



January 12, 2018

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

**Re: Fourth Exposure Draft of Proposed Changes to the Real Property Appraiser Qualification Criteria**

Dear Mr. Traynor:

Thank you for the opportunity to comment on the Fourth Exposure Draft (“Draft”) to the Real Property Appraiser Qualification Criteria, dated November 1, 2017. The Appraisal Institute has reviewed the Draft and offer these 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.

**Experience Requirements**

The Appraisal Institute believes that the AQB has an opportunity to consider experience in new ways not previously allowed. The appraisal profession is unique in this regard as many professions, including real estate sales, accounting and law, do not impose experience requirements for base licenses. For example, individuals need not have experience to work as accountants. There is an experience component, along with other requirements, to perform the functions of a CPA competently, just as in appraisal. However, in contrast to appraiser requirements, an accountant entering the profession does not face the restrictive roadblocks that appraisers encounter *vis a vis* experience.

Instead, professional associations are best situated to consider alternative experience in their designation or credentialing programs. For example, the Appraisal Institute sophisticated and structured programs for assessing experience as part of their designation programs. The market should consider experience as one of several qualifications for specific assignments. However, a governmental mandate for experience for a minimum state license or certification can undermine the public trust due to inconsistencies in how the experience is qualified by states, if at all.

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 a state may not

have even viewed the appraisal reports. There are tremendous inconsistencies among the states 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.

Rather than sticking with a historic paradigm, there is a great opportunity for the AQB to creatively address these issues. While we understand the argument about "qualified" versus "competent", most of the appraisers who end up under disciplinary actions before a state board simply don't realize they are not competent. While the AQB considers them "qualified" and not necessarily "competent", the perception in the marketplace is they are credentialed and able under the current system.

To this end, we are in favor of TAF reevaluating experience requirements, and support the development of greater allowances for experience to be earned in the classroom in a tested environment as the first step. Certainly, moving away from the apprenticeship model is ideal, but we recognize that many may not be ready to accept this. This proposal might be considered later as a part of the enhanced practicum curriculum. If the curriculum can be implemented correctly, the proposed experience reductions might make sense. We suggest this consideration be made as a part of a coordinated effort with the enhanced practicum curriculum. 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.

#### **Licensed Residential and Certified Residential College-Level Education Requirements**

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

#### **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 alternative to the Bachelor's Degree requirements including at least 5-years as a Licensed Residential credential is generally a reasonable option especially when it also includes the items 1 thru 4 on lines 158-167 as a part.

The options for Trainee Appraiser to Certified Residential Real Property Appraiser under "D", the Licenses Residential Real Property Appraiser to Certified Residential Real Property Appraiser under "E", all appear reasonable. In addition, the requirements "F" for Trainee Appraisers wishing to change to Certified Residential Real Property Appraisers appears reasonable as does the requirements "G" for Certified General Real Property Appraiser meeting the requirements for Certified Residential Real Property Appraiser.

#### **Practical Applications of Real Estate Appraisal**

The Appraisal Institute is pleased that the AQB's Draft is removing this from consideration for further study. The concept is moving in the right direction by providing an educational alternative to the experience requirement for credentialing, but it is premature to include the concept in the Draft. There simply are not enough details on 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 details of this concept should be investigated further and a more detailed proposal exposed inclusive of those details for comment. The Appraisal Institute stands ready to assist in these efforts as we have demonstrated experience in this area with some of our successful programs.

The Appraisal Institute believes that the AQB must eventually move away from requiring experience to attain

credentials 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 must be robust and delivered through a curriculum that presents

both theory and practical application. Pubic trust can be achieved by restriction of the allowable work to the public much like the legal and accounting profession provide.

Besides adding practical application coursework, theory fundamentals must 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 bettering the appraisal profession. The Appraisal Institute would consider a partnership with TAF. We strongly caution TAF against developing their own practicum courses to avoid the appearance of a conflict of interest. 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 to give it more thoughtful consideration, and engage all education providers for input—which is critically important to this endeavor.

Thank you again for the opportunity to comment on the Fourth Exposure Draft. Please contact Jim Amorin, MAI, SRA, AI-GRS, Acting CEO at 312-335-4110, [jamorin@appraisalinstitute.org](mailto:jamorin@appraisalinstitute.org) if you have questions or require additional information.

Sincerely,

Appraisal Institute