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May 8, 2017

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

Submitted via email: aqbcomments@appraisalfoundation.org

RE: Third Exposure Draft of Proposed Changes to the Real Property Appraiser
Qualification Criteria

Dear Mr. Traynor,

On behalf of the over 1.2 million members of the National Association of REALTORS® (NAR), I submit this letter in response to the Appraiser Qualifications Board's (AQB) *Third Exposure Draft of Proposed Changes to the Real Property Appraiser Qualification Criteria*. NAR supports revision of the current Qualification Criteria as some elements are overly burdensome and discourage entry into the appraisal profession. Appraisals are an important part of the home-buying process and ensuring there are well-trained, qualified appraisers to supply demand is key to a safe and healthy housing market.

The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,200 local associations or boards, and 54 state and territory associations of REALTORS®. NAR represents a wide variety of housing industry professionals, including approximately 25,000 licensed and certified appraisers, committed to the development and preservation of the nation's housing stock and making it available to the widest range of potential homebuyers.

Revised Appraiser Education Requirements

Given that many talented and qualified Licensed Residential appraisers working today do not have a college education, NAR fully supports the elimination of the 30- semester hours of college-level education required for Licensed Residential appraisers. College degrees are costly and time-consuming and are especially burdensome when considering the day to-day reality of the Licensed Residential appraiser's work and income. Many lenders and some forms of financing prohibit Licensed Residential appraisers from providing the appraisal, resulting in a loss of opportunity and income for this credential level. Re-focusing the Licensed Residential education requirement on 150 hours of the AQB *Required Core Curriculum* is appropriate for the type of appraisal work available to Licensed Residential appraisers.

NAR was surprised to see the re-introduction of the Bachelor's degree requirement for the Certified Residential classification in this Third Exposure Draft. The previous recommendation in the AQB's Second Exposure Draft to reduce the Certified Residential education requirement from a four-year degree to a two-year degree was a



step toward greater opportunity of entry into the profession, while still ensuring a Certified Residential designee would have the knowledge and skills necessary for successful appraisal practice. NAR urges the AQB to implement the proposed revision from the Second Exposure Draft and change the education requirement for Certified Residential Appraiser from a four-year degree to a two-year degree. NAR re-iterates support for allowing degree equivalency through College Level Placement Exams and/or class hours in key subjects. By focusing on the specific skills and knowledge relevant to the valuation of real estate, the AQB will cultivate new classes of appraisers with the appropriate education for the profession.

However, NAR also urges the AQB to consider that for many workers who already have thousands of hours of appropriate on-the-job training, the financial burden and time demand required to complete a degree can be prohibitive to becoming an appraiser. NAR urges the AQB to think outside traditional education models of classes and testing, as many great candidates including brokers, real estate agents and others involved with non-USPAP conforming valuations and appraisal compliance reviews do not have traditional four-year degrees. The AQB should count years of experience in the appraisal profession under a trainee license to qualify for at least part of the degree requirement, along with the college equivalency exams and class hours proposed for the Certified Residential classification.

Revised Appraiser Experience Requirements

A good appraiser understands when and how to use the various valuation methods and tools available today. That knowledge is developed over time, mainly through the performance of a variety of appraisals. Traditionally, trainees worked under supervisory appraisers who oversaw the successful completion of the trainees' experience hours. Unfortunately, it is harder and harder for appraisers to take on trainees in today's market. A recent NAR study found that less than one in five appraisers currently take on trainees. The majority of those surveyed cited lack of compensation as the main barrier to taking on trainees, the result of lenders and certain types of financing not accepting work completed by trainees as sufficient for the appraisal.¹ As such, NAR agrees with the proposal that the time limits under which to accrue appraisal experience hours should be removed for all types of appraiser classifications. These time limits are difficult to comply with for many qualified potential appraisers as many of them must continue to engage in outside employment during their appraisal training for financial reasons. In addition, the lack of available supervisory appraisers might require a trainee to take longer to obtain the necessary experience hours.

While NAR is supportive of the AQB's proposed removal of time restraints on completing the experience requirements, our appraiser members have expressed concern with the reduction of required experience hours for each classification and the allowance of virtual or theoretical appraisal assignments to count for 100 percent of the experience requirement. Supervisory Appraisers agree that the most useful preparation for becoming an appraiser is the actual performance of an appraisal. There is no substitute for real world experience and by reducing the experience hours necessary for certification and allowing 100 percent non-traditional client work, the AQB would be jeopardizing the quality of incoming appraisers into the profession. NAR urges the AQB to keep the current number of experience hours required and allow only up to 50 percent of experience to be obtained through non-traditional clients for each appraiser classification.

Thank you again for your consideration of these suggestions. If I may be of any assistance to you, please do not hesitate to contact me or NAR's Regulatory Policy Representative, Sehar Siddiqi, at (202) 383-1176 or SSiddiqi@REALTORS.org.

Sincerely,



William E. Brown
2017 President, National Association of REALTORS®

¹ National Association of REALTORS® Research Department, 2017 Appraisal Trends Study.