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

Dear Mr. Traynor:

On behalf of the 1.3 million members of the National Association of REALTORS® (NAR), I submit this letter in response to the Appraiser Qualifications Board's (AQB) Fourth Exposure Draft of **Proposed Changes to the Real Property Appraiser Qualification Criteria**. NAR supports revision of the Qualification Criteria to reduce unnecessary cost and time burdens on potential appraisers and ensure the continued entrance of new appraisers into the profession. Appraisals are an integral 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.

Today, the appraisal industry is in a state of flux. Reports of appraiser shortages, concerns over deteriorating appraiser income, and the increased use data-based valuation systems are among the many issues being discussed within the real estate industry. NAR understands the AQB is revising the current Qualifications Criteria with many of these concerns in mind. This is not only understandable, but necessary. The following comments take into consideration similar concerns, with the goal of ensuring the continued entrance of competent and qualified appraisers into the field.

Appraiser Education Requirements

NAR supports the proposed elimination of the 30 semester hours of college-level education required for Licensed Residential appraisers. Many lenders and some forms of mortgage financing refuse to rely on appraisals provided by Licensed Residential appraisers, limiting both income and career opportunities for Licensed Residential appraisers. Forcing Licensed Residential appraiser trainees to take on the



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time and cost burden of college-level work would effectively prohibit many potential Licensed Residential appraisers from entering the profession.

NAR was pleased to see the AQB offer more flexibility on the Bachelor's degree requirement for the Certified Residential appraiser credential. Recognizing an Associate's Degree in a related field of study, or the successful completion of 30 semester credit hours through relevant coursework or College Level Placement Exams, are both appropriate ways to ensure a Certified Residential appraiser has the knowledge base necessary for successful appraisal practice. 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.

As stated in previous NAR comment letters to the AQB, the reality is that many of the highly capable and competent appraisers currently working in the industry do not have a college education. Many potential appraiser candidates have accumulated the necessary skills, wisdom, and technical expertise to become appraisers through years of work in the real estate industry. For example, many brokers and real estate agents have developed the ability to perform appraisal type work through their experience with broker price opinions and comparative market analyses. NAR urges the AQB to consider evaluating actual relevant work experience 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.

Experience Requirements

NAR is concerned with the proposed reduction of experience hours required for the Licensed Residential and Certified Residential appraiser credential levels. Competency in valuation is developed through the physical process of reviewing and analyzing a variety of properties. This allows the trainee appraiser to become familiar with and eventually master the various valuation methods and tools available today. Under the proposed reduction of experience hours, the Licensed Residential credential would require 50 percent less hours and the Certified Residential would require 40 percent less hours, making it much less likely a trainee appraiser would see a wide breadth of properties while building up their valuation skills.

NAR is cognizant of the difficulty in finding enough Supervisory Appraisers to match training needs. A 2017 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 However, reducing the required trainee hours would not help the actual problem of lack of compensation for Supervisory Appraisers, but could undermine the quality of new entrants into the appraisal profession. NAR urges the AQB to keep the current number of experience hours required.

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,



Elizabeth Mendenhall

2018 President, National Association of REALTORS®

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