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SOUTHDAKOTACHAPTER 9/08
AMERICANSOCIETYFARMMANAGERS&RURALAPPRAISERS



*Empowering Our Members' Ability to Succeed
in Their Rural & Agriculturally Related Professions!*

DATESTOREMEMBER!

2008

October 15-SDSUCareerDay-Brookings
October 17-EastRiverBreakfastMeeting(9A.M.)
Sioux Falls Roll'N Pin Restaurant
October 23-24-Board Meeting-Rapid City
October 24-Member Lunch With Board of Directors- Rapid City
November 11-14-ASFMRA National Annual Meeting in San Antonio, TX
November 22-23-Kjerstad Memorial Pheasant Hunt

2009

January 21-23-Winter Education & Joint Meeting W/ PAASD-Mitchell
July 18-25-International Farm Management Conference in Bloomington,
Illinois hosted by Illinois ASFMRA with the endorsement of the ASFMRA
Find out details at www.ifma17.org.
October 2009-South Dakota-Wyoming Educational Off ering-Black Hills

PRESIDENT'S MESSAGE

Fall is upon us. In our company that means it is getting busier each day
passes. Auctions are plentiful and prices are still strong. Auction today in
Yankton County went for about \$400 an acre more than we would have
expected.

Our District VI conference call was September 26. The call provided
information on the cooperative effort of the American Society of Appraisers
(ASA) and the Royal Chartered Surveyors (RICS). More detailed
information related to RICS is in this newsletter. Additional information will
be reported at the annual meeting in San Antonio.

Summer education in Omaha was successful. Next summer it is planned to
be offered again in Des Moines, Iowa, dates would likely be in late June.

New education classes are being developed, a 1 day seminar on conservation
easements, 4 hour ethics course offered on-line, and a seminar entitled
Appraisal Through the Eyes of the Reviewer. Update to the Cost approach
seminar and the Sales Comparison seminar are being worked on.

Leadership Institute was a success; however they have a room for more. There
were 27 participants from 11 states with 8 first time attendees.

Continued

PRESIDENT'S MESSAGE CONTINUED

Time was spent providing information about the San Antonio Meeting and Auction. Silent auction is going to be ongoing from the first day until 6:30 on Thursday evening.

Updates from the Governance Task Force and Membership Task Force were provided with more information to be presented in San Antonio.

The IFMA '09 will be held July 19-24 on the Illinois State University campus in Normal, Illinois. The website is www.ifma17.org which provides information, agenda and registration.

George Luther Jr. AR term is up at the end of September and Mike Krause AFM replaces him. Thank to George for his work and we look forward to Mike's leadership.

CHAPTER AWARDS ACORN SCHOLARSHIP AT SDSU

Members Tom Jass and Paul Sickler represented the chapter at the September 17th Ag-Bio Scholarship Banquet at the Student Union Volstorff Ballroom.

Jim Jansen was announced as the recipient of the chapter's \$1,000 scholarship for the 2008-09 academic year. Jim was chosen from those who submitted application/essays for the scholarship. He is a Fordyce, NE native.

Jim is an Agricultural Business and Agricultural Economics major, with minors in Animal Science and Agricultural Marketing. Jim worked this past summer as an intern with Farm Credit Services of America in their Sheldon/Emmetsburg retail office.

After graduation in the fall of 2009, Jim plans on entering and completing the Accelerated Masters program in Economics with an Agribusiness emphasis at SDSU. After completion of these degrees, Jim plans to return to the family farming operation to take over and manage for future generations. In addition to operating the family farm, he hopes to start a part-time private consulting business dealing in agricultural future trading.

The scholarship was created to develop and support student interest in the rural appraisal, farm management, and agricultural consulting professions and to encourage students to become American Society of Farm Managers and Rural Appraisers (ASFMR A) chapter members.

Upper level undergraduate students enrolled in the College of Agriculture and Biological Sciences are eligible for the scholarship. A cumulative GPA of 2.5 minimum, or upper half of class ranking, is required—along with a stated interest in considering rural appraisal, farm management, or agricultural consulting as a career. The following preferences are also considered:

- Community service achievements and demonstrated leadership qualities,
- Completion of/or current enrollment in the Rural Estate Appraisal course (Econ 373/Plant Science 373) and/or Farm and Ranch Management course (AgEd 271).
- South Dakota resident,
- Financial need.

The establishment of the scholarship has contributed to a strengthened chapter relationship with SDSU personnel.

KJERSTAD MEMORIAL PHEASANT HUNT

Dates: November 22nd and 23rd **Storm Dates:** December 6th and 7th

Location: Bill Huber farm near Norris (southwest of Murdo)

Cost: \$50 per gun / day. Hunt one or both days. Will start late morning to allow travel.

All proceed to go to Kjerstad Memorial Chapter Member Scholarship Fund.

The scholarship focus:

- A lasting memorial of Jerry's contribution to our chapter.
- A means to generate funds that can allow expansion of chapter support for members in accord with the chapter mission of *Enhancing Our Members' Ability to Succeed in Their Rural & Agriculturally Related Professions!*

Objectives:

1. Encourage potential members to join our chapter and help them with initial ASF/MRA education.
2. Encourage members to attend and learn the benefits of the networking and education that take place at national events.
3. Broaden the experience of chapter members, which will in turn, strengthen our chapter membership for the chapter.
4. Encourage members to pursue accreditation and support them in this endeavor.
5. Recognize the member's achievement in gaining his accreditation.
6. Build member loyalty to the chapter.

Current scholarship opportunities for members under this program include:

- Leadership Institute attendance
- National meeting attendance for the first time
- Receiving accreditation at national meeting.

The account balance needs to be raised before Phase 2 can be implemented. Phase 2 opportunities for members will include:

- First education course that is a part of accreditation track after becoming a new member.
- Accreditation education and testing for those committed to achieving accreditation.

Hunters do not need to be Chapter members. If a member wants to invite a guest or two to join the hunt, the more the merrier and the more money we make. **If you (and others) will be attending, please contact Ron Ensz (605-787-5015 work, 605-210-0337 cell, ron.ensz@kjerstadrelaty.com).**

If you are unable to attend, but wish to support the Scholarship Fund, send check payable to SD ASF/MRA (memoline-Kjerstad Memorial Chapter Member Scholarship Fund) to Allan Husby 51217th NE, Watertown, SD 57201.

UPCOMING CHAPTER BOARD MEETING AND MEMBER LUNCH

The South Dakota Chapter Board of Directors will be meeting in Rapid City on **October 23 and 24**. The meeting will be at **Geoff Oliver's office**. The meeting will run from 1:00 on Thursday to 6:00 PM and then 8:00 AM on Friday to 11:30 am.

At the end of the meeting on Wednesday all members are invited to the Rushmore Plaza Holiday Inn, Downtown, for lunch. The chapter will be buying lunch for the membership. This will be the same as last year, where we will order off the Express Menu. The meeting room will be posted as ASFMRA.

So please join us for lunch on November 2nd. If possible, let Ron Rucker (ruckerr@fcsamerica.com) or 800-658-3631 know if you will be able to attend. Please be at the room by 11:30-12:00. Thanks and we hope to see you there!

SMALL TOWN ADVENTURES - True Stories by Russell Wyatt

A while back, I was going to the Philip area to do an appraisal, and I knew I would need to spend the night there.

There is only one motel and sometimes during hunting season rooms get scarce. I called on my cell phone as I drove. They had a room but wanted my credit card number. I told them my name and that I was driving and couldn't give my card number right off, but I would be there in about an hour and would stop and give them my card number. They said okay.

When I got there, the registration window was closed, no one in the building.

There on the counter was the key to the room with a card by it with my name on it and room number.

I took the key, went about my work and came back at about 6 p.m., still no one there.

I went and ate, came back about 8 p.m., and a lady was mowing the lawn. She said "You must be Mr. Wyatt?"

Talk about small town trust.

EDITOR'S NOTE

In the past few months, there has been national communication regarding a Memorandum of Understanding of cooperation between RICS (*Royal Institution of Chartered Surveyors*), ASA, and ASFMRA. Chapter member John Widdos has been involved in the efforts for cooperation with RICS.

I asked John if he would be willing to write an article for the chapter newsletter with the emphasis on how working with them can help ASFMRA members. John responded positively to the request and then the next four pages are contributions to this orientation from John and others.

There is a lot of thought provoking material in the articles regarding the future of appraisal valuation. I urge you to read and think about these issues.

SOWHAT'STHEMOUALLABOUT ?

Hopefully we have all heard about the Memorandum of Understanding of cooperation between RICS (Royal Institution of Chartered Surveyors), ASA, and ASFMRA---plus the Think Tank's activities. So, what is this all about? In our opinion, **it pertains to the future of the profession** and not something you should take lightly. Please do not overlook this simply because it may not have affected you in years past.

With the recent financial melt-down of some of the mortgage providers over the past few weeks, and the apparent shift of the financial center of the world from New York to London and/or Tokyo---we need to seriously consider our place within the U.S. and global financial communities as that transition continues to occur. Doing the same things that we have done over the last 20 years will not insure we have a voice even in place at the table in years to come.

Over ten years ago, the leaders of the American valuation profession identified the need for consolidation. We jointly sponsored Val2000, worked together on lobbying and education and set up a joint Unification Team. Unfortunately, not everyone was able to see the big picture for the profession and individual organizational politics stopped that effort in November 2007.

A number of past leaders of ASFMRA, ASA and AI met and asked themselves whether they still believed that consolidation of the valuation profession in the United States was necessary and why? Along those lines, this paper discusses those conclusions, and the impact of Valuation for Financial Reporting (VFR).

The remainder of the world has adopted International Financial Reporting Standards (IFRS) for reporting the value of corporate assets. IFRS allows for the use of 'fair' or 'market value' of those assets---instead of depreciated purchase price. In 2002, the International Accounting Standards Board (IASB) and the American Financial Accounting Standards Board (FASB) voted to converge those two sets of standards. The leaders of the profession worked hard to encourage this movement. In August, the Securities and Exchange Commission (SEC) proposed doing away with U.S. accounting standards and the adoption of IFRS.

This shift has the potential of doubling the amount of valuation work in the U.S. Let's face it, we have a young membership and we are not attracting sufficient young people to replace retirees. There is insufficient demand for our Universities to teach our curricula, so over the years we have had to train our own. This type of internal education gives us the appearance of a "trade" organization. Some members of FASB have also labeled us a 'trade.'

Leaders of the accounting profession have stated that if they have an accounting question, they call the AICPA; if they have a medical question, they call the AMA; or if they have a legal question, they call the BAR Association. They ask, who do they call with a valuation question---the ASA, ASFMRA, AI, ASFMRA, NAIFA, TAF---or somebody else?

VFR gives us the opportunity to attract new, young members, to increase the size of the profession due to new demand as a result of the switch in standard curriculum for valuation; to give valuers professional standing with government and the accounting profession; to create sufficient demand to attract the curriculum for valuation; to give valuers professional standing with government and the accounting profession similar to our standing in the litigation field. But, we must work together to succeed!

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For over 20 years, representatives on the International Valuation Standards Council (IVSC) have worked creating a working relationship with the IASB to make sure our valuation standards worked with the IFRS. The IVSC has succeeded which gives the profession a strong position to begin working with the SEC, FASB, and AICPA. But, we must present ourselves as a united profession---not a fractured group of trade organizations. Some in the accounting profession see us that way, and feel that *they* are best suited to produce professional valuation of financial reporting.

VFR will require all disciplines because corporate assets include all of four areas of expertise. VFR requires the business valuer, the rural real estate appraiser, the commercial real estate appraiser, the machinery and equipment appraiser, and the personal property appraiser to work together with the CPA and the corporate CFO. The profession needs to present a united, professional approach to demonstrate that we can address the requirements of VFR.

Time is short. Most of the world has already adopted IFRS. Canada becomes mandatory in 2011. The U.S. SEC allows foreign based corporations with U.S. assets to use IFRS now. The SEC proposes to allow the 110 largest multi-national corporations to adopt IFRS in 2011, becoming mandatory in 2014 for large corporations, 2015 for mid-sized corporations, and in 2016 for small corporations. Many will opt in sooner.

The 'Think Tank' looked at over 20 options to unite the North American profession. The option that allowed the most flexibility for our disciplines--and that had the organization and funding---and that already had international standing with both the IASB and FASB---was **RICS**. We invited RICS to a meeting and they offered logistics and any needed financial assistance to help design the 'faculty' within 'RICS Americas' that would include property management, appraising (*surveyors in all other countries except the U.S.*) consulting, business valuation (BV), machinery and equipment, fine arts, etc. (*NOTE: Internationally, 'faculty' equates to disciplines*).

The ultimate decision is now up to you. Do we unite the profession to create a dynamic, growing opportunity, or do we continue to decline into obscurity with ongoing declines in membership among the individual organizations? Please undertake some investigation on your own---on the web at 'RICS.org'---and engage with the leadership of the respective organizations.

Think Tank Group

Brian A. Glanville, *CRE, FRICS, MAI*
Integra Realty Resources-Portland, OR

John Widdoss, *ARA, FRICS, MAI*
Hall-Widdoss & Co., Inc.--Spearfish, SD

MOVING FORWARD—POST UNIFICATION

Following the collapse of ASA-ASFMRA-AI “unification” efforts, about 30 people got together to explore whether further efforts towards unifying the “profession” were warranted, and if so how they might be approached. The group was comprised of people from the Unification Team members, but no one officially represented any organization. Thus, the ‘Think Tank’ was created in January 2008.

At its first meeting, it unanimously decided that unification was not an option---it was an absolute necessity. The profession had already suffered from its inability to speak with and be recognized as a single voice and the maze of designations that confuses clients and the public; thus, the failure of an 8-year attempt at unification could be a death blow to the profession as we know it. The Think Tank determined that individual professionals are the heart of the profession; organizations give them status and recognition, but success depends upon establishment of long term goals, bringing professional together, and combining efforts in a single voice under a single organization.

The Unification Team (ASA-ASFMRA-AI) recommended in November that a new organization be formed; existing designations would continue, but efforts would be put forth to create a single designation over time. The Think Tank concurred, but further determined that at the time and cost would not permit a “startup” with a new organization.

Instead, they decided to seek a possible “umbrella” approach under an existing organization with global stature and success---the RICS (*Royal Institution of Chartered Surveyors*). With over 130,000 members worldwide, and the RICS Americas represented one of their fastest growing areas of membership in the world. The RICS welcomed the Think Tank’s inquiries and has extended significant cooperation towards the development of an increased RICS membership and an organizational structure specially designed to meet developing needs of the Americas.

As a part of this movement, many individuals have recently sought and received RICS designations in the U.S. and Canada; the ASFMRA and the ASA have signed Memorandums of Understanding (*MOU’s*) with RICS that constitute first steps towards unification of the profession on a global basis, as well as domestically, within the RICS. We believe that this membership migration will expand rapidly.

The Think Tank isolated four additional key realizations in their deliberations:

- a. if “appraising” includes developing, reporting, and/or reviewing appraisal conclusions, “valuation” involves appraising, but it also includes all property and financial disciplines that deal with “value”---thus, an organization should recognize that appraising is an important element, but not the only element of the profession ;
- b. all disciplines and related fields are essential to the development and recognition of a profession; they gain strength in unity rather than being “lost in the crowd” of a trade or loose association of similar interests;
- c. some existing organizations impair their potential by tying up their professionals in organizational governance and operations when they are sorely needed in matters of the profession---rather than matters of the organization and internal politics; and
- d. the lifeblood of a profession is the youth who bring new potentials and whom must be trained by colleges and universities that work closely with the profession to assure that education is competent, relevant, and responsive to changing needs; these suggest that organizations that are financially bound to their education programs rather than service bound to their members may be counterproductive for those whom they serve.

Continued

MOVING FORWARD CONTINUED

Perhaps the most important single realization that world events are dramatically affecting those in their lives. Simply, systems and economies are changing. Our organizations and ways of doing business are being reevaluated by the world around us. The Think Tank and the RICS have concluded that accelerated effort to simply an option; even if there are other possible alternatives, this has become an essential course of action if we are to preserve our profession and respond to the changes around us.

has developed over the past eight months is that U.S. and Europe are one rapidly---some in response to the sub-prime lending and the world around us. The Think Tank and the RICS have concluded that accelerated effort to simply an option; even if there are other possible alternatives, this has become an essential course of action if we are to preserve our profession and respond to the changes around us.

As a result, there are several mechanical steps that must be taken:

- It is important for *individuals* to seek membership in the RICS. That can be accomplished by sending your qualification to the RICS as soon as possible. The RICS will respond with information regarding how existing designations and personal achievements will be used in qualifications and equivalencies for the RICS designations.
- There is no reason for anyone to give up an existing designation or to leave an organization (*or organizations*) of which they are currently a member; although the Think Tank believes that a five to ten-year period will likely involve the folding of existing organizations into the RICS in order to create a single optimum place for a single designation. Individual single designations that are multi-disciplined, highly competent, and broadly respected will emerge.
- Although the cost of supporting another designation will initially create some higher cost to individuals with multiple designations, organizations can negotiate a shared fee structure with the RICS that will permit reductions in cost to individuals and economies for appraisal organizations. Both the organizations are being made aware of these arrangements to assist in lowering costs of operation and for individuals.
- A national council is being formed by RICS America and others allied with the profession. This will permit each discipline to deal with its own provincial public needs while binding the diverse elements of the profession into a unified whole; instead of focusing on "governance," which exists in a fashion that ties the U.S., America, and global professional governance into a unified and responsive structure, members will devote more direct time to professional rather than organizational operating issues in order to better serve the public.

These and many other innovations that use the umbrella of a global organization that has remarkable operation, yet operates locally across the globe, a refresh and exciting answer to old problems and a debilitating that have hampered the profession. In the Think Tank's words, "it's not just a good and it's the only real answer for professional survival and turning it into an opportunity for success; an ability to better serve the public as professionals."

It is a approach to bring members together under the world wide stature after more than 150 years of operation, yet operates locally across the globe, a refresh and exciting answer to old problems and a debilitating that have hampered the profession. In the Think Tank's words, "it's not just a good and it's the only real answer for professional survival and turning it into an opportunity for success; an ability to better serve the public as professionals."

As we've heard before, 'time is of the essence' --- will be making decisions about our professional future.

If we are not too late already. If we don't act, someone else will be making decisions about our professional future. The lack of action may be the worst poison of all.

For The Think Tank

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