President’s Letter

By Mike St. Martin, ASA

Although our Chicago weather has become colder, our chapter board has remained warm by staying busy with chapter events as we prepare for the holiday season. For example, our members enjoyed a successful opening night event at Sunda on September 16. It was a pleasure to catch up with many of our fellow valuation colleagues and welcome new members at this modern restaurant.

On October 4, members were treated to a complimentary tour of the Merchandise Mart International Antiques Fair. On November 18, ASA hosted a lunch program titled, Get the Picture: Photographing Objects for Appraisal Reports at the UBS Tower. Members celebrated the holidays at our annual seasonal event at N9NE Steakhouse on December 8. Pictures from our chapter events can be viewed at the chapter’s Facebook page at www.facebook.com/pages/Chicago-Chapter-033-of-the-American-Society-of-Appraisers/191426698243?ref=search.

Looking forward, on January 20 we will have our annual State of the Capital Markets event co-sponsored with the Business Valuation Association at the Standard Club. I believe this event will be of particular interest to our members as the economy struggles for recovery. In addition, we have many other events that are currently being planned for 2011. Please visit our chapter’s website at www.appraisers.org/chicago to keep up-to-date on our entire chapter activities.

I would like to encourage members who have an interest in becoming a chapter volunteer to please contact any of our board members or leadership appointees for more information. Our chapter is only as strong as the volunteer base. Please consider volunteering as a way to give back and to promote our valuation profession as we enter the holiday season.

Lastly, I feel fortunate to be serving as your chapter president. I hope you and your loved ones all have a Happy Holiday season and wonderful New Year. Thank you.
A WORD FROM DISCIPLINE CHAIRS

Business Valuation
By Carmen Sims, ASA

The Great Recession was characterized not only as a typical income or spending recession, but also as a balance sheet recession. Declining asset values impacted spending and investment decisions. Asset and goodwill write-downs were prevalent in the marketplace. Many companies re-evaluated their operating strategies and took a fresh look at underlying asset values. CEOs challenged standard operating procedures and implemented cost saving strategies and tax savings initiatives. Often, historical and future expectations for company performance were disconnected. Faced with the new economic reality, company management had to make significant adjustments to future performance expectations. Appraisers in this type of environment should be more diligent than ever in assessing the expectation gap. Is the forecast pessimistic, realistic or optimistic given current economic conditions? Does the company operate in a mature or volatile industry? What are the value drivers? How has the industry and business been impacted by market conditions and what is the timing for recovery? Should a traditional approach to valuation be utilized?

Appraisers should consider whether a selected approach to determine value fairly captures the underlying economics of the business. Bridging the gap between historical and future performance may be a challenging task. Even more challenging is assessing the risks associated with future projections. To support value conclusions, it will be critical to identify the variables, analyze the data, and assess the results and methodology used to value the future performance expectations of the business. This period has reminded us to caution the use of a “mechanical approach” to valuation and the importance of our professional judgment.

Personal Property
By Patricia H. Atwood, ASA

Promoting the ASA Brand

The Chicago Chapter of ASA staffed a booth on November 4 at the recent Illinois Association of Museums conference in Naperville. Attended by about 200 regional museum professionals, this small event offered a chance for leisurely chats with attendees. There were many positive outcomes from the day, and we thanked many attendees who stopped by and said, “We always recommend ASA.” After listening to details of charitable donation paperwork and other appraisal issues, someone exclaimed “this is so complicated!” and suggested we make a presentation at next year’s (larger) Midwest Museum Association meeting at the Palmer House.

The Chicago Chapter of ASA is exploring this possibility and will let you know if we’re invited to speak. Also, in discussion with our neighboring exhibitors, we made the acquaintance of representatives of Chicago’s Graphic Conservation Company, who have invited the Chicago ASA Chapter for a special behind-the-scenes tour next fall. The company is well known for their conservation of a Gettysburg Address manuscript, and a $2.8m Honus Wagner baseball card. Finally, we spoke with the director of a university Museum Studies program and discussed the idea of having an ASA appraiser come as a guest speaker.

There’s much to learn in these conversations with museum professionals and fellow trade show exhibitors, and we invite any Chicago Chapter members who are interested to participate next year. In the meantime, please let your Chapter officers know if you learn of other opportunities to promote the ASA brand.

Machinery & Technical Specialties
By Michael Ackerman, ASA

MTS is planning a warehouse tour and equipment inspection at one of the local Machinery Dealers National Association dealer warehouses in February, 2011. Discussions are also underway to visit a warehouse in Lincolnwood or Lincolnshire. The Lincolnwood location is more geographically desirable and we will do our best to make arrangements to use that location. The plan is to conduct a tour of the entire warehouse and entertain questions from the attendees about machines in their area of interest. In addition, a selected number of machines will be reviewed in detail to indicate relevant specifications and features in order to provide an educational experience for the attendees. Value estimates and dealer asking and selling prices will be discussed. We will try to devise a value analysis competition with the winner receiving an “extremely valuable reward” for the most accurate value analysis in the group.

There will not be any charge for this event, except for the transportation logistics associated with getting to the location. I would propose an excursion to a local establishment for refreshments and nibbles after the warehouse activities, to those who are interested. There will be out-of-pocket costs associated with this part of the event.

I have recently heard of some considerable layoffs at one of the larger firms in the appraisal industry. This appears to be contrary to the activity of other companies. Ed Detwiler has recently returned to his old haunts in Park Ridge at Edward J. Detwiler and Associates, and John Josko is approaching his first anniversary with his new company Industrial Asset Appraisals & Consulting, Inc in Vernon Hills. Both are enjoying great success. These are interesting juxtapositions considering the larger industry.

We are still seeing a hot and cold market in the equipment sales end. There appears to be a recognizable uptick in equipment values in many areas, but not everywhere. Hopefully this will continue. Happy Holidays to all.
A WORD FROM DISCIPLINE CHAIRS

Real Property
By Jeffrey T. Kirk, ASA

We appraisers sometimes entertain ourselves by pondering what items would have cost in pre-inflationary dollars. The other side of the coin is what real property now costs in post inflationary dollars compared to prices before the financial bubble. For the Chicago area, Jack Burns, for the UCLA Anderson Forecast, suggests that the price levels we are now experiencing are similar to 2003 prices. This implies that purchases made between 2003 and the present could now be worth less than the purchase price.

ChicagoRealEstateDaily.com on October 14, 2010 suggests that there is an abundance of high-end homes listed at over $1,500,000. The Barrington area had the highest relative total with 116 residences representing a 127 month supply. On the other end of the high range, Wilmette had 18 homes representing a 12 month supply.

Here is some good-natured advice for conducting inspections paraphrased from Appraisal Etiquette 101 by Ray Boss and TJ McCarthy:

- When contacting, make sure you are in a place where there are no distractions.
- Filter out background noise during the conversation.
- Dress professionally. This means no jeans, t-shirts, shorts, or gym shoes.
- The contact/borrower will make mental notes of things like inappropriate attire, which could come back to haunt you, especially if they don’t like your value conclusion.
- Take your cell phone with you, especially if you have any safety concerns when you make your inspection. Leave the phone on, but silence the ringer. Avoid accepting personal phone calls or texting during the inspection.
- Do not bring pets, friends or family members along for the ride and never allow them to accompany you through the property as this isn’t “show and tell” week. Not only is this unprofessional but it will also present an obvious distraction.

Gems & Jewelry
By Michael Holtzman

What does it cost to name a diamond? Ask Laurence Graff who recently paid the top price ever for a diamond at auction. Naming rights for the “Graff Pink” 24.78 carat, VVS2, fancy intense pink diamond cost $46.2 million; ownership rights were included. This eclipsed the previous record when Graff purchased the historic Wittelsbach 35.56 carat blue diamond in December 2008 for $24.3 million. He renamed that diamond “Wittlesbach-Graff” after it was refashioned to its current weight of 31.06 carats. Graff’s bid will enhance his collection, which is probably the most valuable in the world.

What this means for the rest of the market is that colored diamonds, particularly blue, pink, red, and green, will continue to achieve top prices at auction for some time to come. They are rare, demand is great, and they are difficult to compare - even within a category. The top-end market will continue to pull prices of other smaller natural colored diamonds higher in these color categories. The ordinary consumer can expect to see more synthetic and treated diamonds in a panoply of colors at popular prices and sizes.

Expect higher prices and limited selection at retail jewelers in the diamond and jewelry marketplace as precious metal and diamond prices continue to rise. Domestic retailers will continue to struggle in this environment. High inventory prices, strict credit standards that limit consigned merchandise to only top-rated firms, low retail inventories and a more competitive landscape will continue to extract weaker players from the domestic marketplace. Large diamond mining companies like BHP and Rio Tinto will continue to do well in their diamond mining segments as rough diamond prices, and other diamond pipeline prices, climb higher in a world of limited supply and growing worldwide demand.
EDUCATIONAL EVENTS

Conferences, Panels, Presentations, Symposia and Workshops

**PANEL**
**JANUARY 20, 2011**
**THE STANDARD CLUB, 3RD FLOOR, CHICAGO**
**ANNUAL CAPITAL MARKETS PANEL**

**WEBINAR**
**JANUARY 26, 2011, AT 2:30 PM EST**
ASA
**SOCIAL MEDIA 101: LOOK WHOSE TALKING**

**CONFERENCE**
**AUGUST 15-17, 2011**
**WASHINGTON, DC**
ASA INTERNATIONAL CONFERENCE

**CONFERENCE**
**OCTOBER 10-12, 2011**
**PALMER HOUSE HILTON HOTEL, CHICAGO**
ASA NATIONAL BV CONFERENCE

SAVE THE DATE

**August 15-17, 2011**
International ASA Annual Conference

**The Standard Club, Chicago**

SAVE THE DATE

**National Conference**

**30th Annual Advanced Business Valuation Conference**
**October 10 -12, 2011**
Palmer House Hilton Hotel, Chicago

Conference Chair – Erin Hollis, ASA

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**Annual Capital Markets Panel**

**January 20, 2011**

The Standard Club, 3rd Floor
320 S. Plymouth Court, Chicago, Illinois
11:30 – 12:00 p.m. Registration & Networking
12:00 – 1:45 p.m. Luncheon & Presentation

Co-hosted with the Business Valuation Association of Chicago

The Business Valuation Association (BVA) and the American Society of Appraisers (ASA) are pleased to present the annual “State of the Markets” luncheon, which will be held at the Standard Club on January 20, 2011. This year we have a distinguished panel of experts who will discuss their expectations for the capital markets in 2011.

Professional advisors (accountants, appraisers, attorneys, bankers, etc.) of public companies, private companies, and individuals should consider the current and expected economic environment when providing advice to their clients. This joint ASA/BVA meeting will be extremely informative as to where we have been and what to expect for 2011.

For additional information, please contact Carmen Sims, csims@deloitte.com or by telephone 312 486 4579.
CONTINUING EDUCATION COURSES

COURSE
JANUARY 13, 2011
RHODE ISLAND SCHOOL OF DESIGN
APPRAISING AMERICAN FOLK ART

COURSE
JANUARY 13-16, 2011
MANHATTAN BEACH, CA
APPRAISAL REVIEW & MANAGEMENT

COURSE
JANUARY 14-15 2011
RHODE ISLAND SCHOOL OF DESIGN
DIVERSIFYING YOUR PRACTICE: ART CONSULTING & ADVISEMENT SERVICES

COURSE
JANUARY 21-22, 2011
PRATT INSTITUTE CENTER
STRATEGIES FOR HANDLING & MANAGING DIFFICULT APPRAISALS

COURSE
JANUARY 23-24, 2011
PRATT INSTITUTE CENTER
OLD MASTERS & ISSUES IN APPRAISAL

COURSE
FEBRUARY 24-27, 2011
DOBLETREE HOTEL AND CONFERENCE CENTER, CHICAGO
ME203 - MACHINERY AND EQUIPMENT VALUATION: ADVANCED TOPICS AND CASE STUDIES

COURSE
FEBRUARY 24-27, 2011
DOBLETREE HOTEL AND CONFERENCE CENTER, CHICAGO
ME215 PERFORMING MACHINERY AND EQUIPMENT VALUATIONS FOR FINANCIAL REPORTING PURPOSES

COURSE
FEBRUARY 25-26 2011
RHODE ISLAND SCHOOL OF DESIGN
THE AMERICAN STUDIO CRAFT MOVEMENT

See ASA website for additional information

COURSE
FEBRUARY 24-27, 2011
DOBLETREE HOTEL AND CONFERENCE CENTER, CHICAGO
BV202 INTRODUCTION TO BUSINESS VALUATION, PART 2

COURSE
FEBRUARY 24-27, 2011
DOBLETREE HOTEL AND CONFERENCE CENTER, CHICAGO
BV 203 BUSINESS VALUATION CASE STUDY

COURSE
FEBRUARY 24-27, 2011
DOBLETREE HOTEL AND CONFERENCE CENTER, CHICAGO
ARM 203 BUSINESS VALUATION APPRAISAL REVIEW AND MANAGEMENT
GENERAL INFORMATION

Designations Awarded in BV
Matthew Dean Moyers, ASA (PwC)
Rebecca Nelson, ASA (Duff and Phelps)

Welcome New Members
BV
Pragya Mishra (KPMG)
Thomas Thomas (Valuation Advisory Services)
Richard Conroy (Capstone Valuation Services)

MTS
James Arvin (Ernst & Young)
Scott Huennekens (Ernst & Young)

Appraiser Qualifications Board Issues Exposure Draft
The Appraiser Qualifications Board (AQB) has issued the Second Exposure Draft of an Interpretation applying to the Real Property Appraiser Qualification Criteria.

Appraisers are encouraged to submit comments to aqbcomments@appraisalfoundation.org. Comments deadline is February 18, 2011.

Link to Exposure Draft: https://appraisalfoundation.sharefile.com/d/se0601347347493e8.

ASA Debuts New Social Media Training for Appraisers
Do you fully understand social media and how it can benefit you personally and professionally? Maybe you use social media sometimes but just find it to be slightly overwhelming - or you may just be avoiding social media altogether because it’s intimidating or “too time consuming”. Regardless of whether you are a total social media newbie or a social media novice, ASA is here to help with its brand new four-part webinar series, Attention All Appraisers: Social Media is Here to Stay. In this series, participants will understand what social media is, its value as a communication tool in both your personal and professional life, and will provide tips to help you use social media efficiently. The series will also focus in on some commonly used social media platforms such as Twitter, Facebook, LinkedIn and YouTube, and will help participants learn how to use these tools.

The first webinar in the four-part series takes place on January 26, 2010 at 2:30 pm EST and is entitled Social Media 101: Look Who’s Talking. This webinar introduces social media and discusses the importance of using it to help your business. Social Media 101: Look Who’s Talking helps beginners and relatively new users become acquainted with the different types of social media tools and how they can be effectively used.

Prices
Non-member: $99.99
Members: $49.99

To register for one or all of the webinars in the “Attention All Appraisers: Social Media is Here to Stay” series please go to:

http://www.appraisers.org/Education/ViewClass.aspx?ClassID=2584&View=General
GENERAL INFORMATION

Are You Confused about Reaccreditation Credits?

Organization Participation

This is where you get credit for being involved in your local chapters, attending social events and the like.

For attendance at ASA chapter meetings, accredited members receive 1 hour for the first meeting in a membership year, 4 hours for the second meeting, and 1 hour for each additional meeting within that membership year, for a maximum of 10 hours per membership year.

Continuing Education (CE)

This is where you get CE Credit for participating and attending education events, including, but not limited to, conferences, chapter seminars, and webinars. The amount of credit is based on the length of the presentation. Most educational course site offerings sponsored directly by Headquarters are automatically added to accredited members’ records. However, conference, non-ASA offerings, and so on would require a CE request form (see below) and supporting documentation to receive credit.

The Chicago Chapter of ASA supplies Headquarters with your participation records in chapter events. However, you should regularly check your own status- see below for that as well.

For specific disciplines, please go to http://www.appraisers.org/ForMembers/DoingBusiness/ReaccreditationInfo.aspx

To get a copy of the CE request form at the above link under the section Uniform Request for Reaccreditation Credit Form.

Please note that members are required to log in to the website to view these sections.

Need additional credits? Write for the newsletter. Contact the editor if you are interested. Published articles receive one CE credit per 250-words in an appraisal-related article that are published. To check your reaccreditation status, go to ASA website and log in.

Go to

- For Members
- My ASA
- My Reaccreditation Status

Job, Jobs, Jobs

Looking for a Job

http://www.asajobbankonline.org/search.cfm

Looking to Fill a Job

http://www.asajobbankonline.org/post.cfm

Member Benefit Highlight

Professional Liability Insurance

No matter how well you do your job, you can still be sued. As an appraiser, you risk being sued every time you provide appraisal services. And regardless of how well you’ve done your job, you’ll spend valuable time and hard-earned money to defend yourself in a lawsuit. As an appraiser, your biggest challenge today may be finding liability insurance for which your practice area qualifies. In fact, many insurance companies do not offer coverage for any appraisal services. Marsh, working together with ASA, has developed the ASA Professional Liability Program to counter risks you face and protect you for negligent acts, errors and omissions. Go to https://www.proliability.com/professional-liability-insurance/appraisers/american-society-of-appraisers or call (800) 367-7950 for more information.

Note: The ASA Professional Liability Program is not designed to insure high exposure practice areas such as Business Valuation.

Murray Insurance for Business Valuation

Member Appraisers

Most professional liability insurers consider business valuation a “high-risk” to insure—firms have found the availability of professional liability insurance is limited and premiums for this coverage are often sporadic. To address the need of our BV member base, the American Society of Appraisers has partnered with Murray Risk Management and established its own, separate, Professional Liability Insurance Program, available only to ASA business valuation discipline members.

Go to www.murrayins.com or call Jeff Gelburd at (800) 533-5271, ext 381 for complete information.
GENERAL INFORMATION

Helpful Resources for BV Appraisers

Business Valuation Technical Topics

Business Valuation Review (BVR) is a quarterly professional journal focusing on business valuation topics authored by leaders in the profession.


Recent topics include:

- Customer Relationship valuation
- Attrition analyses
- Rules of Thumb
- Allocating enterprise and personal goodwill
- Stock price discounts

Fair Value Discussion

The Valuation Resource Group (VRG) was established to provide the FASB staff with information about implementation issues regarding fair value measurements used in financial reporting and the alternative viewpoints associated with those implementation issues. The VRG is composed of a cross-section of industry representatives, including financial statement preparers, auditors, users, and valuation experts. VRG meetings are coordinated by the FASB staff and observed by the SEC, the AICPA, and the PCAOB.

http://www.fasb.org/project/valuation_resource_group.shtml

Recent discussions include:

- Contingent consideration
- Intangible asset valuation: Application of the Multi-period Excess Earnings Method and Greenfield Method
- Carrying value of reporting unit

Illinois Association of Museums ASA at Illinois Association of Museums Conference

The Chicago Chapter enjoyed presence at the recent Illinois Association of Museums conference in Naperville.
Visiting the International Antiques Fair

The Merchandise Mart International Antiques Fair is advertised as the “The Midwest’s Premier Exhibition of Antiques and Fine Art show that showcases the world’s best dealers of antiques and fine art and a wide range of categories.” ASA Chapter members received complimentary tickets to the Fair on October 4 and enjoyed talking with dealers on the Fair’s last day.

Many exhibitors reported that the “middle market” has continued to bring weak sales, but that the top items were selling better than last year. Follow up questions about a definition of the “middle market” elicited some interesting answers illustrating the range of market value for different types of antiques and fine art.

Our informal tour concluded with a lunch at which a BV appraiser’s mention of an upcoming trip to Taipei led to a (much appreciated!) adventure at National Palace Museum to research a PP appraiser’s query. The global reach of the ASA Chicago Chapter is impressive, and this was an apt conclusion to our tour of the “International” Antiques Fair.
GET THE PICTURE: PHOTOGRAPHING OBJECTS FOR APPRAISAL REPORTS

Presented by Jake Fish

ASA cross-discipline members enjoyed a fun and interesting presentation by ASA Candidate Member Jake Fish of Douglas Tomsky & Associates. Fish offered numerous ideas on how to make better documentation photographs for appraisal reports. He also made suggestions on what to look for in a camera, offered tips on photographing in difficult conditions, suggested ideas on image storage, and recommended tools for appraisers to take to assignments. The audience was fully involved during the question and answer period.

Presenter Jake Fish during the event

Jake Fish showing Diane Carr and Alex Gaydasch inspecting a mock-up ruler card to show scale

Lela Hersh and Pamela Bardo

Patricia Atwood and Roy Da Silva

Raymond Alasko during the discussion period
OPENING EVENT SUNDA RESTAURANT

Dan Van Vleet, Mary O’Connor, and Jerry Lipman

New accredited member Suzanne M. Varkalis-Smycz, and Erin Hollis

Back: Bruce Parisi and Rick Warner
Front: Mary O’Connor, and Front: Ed Detwiler

Front: Ed Detwiler, Lela Hersh, William P. “Boomer” McInerney, and David Clarke
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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Follow the Chicago Chapter #033 of ASA on Facebook and Twitter! Make the connection.

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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.