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**7SOUTH DAKOTA CHAPTER**

3/ 05

**AMERICAN SOCIETY FARM MANAGERS & RURAL APPRAISERS**



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

**DATES TO REMEMBER!**

**2005**

- April 8 - East River Breakfast Meeting (9 A.M.)  
Sioux Falls Roll'n Pin
- April 13-15 - Ag Lenders Conference in Pierre
- May 10 - West River Breakfast Meeting (9 A.M.) –  
Rapid City Rodeway Inn
- May 19 - Chapter Board Meeting (P.M. Tentative)
- May 20 - SDSU Breakfast Meeting  
Committee Chair Training  
Chapter Board Meeting
- May 24-27 - Assessors Conference in Lead
- June 12-15 - Range Camp near Presho
- June 16-17 - Iowa / MN Summer Tour @ Clear Lake, IA
- Sept. 10-14 - Leadership Institute – Washington D.C.
- Sept. 21-23 - Spearfish Conference w/PAASD, WY ASFMRA, WY AI
- October 6-8 - ASFMRA Annual Meeting – Austin, Texas

**2006**

February 15-17 - Winter Education & Joint Meeting w/ PAASD - Mitchell

**2nd Week February 2007** - ASFMRA Annual Meeting with ASAC and NAICC in Atlanta, Georgia

**July 18-25, 2009** – International Farm Management Conference in Bloomington, Illinois co-hosted by national ASFMRA and Illinois ASFMRA

**PRESIDENT'S MESSAGE**

In visiting with others in the profession, it's safe to say we are all feeling a little like the magician in Frosty the Snowman. "Busy, busy, busy" I believe was the statement.

Property continues to move and values, generally speaking, continue to be strong. Doesn't seem to be any slow up in either movement or market values on the horizon.

Will interest rates climbing have an effect on either one, seems to be a question I've heard more often the past week than I have the past couple years. That in and of itself, indicates to me that it may. At the very least the Federal Reserve actions are getting noticed. How that impacts the profession, remains to be seen.

We owe it to our clients, at the minimum, to educate ourselves, as to the factors affecting market values. I encourage each of you to learn what you can and pass on that knowledge to those you have contact with through your daily travels.

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**PRESIDENT'S MESSAGE CONTINUED** - The above comments are not meant to say that we all need to be experts in interest rate changes and why. What I encourage each of you to do is daily educate your clients as to your profession. A phone call received this week, brought to mind, just how little the public understands about what we do. I've heard similar comments concerning Farm Managers, and what purpose do they serve?

The conversation was near an hour and involved much more dialog than what we have room to print and took more time than what you need to spend reading. Suffice it to say that the client was concerned about a value arrived at. Rather than get into a debate on what the correct value should be, I took this as an opportunity to educate the client on what the process followed is. Maybe all those hours in a courthouse during the appeal process of assessed values, paid dividends during this conversation.

Bottom line is when the phone call ended, the client still didn't agree with the value. He did, however, have some better understanding of what the process is and all it entails. Is that the end? Most likely not. Some need to hear the message over and over, before they connect with it.

As peers of a profession, a profession of Farm Managers and Rural Appraisers, we have a responsibility to ourselves and our peers to continually educate those who will listen. To be thought of as professionals, we must educate that we are professionals.

Until next month...Givers Gain....Takers Lose!

## **CHAPTER MEMBERS PARTICIPATE IN ADVISORY COUNCIL MEETING**

Jim Hollenbeck and Jerry Hulm were present at the March 4, 2005 South Dakota Advisory Council Meeting. Appraiser Certification Program Executive Director Sherry Bren advised the council of the expenditures and revenues for the program, updated the Council on the status of reviews, and notice of public hearing for rule (20:14:06:01) rule change.

The AARO Spring Conference is scheduled for April 9-11 in St. Louis, Missouri. Sherry plans to attend and noted that the Appraisal Foundation will be hosting a state regulator training for implementation of the new AQB criteria.

The deadline for nominations for the Council vacancy was extended to April 30 since the Real Estate Commission Newsletter article announcing the vacancy did not go out as early as planned. This vacancy is for a financially related institutional staff appraiser and was created as a result of Jim Hollenbeck's decision not to serve a second four year term on the Council. This position represents the institutional staff appraiser's interest on the Council.

Sherry Bren advised the Council of a recent complaint received which involved a state-register appraiser performing an appraisal on an Iowa property. Statutes governing appraisers do not give the Department authority to investigate a complaint if the property is not located in South Dakota. Other states also have this problem and discussion of the issue is planned for the upcoming AARO conference.

The Council members discussed a concerned appraiser's suggestion that the Department look into alleged possible wrongdoing by an appraiser based upon a person's interview in a daily newspaper article. It was felt that it was not in the best interest of the Department nor the industry to adopt a policy to initiate the complaint review process in this manner.

The Council discussed a draft of rules related to the new AQB criteria and Appraisal Sub-Committee review comments of this draft. The most critical review comment was their determination that only "certified" appraisers are allowed to supervise which is a contradiction to the Appraisal Foundation's communication. Appraisal Foundation staff has assured that the final decision to allow licensed appraisers to supervise is up to individual states. This is important to South Dakota to ensure adequate eligible supervisors and no unfair barriers for entry into the profession.

## NETWORKING EMPHASIS AT WEST RIVER BREAKFAST MEETING



John Brost, Wade Buck, Kathy Peterson, Ron Rossknecht, and Russell Wyatt attended the March 10 West River Breakfast meeting at the Rodeway Inn Restaurant. They spent the morning talking sales, trading information, and setting up later times to do more networking.

### CREATIVE APPRAISAL DEFINITIONS ( COURTESY OF CRAIG SOMMERS INTERNET SURFING)

- Band of Investments - A group of financial officers who hold jam sessions in the back room of the NYSE.
- Capitalization Rate - The number which is arrived at by dividing the number the client wants by the net operating income.
- Eminent Domain - From the Latin. Eminent, meaning big, or prominent. Domain, meaning where one lives. Hence, a big house.
- Fair Market Value - The value of items sold at a country fair.
- Highest and Best Use - Whatever the person who is paying for the appraisal wants to do with the property.
- Internal Rate of Return - An often used but seldom understood term of questionable meaning and doubtful significance. Also, the inverse of External Rate of Return.
- Marginal Utility - Many appraisals.
- Market Value - Formerly, one sentence which covered the bases pretty well. Now, a page of explanation, some of which appears to be contradictory and imprecise.
- Depth Tables - Charts used by SCUBA divers and fishermen.
- Purpose of the Appraisal - To make a living in the appraisal business.
- Functional Obsolescence - That state of many older appraisers.
- The Subject - A term police use to identify the victim of a crime.
- Subject Property - A term police use to identify the belongings of a victim of a crime.
- Jury - Twelve people who determine which client has the better lawyer.
- Trapezoid - A device for catching zoids.

## **THE BENEFITS OF MEMBERSHIP**

### **Prestige**

- Industry recognition
- Stringent requirements
- Code of Ethics
- International affiliation
- Industry Recognized Designations

### **Government Representation and Information**

- Input into Washington D.C. legislative and regulatory action
- Information updates
- Lobbying forum
- National officer representation
- Grassroots networking

### **Standards and Ethics**

- Standardization for consultants, appraisers and managers
- Peer guidance and referrals
- Competitive advantage in the market place

### **Marketing Campaigns**

- AgriFinance and other media leaders
- Exhibits at state and national industry trade shows
- Timely news releases on issues affecting members
- Opportunities for personal news releases
- ASFMRA positions clearly stated
- Involvement with allied organizations
- Direct mail contact to key industry leaders from Denver

### **Membership Directory**

- Member listings
- Wide distribution of directory helps develop new business leads

### **Education**

- Recognized for over 65 years
- Highest quality
- Focus only on consulting, appraising and managing
- Exceeds appraisal certification requirements
- Tuition discounts for membership
- Continuing education for ongoing training
- Materials developed and presented by experienced professionals
- Provides logical progression for member career development

### **Publications**

- Textbooks, Periodicals, Videos, Software, etc.
- Journal of the ASFMRA
- FMRA News Newsletter
- Keep informed of news and changes concerning the industry

## **THE BENEFITS OF MEMBERSHIP**

### **Chapter / District Affiliation**

- Networking with peers
- Candidate guidance
- Educational programs
- Camaraderie
- Chapter newsletters
- Promotional assistance

### **Discounted Services**

- Car rentals
- Airline rates
- Hotel rates

### **National Meetings and Conventions**

- Accreditation ceremony
- Member networking
- Committee involvement
- Social functions
- Trade show exhibits
- Educational opportunities
- Local public relations opportunity for members

### **Recognition and Awards**

- Professional achievements recognized
- Scholarships and grants
- Internships
- Research
- Local public relations opportunity for members
- Increased employer appreciation

### **Career Opportunities**

- Business development tools
- Brochures
- Direct mailings from Denver
- Distribution of membership directory
- Competitive advantage when bidding business
- Business management tools
- Programs for institutional appraisers / managers

**Share your chapter experiences with other rural and agriculturally related professionals. Invite them to join us. Obtain a member prospect packet from Membership Chair Paul Sickler and / or refer interested parties to**

<http://www.asfmra.org/fjoin.htm>

## **MEMBER PROFILE IS TERRY PELLMAN**

### **Describe your experience and education related to the property professional field (appraisal, farm management, consulting, academic relation).**

I graduated from North Dakota State University with an Agricultural Economics degree and worked as a District Sales Manager for a sugar beet seed company in the Red River Valley (ND & MN) and Yellowstone Valley (MT & ND) for eight years. Then I managed trust and estate farm properties for First Bank System, then U.S Bank for seven years prior to joining the Lewis and Clark Rural Water System in 2002.

I started as a Land Acquisition Specialist and am now the Land Acquisition Coordinator of the project that will bring water to 200,000 people in southeast SD, northwest IA and southwest MN. The 337 mile pipeline project is funded mainly by the Bureau of Reclamation and will cost \$423 million in 2005 dollars.

Originally conceived in 1989, the project will take approximately 14 years to construct depending on funding levels. I've acquired the treatment plant site (145 acres) north of Vermillion and am working on easements for the treated water pipeline in South Dakota. Currently 4 miles of 54" are constructed and 17 miles are under contract.



### **Describe what has led you to becoming a chapter member of the South Dakota ASFMRA and why you remain a member, if a member for a number of years.**

While working for US Bank I became associated with Jim Dunlap who encouraged me to join the chapter. Jim and his dad used to work for the bank at the position I had held. I've enjoyed associating with various members over the years as fee appraisers and as fellow farm managers.

### **Describe personal background items that would be of interest to fellow chapter members (e.g. family, ethnic heritage, other communities lived, other jobs / careers, main hobbies or interests).**

I have five brothers, two of which still farm in southeast North Dakota. During fall sugar beet, bean and corn harvest most of the brothers return to help on the farm. My parents now have six grandsons and one granddaughter that range in age from 19 years to 10 months.

### **Describe a few memorable or unique experiences in your life.**

I've traveled the states and southern Canada with seed companies and recently settled down in Sioux Falls and married on 9-1-1, September 1, 2001. Ten days before 9-11. My wife and I have two sons that are 2 ½ years and 10 months old. I would have to say helping to bring our boys into this world as being my most memorable experiences.