



8546 Broadway, Suite 165 * San Antonio, TX 78217
(800) 766-1936 * www.naappraisers.org

November 1, 2016

Appraisal Qualifications Board
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

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

On behalf of the Board of Directors of the National Association of Appraisers, I wish to convey our gratitude for the efforts expended by the AQB examining potential areas of change to the *Criteria* and the opportunity to provide our opinions and recommendations relating to the recommended changes contained in the Second Exposure Draft.

Section 1: Licensed Residential and Certified Residential College-Level Education Requirements

Response: NAA is in agreement with the revision to the Licensed Residential Credential by removing the college-level education requirement in its entirety.

Although we are in support of the three recommended options for an individual to demonstrate specific college-level equivalency detailed in the Second Exposure Draft, we are disappointed to see the exclusion of previously proposed alternative track in recognition of Licensed Residential Appraisers who have been completing hundreds and thousands of appraisal assignments, demonstrating knowledge in the development and communication of residential appraisal assignments that do not put the public trust at risk. The current recommended *Criteria* places these professional practitioners on the same requirement level as someone entering the profession with absolutely no knowledge or experience in the valuation of real estate.

In our November 18, 2015 response to the Concept Paper – Alternative Track to Experience Requirements, the NAA communicated the following recommendation, which we continue to request consideration by the AQB for the benefit of the thousands of Licensed Residential Appraisers who have successfully demonstrated a level of knowledge in the development and communication of credible valuation assignments that are currently not being recognized in the proposed *Criteria*.

November 18, 2015 Response:

The National Association of Appraisers proposes that the college degree/coursework requirement be waived for licensed appraisers with five (5) years of verifiable appraisal experience and with no USPAP Ethics Rule violations within the five (5) years preceding the upgrade application. Naturally, the applicant would be required to satisfy the Certified Residential core appraisal curriculum (200 hours) and pass the Certified Residential Exam.

Rationale:

- 1. Licensed appraisers with a five-year appraisal history and no Ethics Rule violations have demonstrated their ability to conduct themselves (within the scope of practice for a Licensed appraiser) in a manner consistent with protection of the public trust.*
- 2. Successful completion of the 200 hours of appraiser core curriculum and the exam for the Certified Residential credential demonstrates that the applicant possesses the minimum required knowledge, skills and abilities necessary to perform appraisals within the scope of practice of a Certified Residential appraiser.*

- 3. A college degree (or other required college coursework) may be desirable as the “mark of a professional,” but it truly has no direct bearing on the specific knowledge and skill-set necessary for an appraiser to protect the public trust by performing appraisals ethically and competently.*

What was not discussed in our November response as further support for our position is the proliferation of technology utilized within the quality assurance processes by lenders and their third party vendors, in addition to the Mandatory Reporting Requirements within the Interagency Appraisal and Evaluation Guidelines requiring lenders to report appraisers whose work would put into question public trust. If an appraiser is producing poor quality appraisals they are being recognized and they are being reported to the regulators. As such, we continue to believe that a Licensed Appraiser with five or more years’ experience and no complaints has demonstrated a level of knowledge in the development and reporting of residential appraisals that do not put into question public trust.

We therefore request the AQB consider an alternative similar to the recommendation submitted by NAA back in November 2015 and reiterated again in this response.

As stated in the beginning of this response, the NAA is in favor of the recommended edits to the Qualifying Education Criteria contained in pages 8 through 11 of the Second Exposure Draft.

Section 2: Practical Applications of Real Estate Appraisal

Response: NAA supports the AQB decision to remove this from the Second Exposure Draft, develop and expose in a separate draft.

Section 3: Experience Requirements.

Response: NAA is in support of the reduction of minimum hours as reflected on page 13 of the Second Exposure Draft – 1000 hours of experience for Licensed Residential, 1,500 hours of experience for Certified Residential, and 2,000 hours of experience, with at least 1,000 hours in non-residential appraisal for Certified General credentials.

The NAA does not, however, support the entire removal of the minimum time frame. We do believe the current minimum time frame is excessive, creating a disincentive for potential new entrants into the profession as well as potential supervisory appraisers reluctant to commit to such an extended time period. That said, we are concerned that no minimum time frame might provide opportunity for abuse through accelerated completion of assignments that would not allow for sufficient learning experiences necessary to develop the necessary knowledge and experience to ensure public trust.

We therefore believe that imposing the following minimum time frames will provide some level of assurance of compliance with the experience development intent of the Criteria:

- Licensed Residential: 1,000 hours of experience, **in not less than six months.**
- Certified Residential: 1,500 hours of experience, **in not less than nine months.**
- Certified General: 2,000 hours of experience, with at least 1,000 hours in non-residential appraisal, **in not less than 12 months.**

The NAA is also supportive of the AQB decision to discontinue the examination of whether experience obtained in other professions should qualify towards a real property appraiser credential.

In closing, we wish to thank you again for the opportunity to express our views. If you have any questions, please do not hesitate to contact me at (480) 209-9636 or president@naappraisers.org.

Respectfully Submitted,

John T. Dingeman, MNAA
President, National Association of Appraisers