

Current Issues & Misconceptions in Appraising

Written & Presented by Ted Whitmer, MAI

Content Outline

Current Issues & Misconceptions in Appraising is a seminar developed to provide a forum to discuss current issues in appraising. *Current Issues & Misconceptions in Appraising* also addresses common misconceptions about various topics related to the three approaches to value. In addition, anticipated USPAP and market changes are discussed.

I. Preliminary Current Issues Test

The preliminary test is designed to bring up common misconceptions about key appraisal terms such as market value, fee simple as well as act as a springboard to discuss common misconceptions about appraisal theory.

II. Changes between appraisal textbooks

Changes between editions of *The Appraisal of Real Estate* are discussed.

III. Considerations & Misconceptions in the Appraisal Process

- a. Definition of the problem
- b. Data collection
- c. Highest and best use
- d. Land Value
- e. Three Approaches
- f. Reconciliation
- g. Reporting
- h. Post Reporting

The valuation process is stressed for common mistakes.

IV. Current Issues

This is a combination of questions and answers and addressing questions that are submitted by students both prior to class and during class in written form.

Qualifications of Ted Whitmer, MAI

Professional Affiliations

Member of the American Institute of Real Estate Appraisers (#7300)
Member of the State Bar of Texas (#21380020)
State Certified Appraiser - State of Texas
(#TX-1321994-G)
Real Estate Broker - State of Texas (License #281161)
Appraiser Member of Texas Appraiser Licensing & Certification Board
(appointed by Governor Rick Perry for two years beginning 6/02 &
ending 6/04)

Educational Background

J.D. - University of Houston Law Center (1988)
M.B.A. (Finance Major) - Texas A&M University (1981)
B.A.- Stephen F. Austin State University (1977)

Instructor

Comprehensive Appraisal Workshop - I developed and wrote the only review for the MAI comprehensive examination in 1988. Since then I have presented the course to over 2,000 persons, most who now are designated MAI's. The course covers virtually every area of real estate appraisal theory, including the three approaches to value, Standards and Ethics, valuation of partial interests, and other peripheral areas.

Attacking & Defending an Appraisal in Litigation - This seminar is a litigation seminar for attorneys, appraisers and users of appraisals in litigation.

Appraisal Institute - Principles, Valuation Procedures, Capitalization Theory A & B, Case Studies, Report Writing, Standards of Professional Practice, and various seminars.

University of Houston - Principles of Real Estate
Texas A&M University - Business Statistics (as a graduate assistant in 1981) & AG605

a graduate course in appraisal in Spring, 1998, 1999, & 2000.

San Jacinto Junior College - Real Estate Appraisal

American College of Real Estate - Appraisal, Principles, Math, Finance

Jones College of Real Estate - Appraisal

Guest Lecturer

Advanced Property Tax - IBT-ABA, New Orleans

Condemnation - CLE International, Houston

Author

The Comprehensive Appraisal Study Guide, this is now published by the Appraisal Institute as *The Appraisers Complete Review*.

The Encyclopedia of Investments, chapter on "Commercial & Industrial Real Estate"

The Appraisal of Real Estate, 10th edition, published by the Appraisal Institute. I contributed to the chapter on accrued depreciation.

Have written numerous seminars including:

Current Issues & Misconceptions in Appraising

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Deriving Direct & Yield Capitalization Rates

Attacking & Defending an Appraisal in Litigation

Investor

Single family residences - Purchased, own & sold various single family houses.

Vacant land - Bought land on IH-45 in Houston in 1992 and sold the site to General Mills for an Olive Garden Restaurant.

Retail Center - Formed a partnership of 5 individuals and purchased a shopping center in College Station, Texas for \$1,150,000. Am the managing partner.

Retail Center - Formed a partnership of 3 individuals and purchased a shopping center in Kingwood, Texas for \$490,000. Sold less than 2

years later for \$720,000 & kept a cell tower paying \$10,500, net per year. (Now owned free & clear)
Sonic Ground Lease - Own 1/3 interest in Sonic ground lease on Main St. in Houston.

Real Estate Courses

Texas A&M University

Real Property Valuation
Mortgage Market Analysis
Analysis of Real Estate Decisions
Real Estate Law
Problems - Syndications

Appraisal Institute

Principles of Appraisal
Basic Valuation Procedures
Residential Valuation
Capitalization Theory & Techniques, Part 1
Capitalization Theory & Techniques, Part 2
Capitalization Theory & Techniques, Part 3
Valuation Analysis and Report Writing
Introduction to Investment Analysis
Standards of Professional Practice

South Texas College of Law

Property I
Property II

University of Houston Law Center

Real Estate Finance Law
Real Estate Development & Finance Law

Many other real estate related seminars

Current Employment

Ted Whitmer, Real Estate Consultant

Previous Employment

Texas Commerce Bancshares- Vice-President & Assistant Manager of the Appraisal Division

Dominy, Ford & McPherson- Associate Fee Appraiser

Texas A&M University - Lecturer in a graduate course on appraisal

Partial Litigation Experience

- Testified in the Fifth Circuit as an expert witness in a criminal fraud case.
- Took depositions as an attorney in property tax appeal cases. I worked on the side of the Ft. Bend County Appraisal District.
- Consulted on The Medical Towers case in Houston concerning the interpretation of an appraisal clause in a long-term ground lease.
- Consulted with St. Paul Insurance Company on a Kansas case involving Board of Director liability in a Savings in Loan. I reviewed over 30 appraisals for USPAP and regulatory compliance.
- Consulted on property tax case in Minnesota on a downtown office building.
- Work on J.C. Penney headquarters property tax appeal
- Worked with Dallas Co. Appraisal District on tax appeal case
- Worked on cases involving valuation clauses in leases
- Have worked in property tax, condemnation, regulatory takings, fraud, deceptive trade practices, and many other types of real estate related cases as a consultant
- Testified in property tax case for Travis County Appraisal District involving downtown office buildings
- Testified in Monroe, Louisiana on lease clause involving ethics of appraiser
- Consulted on case for Walmart on contract dispute
- Consulted on property tax case for AMOCO for refinery property tax appeal

***AQB**

NUMBER:

- 01. Ad Valorem Taxation
- 02. Arbitration
- 03. Business courses related to practice or real estate appraisal
- 04. Construction estimating
- 05. Standards of professional appraisal practice (USPAP)
- 06. Land use planning, zoning and taxation
- 07. Management, leasing, brokerage, timesharing

AQB Acceptable ACE Topics:

- 08. Property development
- 09. Real estate appraisal (valuation/evaluations)
- 10. Real estate law (NOT license law or agency law)
- 11. Real estate litigation
- 12. Real estate financing and investment
- 13. Real estate appraisal related computer applications
- 14. Real estate securities and syndication
- 15. Real property exchange

AQB Topic (use No.)	Time devoted to section	Course Topic Outline
		Current Issues & Misconceptions in Appraising (8:00 - 12:00) or (1:00-5:00) CLASS BEGINS AT 8:00 or 1:00
9		I. Preliminary Current Issues test
9	15 minutes	A. Test
9	15 minutes	B. Solutions
9		II. Changes between appraisal textbooks
	15 minutes	A. Cost approach
	15 minutes	B. Income approach
	15 minutes	Break 9:00- 9:15 or 2:00-2:15
	15 minutes	C. Sales comparison approach
	15 minutes	D. Other changes
9		III. Misconceptions in Appraising
9	5 minutes	A. Definition of problem
9	5 minutes	B. Data Collection
5	5 minutes	C. Highest & best use
9	10 minutes	D. Land value
9	15 minutes	E. Three approaches
9	5 minutes	F. Reconciliation
	15 minutes	Break 10:30-10:45 or 3:30-3:45
9	10 minutes	G. Report
9	10 minutes	H. Post reporting
9		IV. Current issues
	15 minutes	A. Questions sent in
	15 minutes	B. USPAP
	15 minutes	C. Questions & answers
		CONCLUDE CLASS AT 11:50 or 4:50
Total	240 minutes w/breaks	4.0 '50 minute' hours

CURRENT ISSUES & MISCONCEPTIONS IN APPRAISING

Purpose of the Course

The seminar is designed to assist appraisers and real estate professionals with valuation and other real estate appraisal questions in the context of appraisal theory. This is a refresher of tools needed for valuation while stressing any changes in theory in the topics covered. The class provides a forum for appraisers to discuss current topics that are in debate.

Relevance of the Course

The course is designed to provide a forum to clarify misunderstood topics by appraisers and to provide a forum to discuss current issues in debate.

Content Summary

Current Issues & Misconceptions in Appraising is a seminar developed to provide a forum to discuss current issues in appraising. *Current Issues & Misconceptions in Appraising* also addresses common misconceptions about various topics related to the three approaches to value. In addition, anticipated USPAP and market changes are discussed.

Learning Objectives

1. To understand and apply various definitions
2. To discuss common misconceptions about appraisal theory
3. To discuss current issues in debate in the appraisal community

Instructional Strategies

1. Lecture
2. Problems & solutions
3. Question & answer
4. Group discussion

Instructor

Ted Whitmer, MAI
Qualifications are included

Bibliography of Subject Matter

1. *Current Issues & Misconceptions in Appraising*, written by Ted Whitmer, MAI

This may be used for brochures:

About the Instructor

Ted Whitmer, MAI

Mr. Ted Whitmer is an appraiser, attorney, instructor, author, investor, asset manager, and consultant. Mr. Whitmer holds the MAI designation from the Appraisal Institute, is a member of the State Bar of Texas, a broker and the author of *The Comprehensive Appraisal Workshop, Current Issues & Misconceptions in Appraising* among others. Currently, Mr. Whitmer is serving on the Texas Appraiser & Licensing Board in Texas, appointed by Governor Rick Perry. He teaches many courses and seminars including a graduate level course in Real Estate Appraisal at Texas A&M University. Mr. Whitmer received his BA from Stephen F. Austin State University, a MBA from Texas A&M University and a JD from the University of Houston. He is married to Donna and has four children.

About Current Issues & Misconceptions in Appraising

Current Issues & Misconceptions in Appraising is a seminar developed to provide a forum to discuss current issues in appraising. *Current Issues & Misconceptions in Appraising* also addresses common misconceptions about various topics related to the three approaches to value. In addition, anticipated USPAP and market changes are discussed. The student is encouraged to mail or fax any current issue that the student would like to see discussed in the class.