durkin, JD, MS, ASA

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I told my constituents I would quietly observe and report the workings of our professional society and not involve myself in political minutia.

Region 2 covers all of New England with 142 Accredited Members and 52 Candidates/Associates¹. I requested archived New England membership statistics from the Executive VP, but received no response to date. I wanted to compare the New England membership growth and attrition numbers today with the numbers in 2000.

Massachusetts and Rhode Island, known as the Boston Chapter, has 76 accredited members and 24 candidates. However, all numbers are subject to duplication. Some accredited members have two disciplines designations, for example I have four. Two meetings have been held this past fiscal year with 10 to 15 members and candidates attending. Boston was holding a social cruise on Boston Harbor June 25th as its last meeting this year. The cruise was cancelled. Connecticut has only 42 accredited members and 20 candidates. There has been no notice of any meetings held this fiscal year. Vermont/NH Chapter has 24 members. Apathy is evident when current leadership of the Boston Chapter cannot find candidates for office. Last year I offered Boston, Connecticut, and the Vermont/New Hampshire Chapters a free-instructor 15-hour USPAP Course or USPAP 7-hour Update. Only Boston responded and held the USPAP update course free to all ASA members charging \$75 for non-members as a recruiting tool. This spring, I offered a free-instructor 7.5 hour Massachusetts Real Estate Licensing Approved Report Writing Seminar.

ASA,AM, FASA	Mass	Conn	RI	NH/VT	Total
BV	25	15	2	6	48
RP	19	11	0	10	40
PP	6	5	1	4	16
MTS	15	11	8	4	38
Candidates	24	20		8	
Total	89	62	11	32	142

Background.

I am “a multi-disciplined appraiser”. My viewpoint is that of a multi-discipline appraiser. It is what attracted me to ASA. I have a background in business valuation as a former investment banker, venture capitalist, and member of the Philadelphia, Baltimore, Washington, Boston, Cincinnati, and Montreal Stock Exchanges. I have a background in real estate appraising dating back to 1972. Similarly, I have a background in personal property including antiques, art, and machinery dating from ownership of an auction business from the early 1970s to 2003. I served 6-years on ASA’s peer review committee, 6-years as a hearing officer for the Massachusetts Bar

¹ ASA Website Find an Appraiser

of Overseers. I taught multi-discipline appraisal theory in Lithuania representing ASA and helped set up a Master's Degree program at Kaunas Technical University. I served actively one year+ on the Real Property Committee, and was fired from the Examining Committee when I attempted to remediate, i.e. update to USPAP standards, and improve the antiquated candidate report review procedure. In the last three years I have taught USPAP forty four times in four states and Mexico. I have taught USPAP for ASA national *only once* in three years. I am an attorney and general certified appraiser in Massachusetts. I've been 'around the block' as said in the cliché parlance.

Some ASA people who influenced my thinking and involvement.

First, Na Gum Jeu. ASA was his life, he gave his being to ASA, he was a quietly inspiring educator instilling in me the desire to be involved. Frank Dyer just loved ASA. He was my friend, above all he was a giving gentleman. Marion Kordic, he gave freely of ideas and encouragement. Mike Austin, friend, politically competent, another spiritual gift to ASA. Dean Holbrook, a moral compass. Lee Ackerman, has ethos and pathos, honestly interested in the best for ASA. Jim Czupryna, Ernie Demba, Richard Rickert, Tish Soucy, Les Miles, Mike Hill, Patrick Christoff, and more. The common denominator is/was their magnificent obsession of freely giving to and through ASA. Everyone mentioned has had snipes from ASA along their pathway. They gave anyway. This gift of giving, my colleges, is what made ASA worthwhile. We continue to have members willing to give their time and effort to ASA's success. There were also people who had the opposite effect, whose clandestine political acts advanced some and purposefully excluded others.

ASA's Power and Propensity to Survive and Prosper

ASA has no problems which cannot be solved. Leadership is doing all it can to make ASA continue to be a dominant force in appraisal. Clearly there are those whose continue to give to the organization their best and sincerely seek solutions. We do have continuing problems. Leadership could improve recruiting and in expediting the accreditation process.

The future of appraisal societies may lie in establishing and providing a professional track for appraisers in the same mold as that of doctors, lawyers, and certified public accountants. Starting with academic training, providing internship experience, and opportunities for employment in the field or insights on how to establish a solo practice.

USPAP Appraisers are commanded to be objective, unbiased, etc. Some leadership fails to be truly objective in defining the problems and in developing solutions. Much can be attributed to an inability to distinguish between personal values and those values essential to the working of a free open political system. ASA is a political system. Unlike the two-party system, we have groups of oligarchies. Each vying for a sincerely held agenda. Leadership has frequently succumbed to the human tendencies of self-deception, rarely to the temptation to intentionally deceive others. Leadership within ASA should be an exercise in judgment not will. There is a tendency by many to be conclusionary, to apply solutions before clearly identifying, defining, and clarifying the issue, i.e. the problem. The change in candidate status is a complex problem where maintaining dues income was on an equal status with maintaining the integrity of the accreditation status, and mixed with an intent to create a path to accreditation that is similar to the Appraisal Institute. The change is done. It need not be undone. It does not address the problem of growth stagnation or the cause of candidates not seeking to advance. I happened to be the only one not voting for it, but then I was in court and unable to vote.

ASA's Most Powerful Attribute.



ASA's *power* is in the *multi-discipline* nature of its members. This very unique attribute has and continues to give ASA its extraordinary position among appraisal affinity groups. No other organization anywhere can be what ASA is. Its essence is its strength. This unique mystical attribute attracts candidates, members, and markets. It is ASA's fundamental nature. ASA's contribution to professional standards of practice is this multi-discipline contribution. ASA was de facto the sole author of USPAP's multi-discipline standards. The interacting cross-discipline valuation theory dynamically enhances the intellectual quality of ASA's work. The stale somewhat antiquated dogma of real estate appraisal is challenged by the business valuation advanced academics and sometimes esoteric experiments with mathematical modeling e.g. lineal regression analysis of comps. Attempts to apply various real estate antiquated dogma or traditional real property theories into personal property and business valuation sometimes uncovers the folly of the old ways. All disciplines gain from the interchange of ideas and multi-discipline theory. The result is generally a positive improvement in each discipline. We should enthusiastically encourage multi-discipline appraisal among our members.

The Primary Problem is Membership Growth Stagnation not Attrition.

We are not losing great numbers but we are not growing. Recruiting is the life blood of any organization. In the last six years, our overall membership has remained nearly unchanged. We had 3,005 accredited members in 2002 and 2,965 in 2006, a net loss of 40 members in 5-years.²

We had 2,196 candidates in 2001 and 2,120 candidates in 2006. Therein may lie one solution to overcome growth stagnation. Our effort should be in clearing the path to accreditation.

BV accredited membership gained where real property lost. The entire International Gems and Jewelry membership is less than the accredited members of the Boston Chapter. Review and Management is an International Discipline with only 18 accredited members. Gems and Jewelry, with 72 accredited members, has a separate discipline chair, education committee, course curriculum, and a discipline governor. We should put politics aside, and consider that the disciplines would be better served under Personal Property/Gems and Jewelry and Real Property/Review. I suggest that we would not consider going the other way and have Antiques, Fine Arts Airplanes, Urban Real Property, Ad Valorem, Residential Real Estate, or Power Plants, as separate disciplines.

Mbrs/FAS A	June '01	June '02	June '03	June '04	June '05	Feb '06
BV	863	879	910	975	1044	1077
Gems	84	78	77	76	74	72
RP	1126	1080	1060	992	954	924
MTS	568	564	572	565	578	572
Review	22	18	18	19	18	18
PP	342	331	322	311	307	302
Totals	3005	2950	2959	2938	2975	2965

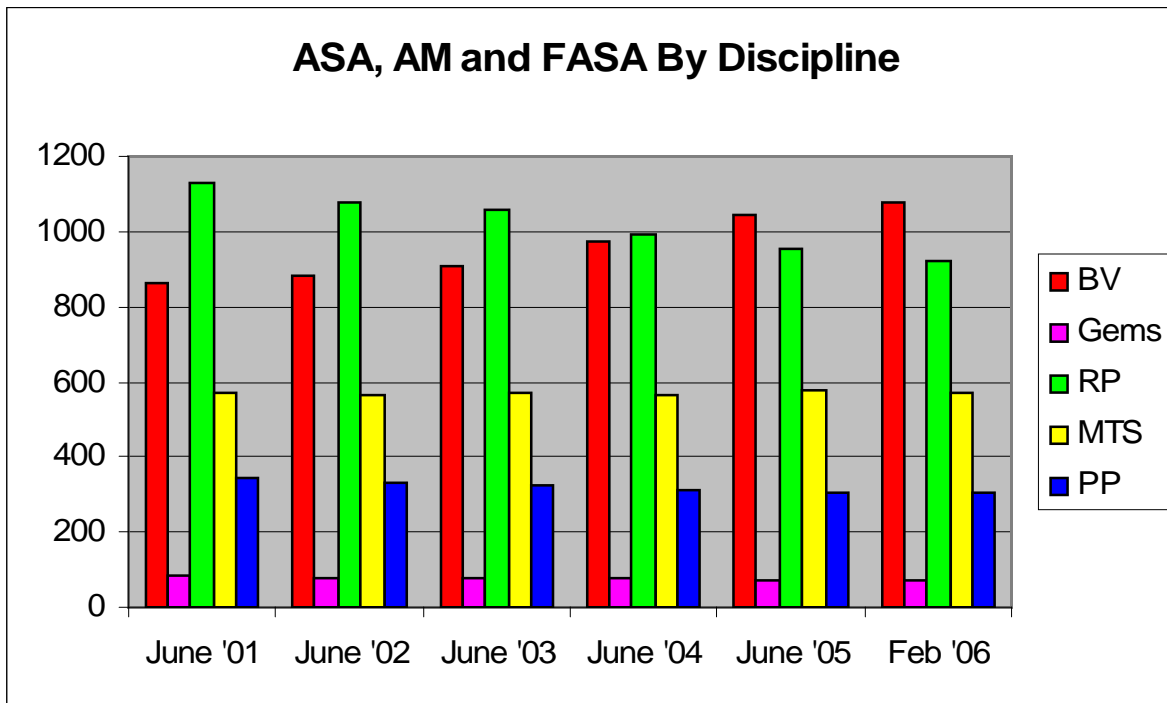
The number of MTS's accredited members has remained nearly unchanged from 2001 to 2006. Personal Property, (the art and antiques side), lost 13% of its accredited members. Real Property lost 22% of its accredited members. Business Valuation grew by 25%. Clearly Business Valuation is leading the field. The question becomes why are the other five disciplines appearing to stand still? Is there any other influence, factor affecting ASA's growth? I suggest there is. It is in re-thinking the designation path requirements, removing confusing obstacles, and enabling

² The numbers are inaccurate because some members have more than one designation.

people to actually become professionally trained. All disciplines have created such obstacles, thereby feeding members to other organizations. The question to be addressed by leadership is whether the path to accreditation is fraught with too many barriers.

Another issue that continues to be explored is the future of appraisal societies. Positive and negative discussions of appraisal organizations merging, acquiring, or choosing to live together and not get married. The future may very well lie in an amalgamation.

The real property discipline has lost 104 accredited members over five years. However, it is generally common knowledge that all other members of the North American Conference of Appraisal Organizations (NACOA) have a similar situation. There is a general shrinkage. The



shrinkage is distinguishable and does not relate to ASA's lack of growth. *Real property societies* have lost significant numbers. ASA has not. We had 3005 *accredited members* in 2001 and 2,965 *accredited members* in 2006, a net loss of just 40 members. ASA, unlike all other members of NACOA, is a multi discipline society.

The other NACOA members depend on the population of real property appraisers. The Appraisal Institute claims total membership including associates of 18,000³. AI publishes the names of 176 international members among the approximately 8,850 MAIs, SRAs. AI has over 8,000 named as associates. AI membership is 2.5 times larger than ASA but depends solely on the population of real property appraisers. And there are many AI members who are also ASA members. State Licensing and Certification of real property appraisers has factually impacted membership in all real property appraisal societies. Prior to licensing, real property appraisal-credentials were only available through accredited membership in a professional society. There were no choices before licensing. The only choice was which professional society or pseudo society to join. The real property appraiser's need for a designation has almost disappeared. This is reality. It is a direct result of licensing. AI will spend tens of thousands to improve and enhance recognition of its several designations. ASA may not need to join in that survival strategy. ASA continues to

³ www.appraisalinstitute.org

attract applicants to its other disciplines and could in fact attract a multitude of real property applicants. ASA can and should grow.

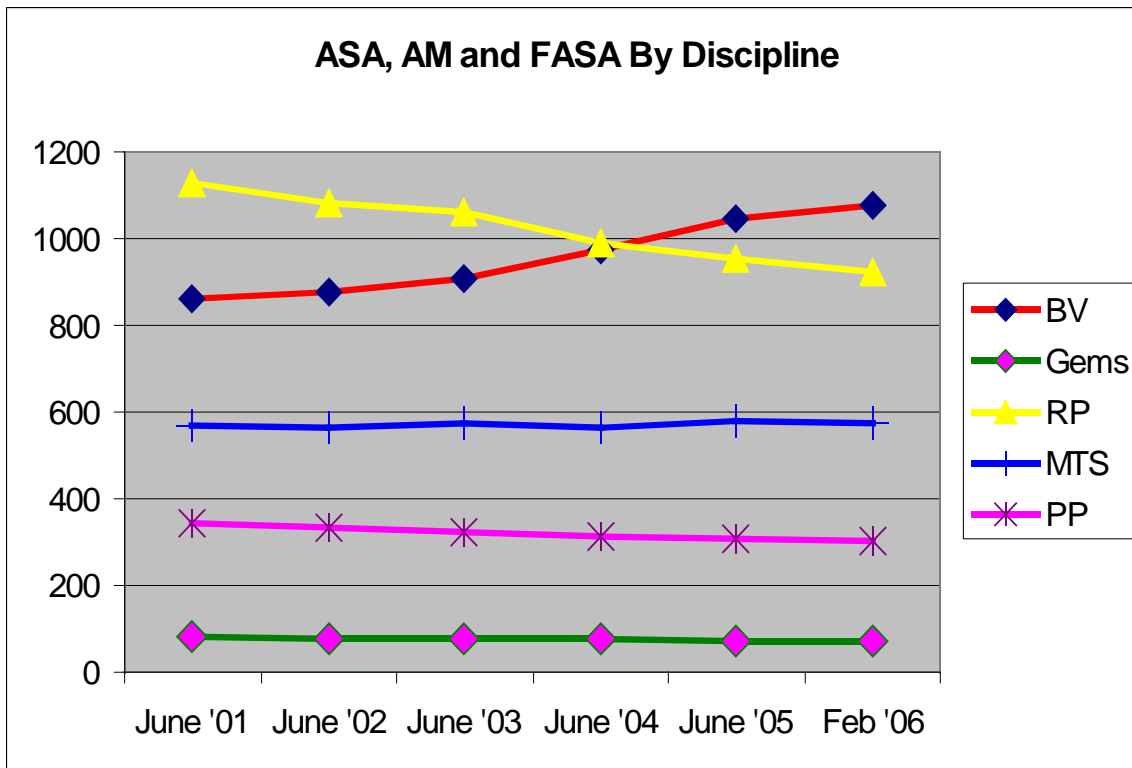
ASA could continue to attract new real property members. Such an opportunity does exist. Most may not agree. First, there are 108,957 licensed/certified appraisers listed with the Appraisal Subcommittee Registry.⁴ Some are members of another real property organization. Most are not. We have upwards of 100,000 prospects. Second, ASA's multi-discipline mystique is alluring. Real property appraisers see the potential for multi-discipline training and diversification. No other organization offers that opportunity. Third, the economic opportunity in multi-discipline practice combined with the best multi-discipline courses, and the networking with diverse practitioners is interesting, appealing, and salable to real property appraisers. Fourth, the Real Property Committee must make the entry process easier. Not easy! Easier. Make the designation achieving process a truly clear path. It is currently a confusing labyrinth.

Steven DeCastro⁵, a 20-year experienced licensed certified general appraiser could not get in without passing through the labyrinth. His father had been a life long appraiser. When Steve applied, he had a bachelor's degree, general certified license, literally thousands of hours of experience, was a Certified USPAP instructor, and had taken well in excess of 300 hours of appraisal education. He was told to take a missing course from the Appraisal Institute or he could challenge each of ASA's real property exams. Imagine what it would take to gain entry if he had any less qualifications.

ASA does not have sufficient real property courses to compete. As of 2008, a general certified license will require 300 hours of education. Currently ASA Real Property has no course offerings scheduled. Proprietary schools dominate and probably will continue to dominate. Clearly, there would be a heavy cost to compete with the proprietary schools and AI. We need not. ASA Real Property could and should be competing with unique continuing education seminars to fill the need of licensed appraisers each of whom needs 15 hours a year. We could actively qualify certified real property appraisers through an objective USPAP review of their work product, and courses directed toward conformity with ASA Standards. We should at least look hard at the opportunity of recruiting these established certified appraisers. AI is. Many of the existing state certified appraisers belong to no professional society. A minority are 'associates' only to obtain course discounts. Those 108,000 licensed appraisers must by law take continuing education every year to recertify. The opportunity is there.

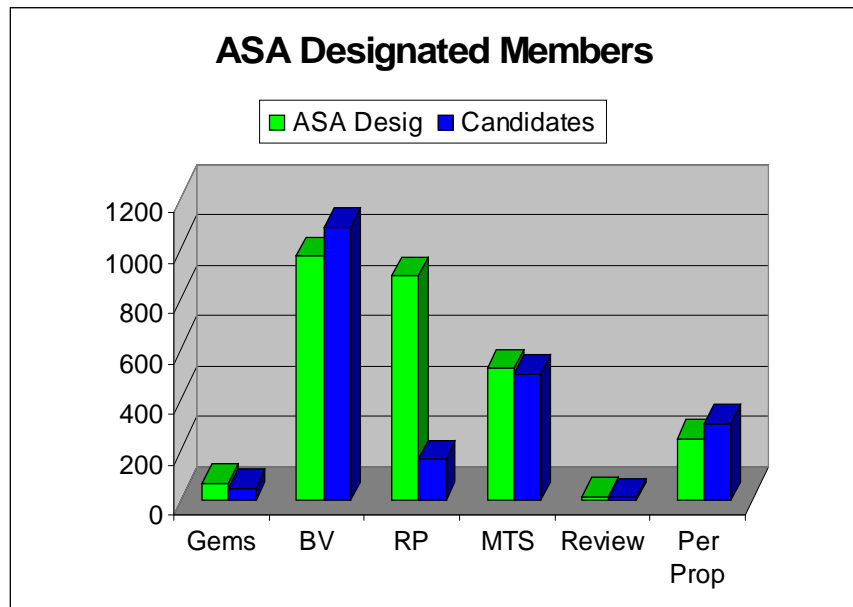
⁴ www.asc.gov

⁵ Steve DeCastro is currently an appraiser in Massachusetts. After paying three years Candidate Dues, he saw no reason to continue.



We have made accreditation difficult in the name of quality. In shutting the door, hiding the key, or making the accreditation process difficult to achieve, we have in fact helped competing appraisal organizations gain members. The difficult path to accreditation, that is the gate-keeping function of the discipline committees, is reflected in the large number of candidates in all disciplines. A candidate applies, takes courses, and quits or stagnates. Why?

ASA BV courses are recognized nationally as excellent. However, BV continually has more candidates than it has accredited members. Personal Property similarly has more candidates than accredited members. MTS has 572 accredited members worldwide and almost an equal number of candidates.



A neophyte or experienced appraiser joins ASA, pays for the entry and dues. He or she takes four POV courses in a discipline, then what? Some cannot meet or foresee meeting the 5-years of experience, and simply quit. Others hang on. A BV candidate with an MBA, CPA, and CFA, cannot get accredited. A great part of the membership growth stagnation solution may be found in correcting, improving, expediting, the path to accreditation. Many people who are now designated Senior Members could not get through these evolving accreditation requirements. The

path has become a muddy twisted trail. The problem of accreditation gate-keeping is duplicated in each discipline.

Business valuation is the only discipline that has grown. Shear demand. The BV 'ASA' designation is recognized in the market. MTS has only 572 accredited members worldwide nearly unchanged in five years. MTS has an equal number of candidates. Personal Property has 302 accredited members and has not grown in spite of the fact that it has over 400 candidates. PP lost 40 members in five years when it might have doubled its accredited membership. Generally, applicants sincerely want to learn how to do it right. The major accounting firms and some large companies paid for many BV courses. Most candidates are not so fortunate. This is particularly true in other disciplines. Even so, some candidates willingly travel to distant locations to attend courses. Their motives may be diverse, but ASA has the opportunity to be an inclusive society, enabling, teaching, and maintaining the practice standard.

Our multi-discipline attribute is an attractive recruiting tool. Once we get a candidate, we should do everything possibly to properly train and qualify that candidate. ASA should not create barriers for the sake of perceived quality. We should get the candidates through the tangled web to accreditation. ASA should have *objectively* measured high standards. It should not use subjectively measured standards. USPAP compliance should be a major emphasis.

ASA should enable candidates to become accredited. Proper training, courses, and report writing. Then, the Ethics Committee should police the membership, culling out, actively regulating, and enforcing performance standards. Members of the Peer Review Committee, our International Ethics Committee, should be well versed in USPAP if they are to *objectively* enforce compliance.

ASA has a broad mix of experienced people in leadership positions. The society will continue to be a dominant force in appraisal theory and practice. Its multi-discipline essence will be the catalyst for others to mimic but be unable to duplicate. The future may lie in an amalgamation of appraisal societies, but ASA should not lose sight of its greatest attribute. Diversity of practice is the sustaining force.

Finally, no one take offense to these comments. The comments are to the membership for the benefit of the Society and not in any manner intended to make the road from here more or less difficult.