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**SOUTH DAKOTA CHAPTER  
AMERICAN SOCIETY FARM MANAGERS & RURAL APPRAISERS**

10/05



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

**DATES TO REMEMBER!**

**2005**

November 11 - East River Breakfast Meeting (9 A.M.)  
Sioux Falls Front Porch Grill

November 17-18 - Chapter Board Meeting – Rapid City

**November 18 - West River Membership Lunch W/ Board (12:15)  
Rapid City, Holiday Inn Rushmore Plaza**

**2006**

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

**2007**

Feb. 14-17 - ASFMRA Annual Meeting w/ ASAC & NAICC in Atlanta, GA

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

**PRESIDENT'S MESSAGE**

Happy Fall to each of you. It seems that each monthly newsletter starts the same way. I keep trying to find a new way, but I revert back to the same old "It sure is busy out there".

Hope each of you has taken some time to enjoy the weather the past couple weeks. I took a couple days last week and helped with a harvest in eastern South Dakota. What a treat to get out into the clean air and actually do some, limited, physical exercise. Sure makes me wish I still lived and farmed on the home place. At least I still get the chance to help out once in a while, just not often enough.

Looking ahead at the calendar I see it's almost time to meet for the Fall Chapter Board meeting. We will be holding the board meeting at the Farm Credit Services of America building in Rapid City on the 17<sup>th</sup> and 18<sup>th</sup> of November. Board members will be getting some information the second week of November to review prior to the meeting.

I encourage all members to contact me with items that they would like the board to address. Feel free to call, write, email, or use whatever method of communication you wish, to make me or the other members of the board aware of your thoughts, ideas, and concerns.

**continued**

## **PRESIDENT'S MESSAGE CONTINUED**

The South Dakota ASFMRA Board of Directors invites members, particularly from West River, to join them **for lunch on Friday November 18<sup>th</sup> at the Holiday Inn Rushmore Plaza next to the Rushmore Plaza Civic Center at 12:15.**

If you know you will be able to attend, please let me know. If you're not sure of your schedule and can make it that day, please show up. A room has been reserved and we will be ordering from the menu for lunch so it's not absolutely necessary to let me know ahead of time. This lunch for members will be paid for by the chapter.

With that have a great day and I hope to see many of you the 18<sup>th</sup>.

## **APPRAISER ACCREDITATION TIMELINE SHORTENS**

Currently, appraisers need 180 education hours for a general certified state license and 300 education hours plus an acceptable demonstration report to sit for the Accreditation Exam. On January 1, 2008, 300 education hours will be needed for the general certified license and over 400 education hours will be required to sit for the Accreditation Exam. Currently, an additional 45 hours of education is needed for the RPRA. In 2008, the additional hours above the ARA requirement will double to 90 hours.

Demonstration reports must be completed and submitted with application by the first of the year (e.g. – January 1, 2006) to sit for the accreditation exam the following summer (e.g. – June 2006). Thus, candidate members will need to complete education and demonstration reports by January 1, 2007 in order to sit for the accreditation exam in June, 2007. Otherwise, the increased education hours will be required starting in 2008.

The SD Chapter Mentor Committee will be developing a plan to work with and aid chapter members interested in obtaining their accreditation prior to 2008. Mentor Committee Chair Paul Reisch would like those interested in pursuing accreditation to drop him an e-mail conveying that and what stage they are at in the education, experience, and demonstration report process.

Those needing only a demonstration report are urged to complete that project by the end of this year if at all possible. We would like to see South Dakota representatives in the accreditation ceremony at the February 2007 meeting in Atlanta!

## **UPDATED MEMBER DIRECTORY**

An updated and current membership directory will be distributed in November. If you have updated information for the directory (including e-mail addresses), please let Sec-Treasurer Jack Davis or Newsletter Editor Paul Reisch know.

## CHAPTER MEMBERS ENJOY AUSTIN ANNUAL MEETING

The ASFMRA meeting in Austin, Texas offered updates from the Alliance Implementation Team, education programs, tours, education foundation auction and networking with other members from other states. Five chapter members were in attendance including Tom Jass, Ron Rucker, Paul Sickler, John Widdoss, and Veronica Widdoss. Those attending stated that the Texas Chapter was a wonderful host and really put themselves out to make all feel welcome and have a good experience in their state.



Thursday's Tour included a ranch in the "hill" country outside of Austin. This ranch was about 4000 acres with about 600 cows under rather low level herd management. They reported better ranch income from their hunting leases than from cow or other ag revenue sources. Rural residence development in this hill country is big and expensive.

What else do you do at a convention but wait to the feed bunk? The picture to the right was lunch setting on Tour Day. Texas barbeque, why not?

Paul Sickler was recognized at the annual meeting for his committee work on the Farm Plan.

Twelve new AFM's, twelve new ARA's and three new RPRA's were presented at the Friday Membership luncheon.



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The Foundation Auction was held on Saturday night prior to the dance. The auction was successful with over \$27,000 raised. South Dakota's donation of 4 pieces of Black Hills gold jewelry was again much desired by those attending.

The "watch" went on the live auction and brought \$500 plus. The rest went for what the retail price was except the slider necklace went for \$120.

The music was provided by members of George Strait's band and from members of Asleep at the Wheel band.

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## **AUSTIN ANNUAL MEETING CONTINUED**

The meeting emphasized the Leadership Institute in Washington DC. Since there is no annual meeting in 2006. The push for attendance in Washington is being made with hopes of 200 attendees. The dates are not finalized, but expect the middle of September for the Leadership Institute.

Finally, what would a trip to Austin be without a shot of the long horn??



## **MEMBER PROFILE IS SCOTT HEIMES**

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

My experience as an appraiser has been solely with FCSA. I started as an appraisal specialist in Nov. '03.

After accepting that job, a month later, I had the opportunity to accept an appraiser job in the Sioux City, IA office. I wasn't thrilled about being in Iowa, but Mike Muff, the senior appraiser in the office was a great mentor and I learned a lot from him. In April I moved back to the Sioux Falls office. I had spent the last year driving to Sioux City from Worthing, so the move was greatly appreciated.



My education relating to appraisal stems mostly from the ASFMRA classes I have taken so far A10, A20, A30, and a few others. I did also take a Rural Real Estate Appraisal class with Linda Dumke while I was at SDSU. This class is likely what sparked my interest in appraising. I also feel growing up in a rural area, and farming has been helpful.

**continued**

## **MEMBER PROFILE CONTINUED**

**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.**

I was encouraged to become a member by my peers, they suggested it is a great way to meet people and put faces to the names. I also realized it's a great way to network, and bounce questions off of others that have been in the profession longer than I have (which is just about everybody).

The breakfast meetings I've attended have been informative. Touring the Lewis and Clark water line, cattle feedlots, learning about the turkey plants have been interesting and answered several questions. I am encouraged to continue to be a part of the chapter because of the members, learning experiences, and wanting to be a part of the decision making in the chapter, that affects our profession.

**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 grew up on a small grain and livestock farm in northeast NE near Hartington, or 30 miles south of Yankton or Vermillion. The crops consisted of corn, soybeans, alfalfa, and oats. We milked cows until I was in High School. We continually ran 60 to 80 stock cows and usually farrowed and finished hogs as well.

The area is a prominent German Catholic area. I am the third of eight kids. I went to High School at Cedar Catholic in Hartington, and then went one year at Dana College in Blair, and transferred to SDSU where I finished my college career.

After college I managed a small purebred farrowing site in Coleridge, NE. I got married and decided to move to Sioux Falls where my wife was working at the time. I worked for Gateway for 1 year before I started at FCSEA.

My main hobbies or interests besides my family would include farming with Dad, and Playing South Dakota Amateur Baseball. I also enjoy hunting/fishing, and some woodworking.

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

Memorable or unique experiences would include getting married and the birth of our son Owen. Another would be winning the State Amateur Baseball championship.

Working with Farm Credit has been a unique experience in itself. Several experiences include, the annual appraiser fishing trip in Craig Sommers country, doing a chattel inspection for Jim Vietor in the Pierre area, my first Hutterite inspection with John McMahon, getting stuck on a dirt road in early spring a month after starting my job, and the turmoil our company went through dealing with a buyout. The experiences were both good and bad, but I hopefully learned from them and look forward to more of them.

## AVM BY COURNEY SHERECK TECHNOLOGY COMMITTEE MEMBER

Have you heard about “AVM” – **Arteriole Venous Malformation?**

**No –Automatic Valuation Model** In any industry, acronyms are floating out there and many of us are confused as to what they really are. Automatic Valuation Model is a source that is currently being used to provide an estimate of value on residential property based upon historical data for an extended period of time, using location, the law of large numbers, trend analysis, etc.

AVM’s are becoming more and more relied upon by secondary market or investors to spot trends and/or spot check their portfolios. But, how is this information is being obtained?

There are several sources. First of all it is your own appraisal report that is currently being transmitted electronically.

When appraisal are transmitted through software such as **Lighthouse** which is a software vehicle that translates reports into easily read and transmitted reports that can be placed in a simple spread sheet. This data is eventually compiled and fed into an even larger data base.

For example if a property re-sold the market rate could be estimated.

e.g. (Property “A” sold on 12/01/2003 for \$100,000 and later re-sold on 10/25/2005 for \$108,000) the market rate of four (4%) percent was indicated in this sample.

Another example of a use of an AVM, an investor subscriber, pulls a report based upon on a target location and obtains a QC Score primarily for due diligence.

The score identifies investor risk based upon the data sources and current indices.

High Risk Score - Occurs when the process concludes that the investor risk is high. The courses of action recommends for these higher scores include ordering an appraisal, or appraisal review.

Medium Risk Score - Occurs when the process concludes that some elements of the investor risk are present, but do not meet high risk. The courses of action typically recommended for these scores are dependent on other factors such as credit scores.

Low Risk Score - Occurs when the process concludes that the investor risk low. The recommendation is for no further analysis.

As indicated in these two (2) examples of the usage of AVM’s. They are here to stay.

Current users of AVM’s currently tend to be small segment of the market and are typically limited to third party users and not originators. However, more originators are currently looking into the usefulness and to provide them with insight into their own operations.

In conclusion, Automatic Valuation Models are a tool used to aid current subscribers in their analysis. I can see a time when AVM’s could used by appraisers to help them in their analysis especially in developing retrospective appraisals.