

CONTINUING EDUCATION THROUGH OTHER SOCIETIES – Part II

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In my article in our June 1999 Newsletter, I described the beginning of my now 12-month long foray into appraisal and related valuation courses through other societies. I described my somewhat mixed experience at a two-day course, *Due Diligence and Valuation of Industrial Minerals*, sponsored by the Society of Mining, Metallurgy and Exploration (SME). I then described my quite positive experience at four courses from the American Society of Farm Managers and Rural Appraisers (ASFMRA). These courses were *Ethics*, *USPAP*, *Fundamentals of Rural Appraisal*, and *Highest and Best Use*.

Since then I have attempted to register for two courses from the American Society of Appraisers (ASA). One was on the west coast and the other was on the east. Both times I was informed that the course had been canceled due to lack of enough registrants by their *go/no-go* decision date. Obviously their system is not set up for procrastinating registrants such as myself. I have registered early this time for another ASA course in DC, but it is not looking good for that one proceeding either, with only five registrants to date out of only ten needed. I am not sure what this says about ASA. I am told that its Business Valuation courses are extremely tough and even the introductory course has a very low pass rate. Could course difficulty have something to do with it? Our ASA members, Michael Cartwright and Jeffrey Kern, should be able to provide some insight.

I have also looked over the suite of courses offered by the Appraisal Institute. So far there hasn't been much that has caught my interest. I set out to sign up for a couple, only to find that they were a week long and twice the price of the equivalent three-day courses offered by ASA and ASFMRA. That is overkill for my interest level and budget.

In the meantime, I have taken four more ASFMRA courses. Although they require a minimum of 18 to 20 registrants to proceed, they tend to go ahead most of the time out of my experience, and typically have 30 to 40 attendees. Many are from State and Federal agencies.

The first of those four courses, *Advanced Resource Appraisal*, is a week long (46 hours). It is held annually in Denver. It teaches the appraisal of timber, water and minerals, including petroleum. I found it very informative to learn how real estate appraisal techniques can effectively be applied to the appraisal of minerals. We may not fully agree with everything taught, but overall, my colleague minerals appraiser and I found little to dispute. The minerals section was taught by John Widdoss of South Dakota, who does a very large amount of litigation appraisal of minerals. In 1997-98, he appraised Crown Butte's infamous New World gold property to the north of Yellowstone National Park, for the US Department of Interior. I found this course was a valuable opportunity to be taught by someone we are likely to find on the opposing side of a litigation situation. I may never attempt to appraise water or timber. However, on two of my recent mineral property appraisals projects in the western US, I found that the appraisal value of the attached water rights has come in staggeringly high. Being the appraiser responsible for defending the overall appraisal in court, I find it beneficial to be able to thoroughly critique the water rights appraiser's work.

Then I ventured to St Cloud, Minnesota, for the ASFMRA's week long (44 hour), intermediate level rural appraisal course. Three of us attending were minerals appraisers. In this course, we were taught ASFMRA's methods of data analysis for appraising properties with a variety of land classes and how to calculate the contributory value of improvements. The three approaches to value were thoroughly covered. We also learned a lot about crop storage facilities, Norwegians and Minnesota's infamous Governor.

Next I took a short hop up to Billings, Montana. This was for a three-day course in appraising property under State and Federal eminent domain situations. It was a particularly informative course for me, in that I learned the ground rules for appraising in such situations. A wide variety of example properties were used, including different ownership and lessee/operator structures for a gravel quarry. The course showed me that I had some potentially serious misunderstandings of how we should approach such situations. I had recently been gaining the impression from my reading that many of our minerals appraiser colleagues are losing in court on eminent domain/takings appraisals because they do not fully understand the ground rules. That is, sales analysis is king in court in determining market value, and the court does not compensate for loss of business value. The somewhat elderly lead instructor had a wonderful sense of humor to go along with his wealth of experience. He also proved to be extremely tolerant of my large number of questions.

Lastly, I took a long trek out to Phillipsburg, New Jersey, where although everything looked very green to me, I was shown through counting corn kernels that the corn crop was almost a total failure. The course was the week long (47 hour) *Advanced Rural Appraisal* course. We learned advanced rural appraisal techniques for the three approaches to value, using a variety of property types. I certainly put my HP 19BII calculator to new uses. The course was oriented to determining the value of a variety of land use types and the contributory value of a number of structures in a single property. The techniques we learned for land use analysis would have more application to minerals appraisal in the US if the SEC allowed reporting of quantitative resource estimates. Friday was spent working individually through a real case study with a variety of complexities. As compared to the other ASFMRA courses, there was little humor at this one. Many people were tense outset on Sunday afternoon, because this is the highest level and toughest of the ASFMRA courses for the ARA certification. Most studied late into the evenings. The difficulty of the four-hour exam on Saturday was a shock to me and my colleague. It was considerably tougher than those for the previous courses. I had great difficulty completing it in the allowed time. Most candidates had grim faces as they departed.

This 12-month foray has obviously been an expensive approach to appraisal education, both in direct cost and lost time away from work. However, it has taught me how the other side does their analyses and provided me with a suite of analytical techniques for which I previously had little to no knowledge. At this time, I am unsure where this foray is taking me next. But, I am having too much fun to stop now. If you read my article, *Valuation Days at the SME and PDAC/CIM Conventions*, in this issue, you can find out some things I plan to travel to in 2000.