



June 5, 2023

Zixta Martinez
Chair
Appraisal Subcommittee
1325 G Street NW, Suite 500
Washington, DC 20005

Re: Comments on May 19th Hearing on Appraisal Bias

Dear Chair Martinez:

On behalf of the 16,000 professionals of the Appraisal Institute, thank you for the opportunity to comment for the record on the Appraisal Subcommittee's ("ASC") May 19th hearing on the topic of appraisal bias.

AI PAREA

As discussed during the hearing, the Appraiser Qualifications Board of The Appraisal Foundation ("TAF") recently approved our Practical Applications of Real Estate Appraisal ("AI PAREA") program for the Licensed Residential path. AI PAREA, which is an online program, is an alternative pathway to the traditional supervisory appraiser-trainee model for aspiring appraisers to gain required experience hours to become a licensed or certified appraiser. With AI PAREA, there are now three pathways that exist for aspiring appraisers – the traditional supervisory appraiser-trainee model, the practicum model, and PAREA.

Residential appraising is not a "one size fits all" endeavor. Experience in real estate valuation is critically important because real estate markets are diverse and differ by property type, construction quality, property condition and market forces. Experience from recent financial crises has taught the mortgage market and regulators that we must pay close attention to collateral valuation risks or face heavy consumer and taxpayer risks. AI PAREA provides consistent and challenging real estate valuation simulations much like pilots face in cockpit simulators to reduce risks and protect taxpayers, mortgage interests, and consumers.

Offers to Provide Briefings

On at least two occasions, the Appraisal Institute has offered to provide briefings to ASC on AI PAREA. Given the number of questions at the May 19 hearing centering around PAREA, we believe the ASC would benefit from such information. We stand ready to provide such information should the ASC have an interest.

Cost Questions

The Appraisal Institute understands that to make AI PAREA work as an effective model it is important to make it available at a reasonable price. As a nonprofit organization, we do not have the luxury of pricing programs at a loss, at least not without negative financial consequences. AI PAREA is the largest venture undertaken by the Appraisal Institute in its 90-year history. The payback period for this project is reasonable under financial and project management standards.

In developing AI PAREA, we contracted with a third-party education and training consultancy to study the value proposition of the program by surveying trainees and supervisory appraisers. This research indicates a value proposition of \$5,000 for the Licensed Residential program and \$5,000 for the Certified

Residential program. This is not the final price of the AI PAREA program, as our goal is to make the program available with a combination of discounts, flexible payment plans, and scholarships. We expect to share those details when the program launches broadly following a pilot program and once registration is available.

State Grants

We note the Appraisal Subcommittee's State Support Grants can be made for the "Expansion of appraiser credentialing opportunities in under-served markets". We are aware of states that are considering making requests for Grant funds to establish scholarship programs for aspiring appraisers to participate in AQB-approved PAREA programs. We strongly encourage the ASC to approve grant funds for PAREA scholarships. To strengthen the effort, we request that the ASC direct states to give priority for the scholarships, grants, etc., to aspiring appraisers who are part of communities that have historically been underrepresented in the appraisal profession.

Thank you again for the opportunity to comment. Should you have any questions, please contact Bill Garber, Director of Government and External Relations, Appraisal Institute, at 202-298-5586 or bgarber@appraisalinstitute.org, or Brian Rodgers, Manager of Federal Affairs, Appraisal Institute, at 202-298-5597 or brodgers@appraisalinstitute.org.

Sincerely,

A handwritten signature in cursive script that reads "Craig Steinley".

Craig Steinley, MAI, SRA, AI-GRS, AI-RRS
President