

July 26, 2024

Kelly Davids
President
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC

Dear President Davids:

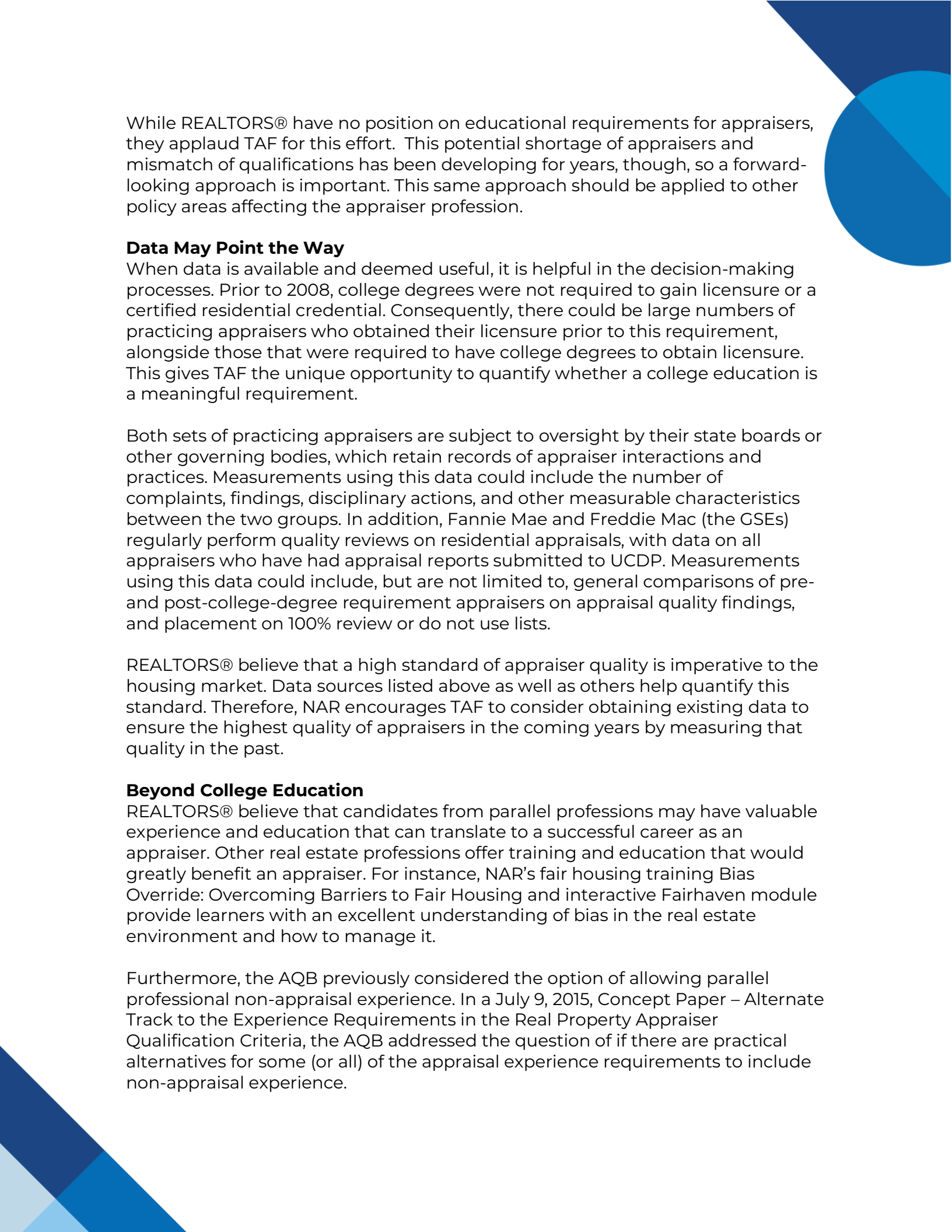
On behalf of the 1.5 million members of the National Association of REALTORS® (NAR), we thank you and the Appraisal Foundation (TAF) for your [concept paper](#) on the educational requirements for appraiser licensing. Appraisals are the bedrock of the housing finance system that feeds the housing market. Fostering a process for developing new appraisers of high quality is key to the long-term success of the market.

By way of background, 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, along with its availability to the widest range of potential homebuyers.

Access to credit is key to homeownership for most Americans, and most of those credit decisions depend on an appraisal. Most appraisers are over the age of 50 (63%), with 23% of those over the age of 65,¹ suggesting many appraisers may retire in the years ahead. Coupled with a slow rate of replacement, this mismatch could lead to a shortage of qualified appraisers. Furthermore, several groups and regulators have cited the education standards of the Appraiser Qualifications Board (AQB), particularly requiring a college degree for the certified residential appraiser credential, as excessive and an obstacle to diversity in the appraisal profession. Conversely, anecdotal evidence suggests that aspiring appraiser candidates, even college graduates, often don't have the appropriate course work or skills to succeed in the profession. Solving this problem is key to fostering the next generation of quality appraisers.

An Important Direction

¹ US Valuation Profession Fact Sheet. Appraisal Institute. 2023.
https://www.appraisalinstitute.org/getmedia/bf70e869-945f-4fab-851c-44204f971224/2023_ai_fact_sheet



While REALTORS® have no position on educational requirements for appraisers, they applaud TAF for this effort. This potential shortage of appraisers and mismatch of qualifications has been developing for years, though, so a forward-looking approach is important. This same approach should be applied to other policy areas affecting the appraiser profession.

Data May Point the Way

When data is available and deemed useful, it is helpful in the decision-making processes. Prior to 2008, college degrees were not required to gain licensure or a certified residential credential. Consequently, there could be large numbers of practicing appraisers who obtained their licensure prior to this requirement, alongside those that were required to have college degrees to obtain licensure. This gives TAF the unique opportunity to quantify whether a college education is a meaningful requirement.

Both sets of practicing appraisers are subject to oversight by their state boards or other governing bodies, which retain records of appraiser interactions and practices. Measurements using this data could include the number of complaints, findings, disciplinary actions, and other measurable characteristics between the two groups. In addition, Fannie Mae and Freddie Mac (the GSEs) regularly perform quality reviews on residential appraisals, with data on all appraisers who have had appraisal reports submitted to UCDP. Measurements using this data could include, but are not limited to, general comparisons of pre- and post-college-degree requirement appraisers on appraisal quality findings, and placement on 100% review or do not use lists.

REALTORS® believe that a high standard of appraiser quality is imperative to the housing market. Data sources listed above as well as others help quantify this standard. Therefore, NAR encourages TAF to consider obtaining existing data to ensure the highest quality of appraisers in the coming years by measuring that quality in the past.

Beyond College Education

REALTORS® believe that candidates from parallel professions may have valuable experience and education that can translate to a successful career as an appraiser. Other real estate professions offer training and education that would greatly benefit an appraiser. For instance, NAR's fair housing training Bias Override: Overcoming Barriers to Fair Housing and interactive Fairhaven module provide learners with an excellent understanding of bias in the real estate environment and how to manage it.

Furthermore, the AQB previously considered the option of allowing parallel professional non-appraisal experience. In a July 9, 2015, Concept Paper – Alternate Track to the Experience Requirements in the Real Property Appraiser Qualification Criteria, the AQB addressed the question of if there are practical alternatives for some (or all) of the appraisal experience requirements to include non-appraisal experience.

To this end, NAR urges the Appraiser Qualifications Board (AQB) of the Appraisal Foundation (TAF) to establish equivalency credit for education and experience in licensed and regulated fields involving valuation such as licensed real estate salespersons, real estate agents, and real estate brokers.

Conclusion

We thank you again for your commitment and attention to addressing the educational requirements in the appraisal profession. REALTORS look forward to TAF's review of this issue. If you have any questions or comments, please feel free to reach out to Keisha Wilkinson, NAR's Senior Policy Representative for Valuation Policy, at KWilkinson@NAR.Realtor.

Sincerely,



Kevin Sears
2024 President
National Association of REALTORS®