

June 17, 2016

Mr. Joe Traynor
Chair
Appraiser Qualifications Board
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

Re: 1st Exposure Draft of Proposed Changes to the Real Property Appraiser Qualification Criteria

Dear Mr. Traynor:

Thank you for the opportunity to comment on the First Exposure Draft (“Draft”) to the Real Property Appraiser Qualification Criteria, dated May 18, 2016. The Appraisal Institute has reviewed the Draft in consultation with several Appraisal Institute national committee chairs to offer the following comments relative to the issues identified by the AQB. We wish to commend the AQB members for their hard work on what is, without a doubt, a complex and difficult endeavor. Thank you for your dedication to this project.

General Issues

As the Appraisal Institute has stated in previous comment drafts, TAF and the AQB should reevaluate its programming as it relates to the business and regulatory climate imposed on appraisers. The goal should be to avoid adding more layers of rules (e.g., background check requirements without efficient means for processing such requirements) and new regulatory regimes and liabilities (codified methodology). TAF and its boards should focus their attention to TAF’s core mission of establishing minimum appraiser qualifications and standards, and to remove unnecessary and inappropriate regulatory burdens on appraisers.

Additionally, we believe the AQB should remove itself from developing and mandating qualifying experience criteria altogether. The states are not well-positioned nor resourced to administer an experience requirement in a consistent and qualitative manner. Moreover, experience should not be a requirement for a minimum state credential, as most professions require education rather than experience for entry into such professions. Experience comes later. This is how other professions, such as accounting, deal with minimum qualification requirements. Individuals do not have to have experience in order to work as regular accountants. To be sure, there is an experience component, along with other requirements, to perform all of the functions of a CPA. However, in contrast to appraiser requirements, an accountant entering the profession does not face the restrictive roadblocks that appraisers encounter.

One result from the existing qualification criteria is that the public may erroneously conclude that a state has examined and evaluated the quality of a newly certified appraiser’s experience, when in fact a state may not have even viewed the appraisal reports. There are tremendous inconsistencies among the states in this regard, which adds to the confusion. It is time to follow the career entry blueprint of other established professions and remove unnecessary hurdles for new appraisers.

When it comes to judging experience, professional associations such as the Appraisal Institute have sophisticated and structured programs for rating experience as part of their designation programs. The market should consider experience as one of a number of qualifications for specific assignments because a governmental mandate in experience for a minimum state credential potentially can undermine the public trust due to inconsistencies in how the experience is qualified by different states.

Alternative Track for Licensed Residential to Certified Residential

The proposed changes to the base level education requirements for the Licensed Residential credential are reasonable, as are the changes to the base level education requirements for upgrading Licensed Residential to Certified Residential.

The formatting of the current proposals may engender confusion, however, as Section 1 mixes base level education (i.e. high school and college education) with appraisal education, and even goes beyond that to include an experience component. While we understand that the AQB may have felt it necessary to follow the existing format, doing so unnecessarily muddles the requirements. Perhaps the clarity of the criteria could be enhanced if a different format were to be used making a clearer distinction of the education requirements. Additionally, please be aware that the word “additional” on line 40 on page 8 creates confusion because there is no reference in the document as to what courses are required in the first 75 hours, other than the 15-Hour USPAP.

The Appraisal Institute takes issue with the concept of a Trainee Appraiser because it assumes the need for an individual to gain experience prior to achieving a credential—which is counterproductive to the changes that the AQB presents in Section 2, and to what we state on the prior page under General Issues.

Even though the AQB received no feedback on it in the previous Discussion Draft, the Appraisal Institute proposes that the AQB consider an alternative track to Certified General. Commercial appraisers are not facing the same overall downward trend, as residential appraisers face, but it would make sense to be consistent with providing an alternative track. At the very least, it should be considered.

Enhanced Practicum Curriculum

While the Appraisal Institute is pleased that the AQB’s Draft is moving in the right direction by providing an educational alternative to the experience requirement for credentialing, it is premature to include the concept in the Draft. There simply are not enough details as to what the course outline and matrix will be, and more importantly, not enough consideration has been given to the preparedness of state appraiser regulatory agencies to review the qualifications of appraisers who have earned a certified credential based on the education alternative.

The Appraisal Institute strongly believes that the AQB needs to move away from requiring experience to attain credentials in order to better ensure the future viability of the profession. The first step is to make tested education the primary means to attain state license and certification credentials, with experience positioned as a finitely available alternative. The required education will need to be robust and delivered through a curriculum that presents both theory and practical application.

In addition to adding practical application coursework, theory fundamentals needs to be enhanced. Should the AQB adopt this plan, the Appraisal Institute stands ready to explore the development of enhanced theory fundamentals and “practicum” courses for the betterment of the appraisal profession. The Appraisal Institute would consider a partnership with TAF in this regard. We strongly caution TAF against developing their own practicum courses in order to avoid the appearance of self-dealing. Instead, TAF should leave it to the private sector to create coursework tailored to the outline and matrix developed by the AQB and its partners. We suggest the AQB slow down this initiative in order to give it more thoughtful consideration, and engage all education providers for input—which is critically important to this endeavor.

Alternative Experience

The Appraisal Institute believes that the AQB should not open the “alternative experience” door as part of the minimum state appraisal credentialing criteria. While we understand that the intent is to allow alternative experience from other sectors of real estate and finance, the outcome does not appear to be practical. We question whether state appraiser regulatory agencies can objectively and consistently consider such alternative experiences in lieu of tested education. Further, the questions posed in the Draft clearly demonstrate that the AQB should not go down this road, as there are no good or reasonable answers to these questions.

This proposal does not work in harmony with the enhanced practicum curriculum. If the curriculum can be implemented correctly, the proposed alternative experience is unnecessary. Moreover, an applicant requesting the acceptance of experience in lieu of required education may elect to take the exams for the courses in which the applicant has experience. If an individual has professional experience related to appraising, then that person should be able to pass a test to ensure understanding of the experience.

The bottom line is that professional associations are best situated to consider alternative experience in their designation or certification programs, which are beyond minimal state appraisal credentialing.

“Trainee” Nomenclature

The Appraisal Institute believes “trainee” can be perceived as an offensive or demeaning term. “Appraiser Intern”, or “Appraiser Apprentice”, as suggested in the Draft, might be better.

Further, if the AQB adopts our prior suggestions, above, we see fewer problems with transitioning appraiser trainees to licensed appraisers. Further, this becomes much less of an issue if an enhanced practicum curriculum is adopted.

Three Year Supervisory Residency Requirement

As stated in the Discussion draft, the Appraisal Institute believes the AQB should not be in the business of establishing qualifications for trainees or supervisors. If the AQB criteria aligned purely with an educational licensing credential, the qualification process would be better aligned with the public interest. The public would know what they are getting: a well-educated individual in appraisal theory fundamentals that includes case studies emulating practical application that have been consistently and objectively administered and tested. Moreover, we concur with the Draft’s view that Supervisory appraisers would continue to be required to comply with USPAP, including the competency rule, with or without the “jurisdictional” requirement.

That said, within the current framework, we support the AQB’s effort to make it less burdensome for appraisers to act in a supervisory role by eliminating the three-year “jurisdictional” requirement. The requirement is an unnecessary barrier to entry at a time when there are coverage issues in some areas of the country, particularly some rural areas; and that there is little interest in entering the profession.

Thank you again for the opportunity to comment on the First Exposure Draft. Please contact Bill Garber, Director of Government and External Relations at 202-298-5586, bgarber@appraisalinstitute.org should you have any questions or require additional information.

Sincerely,

Appraisal Institute