



# News Letter

July 31, 2024

Volume 2, Edition 3

## In This Edition

It may seem to be a slow time between conferences for many NAA members, but the board of directors and members of NAA continue to stay busy attending appraisal organization meetings, planning conferences and providing information to the membership of NAA.

The newsletter is one avenue to get this information out, and in this edition, there are several articles from those that have attended these meetings.

It is important for NAA to have representation so our voices can be heard. Malinda Griffin, MNAA and President of NAA, has attended open meetings of The Appraisal Foundation including the Board of Trustees meeting in Indianapolis, the TAF Joint Councils meeting in Washington DC. She was on the Women's Appraisal Forum on May 16, 2024 and attended the virtual meeting of the Appraisal Subcommittee.

Melissa Bond, MNAA has reported on information that was presented at the AARO (Association of Appraiser Regulatory Officials) conference that occurred earlier this spring. This group discusses current topics in appraising and how to handle these during complaint investigations across the nation. Melissa has three topics that are important to our members.

Many members attended an Instructor Conference in Tennessee hosted by Appraiser eLearning, our education partner, to improve their speaking and presentation skills. Hansel Dobbs, MNAA attended the Appraisal Modernization Summit, The Appraisal Foundation's Advisory Council meeting plus many more to bring you the latest information.



## Appraisal Summit 2024

The Program Committee has been hard at work securing topics, speakers and continuing education credits for the Summit to be held at Planet Hollywood in Las Vegas September 14-17, 2024.

Remember to register early to get the lowest price available for both the conference and the hotel room discount.

Pre-conference CE includes the USPAP 7-hour CE course, Creating Credible and Supported Adjustments, and a short-term rental class.

Topics planned for the conference include Artificial Intelligence, Highest and Best Use, Reconsiderations of Value as well as special residential and commercial breakout sessions.

Be sure to click the link in the graphic on this page and register to attend the flagship conference presented by NAA and Appraiser eLearning.

## Instructor Conference and Retreat

by Jason Covington, MNAA

I headed to Appraiser eLearning's Instructor Conference and Retreat (ICORE) in Nashville with no idea what to expect. First thing Monday morning, the facilitator launched into a deeply personal story that hushed the room. We listened, astonished, and understood immediately that this was no ordinary workshop.

His story set the tone for the next two days. We talked about storytelling, vulnerability, and connecting with audiences. Then we shared our own stories—each one profoundly moving.

I came away feeling that we'd grown not only as professionals, but as humans. ICORE was a life-touching, heart-mending, soul-grabbing event, and I highly recommend that you attend one in the future. It will help you in so many ways including presentation skills and public speaking.

# The Board of Trustees Application Gauntlet

by Jeff Morley, MNAA

In response to the open seats for the Board of Trustees (BoT), The Appraisal Foundation (TAF) received a record 78 applications for six seats that were open to be filled.

The nominating committee implements a four-part vetting process with the first two steps, the initial application and written responses to questions, being scored blindly. They then conducted zoom interviews with select candidates and from those interviews, they invited eleven finalists to the BoT meeting in Indianapolis to participate in live in-person interviews before the nominating committee, two were incumbents.

I participated in the process as an applicant and was invited to the final round of live interviews. Though not ultimately appointed to the BoT, I can attest to the rigorous nature of the vetting process and the quality of all finalists invited to the live interviews at the BoT meeting. The Foundation is committed to bringing on the best possible individuals to its leadership board. They appreciate and benefit from the historic response to the open seats on the BoT.

The following were appointed based on partner organization nominations:

- o Chris Rosenthal appointed 4-year term
- o Perri Guthrie appointed 3-year term
- o David Beard appointed 3-year term

The following were appointed to the public interest seats:

- o Krysta Gertsner - reappointed 4-year term
- o Steve Sherman - reappointed 3-year term
- o Bilal Shereef - appointed 4-year term

Congratulations to all!

The nominating committee will be working to fill openings for the ASB and AQB board seats this fall. The broader the pool of applicants for all of these positions, the stronger TAF leadership is overall. We encourage our members that are interested to apply for open board seats.

Our NAA president Malinda Griffin was also in attendance at the live interviews and participated in all open sessions of the TAF meetings including participating in the Women's Forum and representing NAA in the Partner Organization committee meeting.

## Volunteer Opportunities

Many committees are looking for new members.

The Fundraising Committee is actively seeking more members and donations for the Silent Auction at The Appraisal Summit in September.

Committees meet 4 - 12 times a year for about one-hour and provide the Board with assistance and proposals based on the duties assigned.

Email [info@naappraisers.org](mailto:info@naappraisers.org) for more information or to apply.

## NAA Directors

President	Malinda Griffin MNAA SC
Vice President	Barry Phillips MNAA SC
Secretary	Pamela Teel MNAA TX
Treasurer	Hal Humphreys MNAA TN
Director	Blair Dingeman MNAA CA
Director	Jeffrey Morley MNAA UT
Director	Melissa Bond MNAA MS
Director	Kenneth Williams MNAA MS
Director	Joshua Walitt MNAA CO
Immediate Past President	Joshua Walitt MNAA CO
Board of Directors Trustee	Michael Brunson MNAA NV
Association Manager	Laurie Egan MNAA OR
Executive Director	Teresa Walker TX

## NAA Committee Chairs

Audit Committee	Samuel Henderson MNAA MD
Appraiser Trainee	Stephanie Streep MNAA TX
	and Jeffrey Morley MNAA UT
Board of Governors	Pam Teel MNAA TX
Bylaws Committee	Gregory Stephens MNAA TX
Communications	JoAnn Apostol MNAA CO
Conference Program	Malinda Griffin MNAA SC
Education	Hal Humphreys MNAA TN
Executive Committee	Malinda Griffin MNAA SC
Finance Committee	Barry Phillips MNAA SC
Fundraising	Blair Dingeman MNAA CA
Government Affairs	Laurie Egan MNAA OR
Membership	Barry Phillips MNAA SC
Nominating	Josh Walitt MNAA CO
Professional Standards Adv	Martin Wagar MNAA MI
Public Relations	Cathy Putegnat MNAA OR
Past Presidents Adv. Council	Bryan Reynolds, MNAA KY



## Welcome to New Members

NAA has both state appraisal organizations and individual memberships for appraisers and others. Explore the [membership](#) options of this volunteer organization and join us!

Welcome to all new members in 2024! A special welcome back to the Tennessee Appraisal Coalition!

# Why Report a State Board Investigation or Complaint?

by Isaac Peck, Senior Broker at OREP.org

Fannie Mae has admitted filing over 1,000 complaints (they call them “tips”) with state appraisal boards for a single calendar year period. Even if we consider that Freddie Mac is filing slightly fewer complaints, the Government Sponsored Entities (GSEs) are easily filing over 2,000 complaints against appraisers per year.

If you take into account complaints filed by the general public, real estate agents, appraisal management companies (AMCs), lenders, and other appraisers, the true number of complaints filed against appraisers may be closer to 4,000 per year.

All of this raises an important question. What exactly should you do if you do receive notice from your state regulator that a complaint has been filed against you or that they are investigating you?

Here is some straight-forward advice:

1. Don't try to go it alone. Seek out an experienced appraiser, USPAP expert, or attorney that can view your appraisal and the complaint against you independently. You can also have them review your response prior to you firing it off to the state board.
2. You must report the complaint or investigation to your insurance carrier immediately. In some cases, the state might send a letter just saying that they're "inquiring" about an appraisal, or maybe even simply requesting a copy of an appraisal. Why would you, as an appraiser, need to report such a simple inquiry to your insurance carrier? It's not even a complaint yet!

Here is wording from one of the main policies that we offer here at OREP:

The Company will reimburse the Named Insured for reasonable attorneys' fees, costs and expenses incurred resulting from the investigation or defense of a disciplinary action first received by the Named Insured and reported in writing to the Company during the policy period by reason of an act or omission in the performance of Professional Services.

The maximum amount payable, regardless of the number of disciplinary actions, shall be \$10,000 per Claim and \$25,000 per policy period. The Company shall not be obligated to defend any disciplinary action, or pay any fine, penalty or award resulting from any disciplinary action.

In other words, the policy will reimburse you up to \$10,000 of reasonable expenses, but you have to report the "investigation" during the policy period. If the state sends you a letter "inquiring" about an appraisal or asking for a copy, that is an investigation.

This type of policy language is not specific to OREP either. This requirement is present in the great vast majority appraiser E&O policies. One of OREP's largest competitors actually requires that you report the investigation within 60 days of receiving it!

So, if you want coverage and support from your insurance carrier with a state board complaint (and you should!), then report it when you receive it. We've seen plenty of cases where appraisers report these matters six months, or even years later, and wind up upset when coverage is declined. You don't have to go it alone if the state board comes knocking. Seek help and report it to your insurance carrier. At OREP, we have a network of attorneys and USPAP experts we can refer you to help as well. Stay safe out there!

## Attention NAA Members!

**OREP Rewards Your Professionalism**  
with Enhanced Coverage and Lower Rates!



With OREP, NAA Members Enjoy An  
**EXTRA \$50,000** Discrimination  
Claim Coverage

Included in your policy. (Up to \$500,000 Discrimination  
Coverage max.)

Visit [OREP.org/NAA](https://naappraisers.org/)

Quote in Five Minutes

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# Appraiser Relief Fund

The Appraiser Relief Fund was established four years ago to assist appraisers with day-to-day life after unexpected events such as medical conditions, fires, flooding, earthquakes or any other natural disaster. The total raised so far is \$96,500.

The fund can assist with education, licensing fees

and other items that can help these appraisers get their businesses up and running again after the unexpected event. This is a 501-c3 non-profit organization.

If you know a fellow appraiser in need of assistance or want to donate to the fund, click here: <https://naappraisers.org/arf>

## Appraisal Modernization by Hansel Dobbs, MNAA

The Federal Housing Finance Agency's (FHFA) Appraisal Modernization Summit, held on February 14th, 2024, served as a pivotal gathering for leaders across the real estate appraising profession. This event was a concerted effort to address the significant challenges facing residential real estate appraising, with discussions focusing on two primary areas: bias in appraising and mortgage market liquidity. The summit underscored the necessity for collaboration among institutions, coalitions, and regulators to ensure the profession's continued relevance and effectiveness.

### Addressing Bias in Appraising

The issue of bias in real estate appraising received significant attention, notably during the fourth OCC Hearing on Bias in Appraising as an extension of the President's PAVE task force, underscoring its national importance. The debate within our field about the existence of bias—whether it reflects individual prejudices or systemic flaws—raises serious concerns. Arguments that bias doesn't exist do little to improve the situation, casting a shadow over our profession's reputation and its sustainability.

The critical self-examination we are undergoing regarding bias is vital for ensuring the U.S. mortgage markets serve every citizen fairly and efficiently, as mandated by law. It's imperative for appraisers to look beyond the day to day and genuinely consider the borrower's perspective, which fundamentally drives our industry.

The concerted effort to confront bias began around 2020, marked by significant initiatives such as the updating of USPAP, the introduction of words of concern screening, and the ongoing overhaul of the reconsideration of value process, among others. Yet, the roots of bias in appraising run deep, a fact I became more aware of during a 2022 class led by Peter Christensen, which highlighted historical injustices like redlining.

Despite the increased focus on these issues today, the evolution toward equitable home valuation has been quietly progressing for decades, largely unnoticed. The comparison of a residential appraising textbook from 1968 to a contemporary version reveals significant advancements in promoting equity in valuation, a testament to the dedication of countless valuation professionals over the last 60 years.

Enhancing public trust in real estate appraising and addressing bias hinges on adopting a more transparent, data-driven approach to property valuation. Shifting from the subjective, artful aspects of appraising, which were necessary in the past due to a lack of data and technology, to a methodology more grounded in transparent mathematics represents a necessary evolution for our profession. This transformation not only demands change but also has the potential to redefine real estate appraising as a field characterized by its technical, analytical rigor—a change that could attract a new generation of professionals to this vital industry.

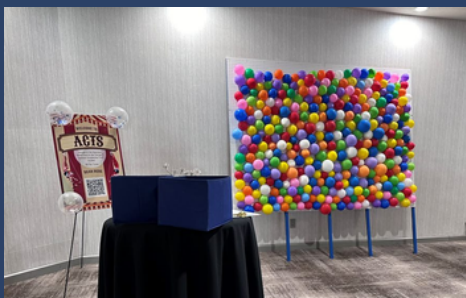
### Mortgage Market Liquidity Challenges

Between 2018 and 2021, the U.S. mortgage market witnessed an unparalleled surge in demand for real estate appraisals, surpassing the capacity of field appraisers in many regions and putting pressure on the liquidity of the mortgage market—a key concern for the Federal Housing Finance Agency (FHFA) and Government-Sponsored Enterprises (GSEs).

**The mission of the Federal Housing Finance Agency (FHFA) states, "Ensure the regulated entities (Fannie Mae, Freddie Mac, FHLBanks, and the Office of Finance) fulfill their mission by operating in a safe and sound manner to serve as a reliable source of liquidity for equitable and sustainable housing finance and community investment throughout the economic cycle."**

Although this period was financially rewarding for many appraisers, it exposed a critical systemic issue: ensuring that all U.S. citizens have efficient access to mortgage financing "throughout the economic cycle."

(continued on page 6)



## George R Harrison Scholarship

The National Association of Appraisers created a scholarship program for those people who need a helping hand and are interested in entering the appraisal profession.

This scholarship honors the legacy of one of the founders of NAA who believed that quality education plays a pivotal role in becoming a professional appraiser.

To find out more, donate or apply for funds, visit the NAA website here: [GRH Scholarship](#).

# State Organizations

## Board of Governors

The NAA Board of Governors met on July 25, 2024, via Zoom. Attendees brainstormed a few issues to be brought before the NAA Board of Directors at its next meeting.

Members were asked to donate items for the annual auction to be held at The Summit in September. The group was also reminded that the NAA is here to help advertise the state appraisal organization meetings. NAA would love to showcase your local organizations. Please send us notifications of local events for eNews Blasts, State Organization calendar on the NAA website, and inclusion in the newsletter.

We would also love to have one of our leadership team attend your local events when possible. Email NAA at [info@naappraiser.org](mailto:info@naappraiser.org).

Texas has an event coming up August 16th and 17th in Georgetown Texas. Oregon voted down PAREA; Oregon will continue to discuss PAREA for possible future adoption.

Welcome to the newest association in Florida who has recently secured their status. If you would like to join this organization, please reach out to Marco Fusario via Facebook.

The next BOG/SAOL meeting will be held at The Appraisal Summit in Las Vegas on Sunday, September 15, 2024, from 9:00 a.m. - 12:00 p.m. Admission is free, but if you plan to attend, please register for the meeting on the conference website.

## Other State Organizations

Colorado Coalition of Appraisers (COCAP) - [www.cocapp.org](http://www.cocapp.org) - Michael Carroll - [mj@mjvaluations.com](mailto:mj@mjvaluations.com)

Delaware Association of Appraisers, Inc (DAA) <http://www.deappraisers.net/>

Illinois Coalition of Appraisal Professionals (ICAP) <http://www.deappraisers.net/>

Louisiana Real Estate Appraiser Coalition (LAREAC) <http://www.lareac.org/>

Michigan Coalition of Appraisal Professionals (MCAP) - <https://www.facebook.com/groups/michcap/> - Eric Dean Morse - [eric@realistappraisals.com](mailto:eric@realistappraisals.com)

North Dakota Appraisers Association (NDAA) <https://ndappraisers.org/>

Northern Colorado Association of Real Estate Appraisers (NCAREA) <https://ncarea.org/> -

Virginia Coalition of Appraisers (VaCAP) <https://vacaponline.com/>

Email us to be added to this list of state organizations.

## NAA BOG Organizations

Appraisers Coalition of Washington (ACOW) <https://acow-wa.org/> - [info@acow-wa.org](mailto:info@acow-wa.org)

Association of Texas Appraisers (ATA) <https://www.txappraisers.org/> - [info@TXappraisers.org](mailto:info@TXappraisers.org)

Coalition of Arizona Appraisers (CoAA) <https://www.azcoaa.us/> - [info@AZCOAA.us](mailto:info@AZCOAA.us)

Coalition of Oregon Real Estate Appraisers (COREA) [COREAppraiser@gmail.com](mailto:COREAppraiser@gmail.com)

Colorado Association of Real Estate Appraisers (CAREA) <https://carea.wildapricot.org/> - [CAREA.appraising@gmail.com](mailto:CAREA.appraising@gmail.com)

Mississippi Coalition of Appraisers (MSCAPP) <https://mscapp.org/> - [mscapp12@comcast.net](mailto:mscapp12@comcast.net)

New York Coalition of Appraiser Professionals (NY-CAP) <https://www.facebook.com/groups/202436526832014/> - [NewYorkCoalitionofAppraisers@gmail.com](mailto:NewYorkCoalitionofAppraisers@gmail.com)

North Carolina Profession Appraisers Coalition (NCPAC) [www.ncpac.us](http://www.ncpac.us) - [ncpac@live.com](mailto:ncpac@live.com)

Ohio Coalition of Appraisal Professionals (OCAP) <https://www.ocapweb.org/> - [info@ocapweb.org](mailto:info@ocapweb.org)

Real Estate Appraisers Association (REAA) <https://reaa.org/> - [info@reaa.org](mailto:info@reaa.org)

Real Estate Appraisers of Southern Arizona (REASA) <https://www.reasa.org/> - [admin@REASA.org](mailto:admin@REASA.org)

South Carolina Professional Appraisers Coalition (SCPAC) <https://www.scpac.net/> - [info@scpac.net](mailto:info@scpac.net)

Tennessee Appraiser Coalition (TAC) <https://tappc.clubexpress.com/> - [president@tnappraisercoalition.com](mailto:president@tnappraisercoalition.com)

Utah Coalition of Appraisal Professionals (UTCAP) <https://uautah.wildapricot.org/> - [Info.UTCAP@gmail.com](mailto:Info.UTCAP@gmail.com)

If you have a state coalition that isn't associated with NAA, consider joining forces by contacting a membership committee person or emailing us at [info@naappraisers.org](mailto:info@naappraisers.org).

# GSE Update at AARO

by Melissa Bond, MNAA

Lyle Radke, with Fannie Mae shared the number of appraisals per year that are referred to regulatory agencies for review.

Below is a snapshot of each year:

Year	Number of appraisals
2020	382
2021	499
2022	1,083
2023	1,470
Q1 of 2024	284

Below is a snapshot of the categories of concern:

Valuation component	Number of incidents
Comp Selection	3,086
Adjustments	1,818
Data Integrity	1,010
Reconciliation	375

Lyle also displayed a chart of the most cited issues noted in 2023 Appraiser Quality Monitoring Letters:

- Inadequate comparable adjustments - 1049
- Inappropriate comparable sales selection, location - 889
- Failure to adjust comparables - 739
- Use of dissimilar comparable sales, site issues - 578
- Use of physically dissimilar comparable sales, GLA - 512
- Use of physically dissimilar comparable sales – Age - 372
- Adjusted value of comparable sales failed to support appraised value - 352
- Comp sales physical features report inaccurately - Cond/Quality of Construction - 223
- Use of physically dissimilar comparable sales – total finished living area - 186
- Use of physically dissimilar comparable sales – Condition or Quality of Construction - 183

Danny Wiley, Freddie Mac Senior Director shared information concerning the words and phrases that cause a “warning or hard stop” with UAD appraisals.

Freddie Mac is currently updating their list of unacceptable appraisal practices. They have also tracked the rate of unacceptable words or phrases that appear in residential appraisal reports.

The number of incidents has decreased over a period of six months (July 2023 to December 2023) which evidences that lenders are taking action to eliminate the use of potentially biased or problematic words or phrases.

It is also noted that there may be a concern over appraisers appropriately making adjustments for sales or financing concessions.

Appraisal Modernization continued from page 4.

Currently, with interest rates higher than the two-decade average, there is a noticeable decrease in appraisal volume and an excess of appraiser capacity.

However, long-term planning is essential, as recent demographics from the California Bureau of Real Estate Appraisers (BREAA) in their Fall/Winter Newsletter reveal a significant aging trend among professionals, showing 51% of appraisers being over 60 and 76% over 50 years old. With only about 6% under 40, the potential for future shortages is driving efforts to enhance appraiser efficiency through inspection-based waivers, desktop appraisals, and hybrid appraisals, alongside initiatives to lower entry barriers and introduce alternative licensure paths like PAREA, challenging the traditional supervisor/trainee model.

Advocates for the hybrid appraisal model argue for its efficacy based on extensive testing. They highlight the model's ability to manage large volumes without compromising turnaround times or other key metrics, the technological advancements that have fortified the model, and its necessity to accommodate future appraisal demands given the profession's aging demographics.

Critics of the hybrid model note that while appraisers can handle high-risk quadrant assignments, it's the lower-risk quadrant work that ultimately keeps the lights on.

A shift towards high-risk work without the balance of lower-risk assignments could upset the profession's risk-reward equilibrium and potentially impact the availability of independent appraisers, especially in rural areas. They argue that the trainee model isn't being given a chance to succeed given the systemic barriers to the efficient use of trainees in the completion of an appraisal within the realities of small business economics.

In summary, the debate over mortgage market liquidity and the future of real estate appraising hinges on finding a balance between enhancing current efficiency and preserving the profession's attractiveness to ensure a steady influx of new talent as well as the sustainability of the independent appraiser business model. This delicate equilibrium requires thoughtful consideration of the profession's long-term needs and the implications of technology and policy shifts on the appraisal landscape.

## The Path Forward

The real estate appraisal profession is currently navigating through a series of complex and nuanced challenges that demand a collaborative approach for resolution that highlights the need for more events like the Appraisal Modernization Summit. These challenges necessitate a concerted effort from all stakeholders to foster a deep understanding of the diverse perspectives and mandates within the industry.

Specifically, the Federal Housing Finance Agency (FHFA) carries the responsibility of ensuring equitable access to the mortgage markets, a mandate that extends far beyond the immediate future and into the coming decades. This requires the Government-Sponsored Enterprises (GSEs) and lending institutions to critically evaluate how their policies may influence the operational landscape of real estate appraising and its appeal to the next generation of professionals.

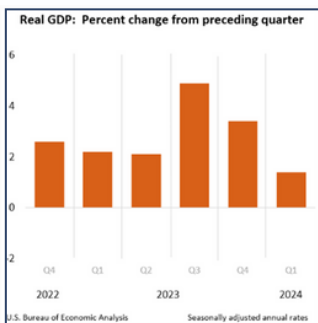
Addressing these issues will undoubtedly require intricate and multifaceted solutions. The path forward involves navigating the delicate balance between maintaining the integrity and viability of the appraisal profession while adapting to the evolving demands of the mortgage market. It is imperative that the strategies implemented are not only effective in the short term but also sustainable over the long haul, ensuring the profession remains attractive and accessible to aspiring appraisers.

At the heart of these discussions is the ultimate beneficiary of our services—the consumer. In the world of real estate appraising, our customers are the citizens of the United States, who rely on the fairness and efficiency of the mortgage lending system. Ensuring that every individual has fair and equal access to mortgage financing is not just a professional obligation but a societal one. As we move forward, the focus must remain on developing solutions that uphold the principles of equity and access, ensuring that the mortgage lending system serves the needs of all Americans, both today and in the future.

# Navigating Challenges in the US Housing Market

by Kevin Hecht, MNAA

As we progress through 2024, the US economy continues to show signs of moderation, with GDP growth slowing to 1.3% in the first quarter. Despite this slowdown, the labor market remains relatively strong, with job gains of 272,000 in May, surpassing expectations. However, the unemployment rate ticked up to 4% for the first time since January 2022, indicating some cooling in the job market.



Inflation remains a key concern for policymakers and market participants alike. The core Personal Consumption Expenditures (PCE) price index, the Federal Reserve's preferred inflation gauge, rose 0.3% month-over-month in April. While this represents a slight moderation, it's still above the Fed's 2% target. On an annual basis, the core PCE increased by 2.7% in April, down from 2.9% in March but still significantly above the Fed's goal. The Consumer Price Index (CPI), another important inflation measure, showed a 0.3% increase in April, with the shelter component continuing to be a major contributor to overall inflation.

The Federal Reserve's response to these inflation trends has been closely watched by the real estate industry. At its June 2024 meeting, the Federal Open Market Committee (FOMC) decided to maintain the federal funds rate at its current range of 5.25% to 5.50%. This decision came after a series of rate hikes aimed at curbing inflation. More importantly, the Fed has scaled back its anticipated rate cuts for 2024 from three to just one, suggesting that higher interest rates may persist longer than initially expected.

The next Federal Reserve meeting is scheduled for July 30-31, 2024. Market analysts and economists are closely monitoring economic data releases leading up to this meeting for clues about the Fed's next moves.

The key factors that will influence the FOMC's decision include:

1. Inflation data: The PCE and CPI reports for May and June will be crucial in determining whether inflation is consistently moving towards the 2% target.
2. Employment figures: The strength of the labor market, including job creation numbers and the unemployment rate, will be closely scrutinized.
3. GDP growth: Preliminary Q2 2024 GDP figures, expected to be released just before the meeting, could significantly impact the Fed's outlook.
4. Global economic conditions: International economic developments and geopolitical events could also factor into the Fed's decision-making process.

Current market expectations, based on Fed Fund futures, suggest a low probability of a rate cut at the July meeting. However, there's increasing speculation about potential rate cuts later in the year if inflation continues to moderate and economic growth slows.

For real estate appraisers, the outcome of this upcoming Fed meeting and subsequent ones will be crucial to monitor. Any shifts in the Fed's monetary policy stance could have significant implications for mortgage rates, housing affordability, and overall real estate market dynamics.

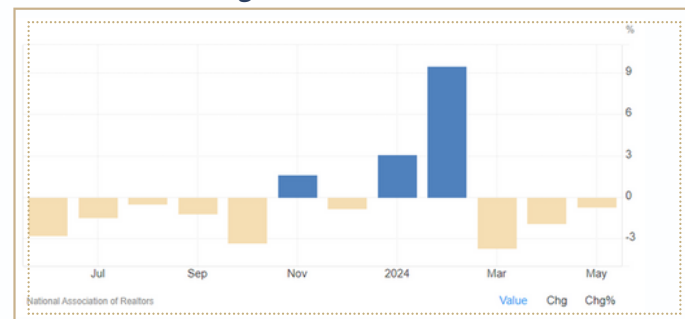
Appraisers should be prepared to factor in potential interest rate changes when analyzing market trends and projecting future property values.

## US Inflation Rate



For real estate appraisers, the housing market presents a complex landscape. Existing home sales dipped 0.7% in May to a pace of 4.11 million, trailing the previous year's rate by 2.8%. This slowdown is largely attributed to the combination of high home prices and elevated mortgage rates, which have proven challenging for potential buyers. Despite weaker sales, the median sales price rose 5.8% in May to a new all-time high of \$419,300, reflecting the ongoing imbalance between supply and demand.

## United States Existing Home Sales - Month Over Month



Housing inventory has shown modest improvements but remains below pre-pandemic levels. As of May 2024, inventory was 35.2% higher year-over-year but still 34.2% lower than before the pandemic. This scarcity continues to support home prices in many areas, a factor that appraisers must consider carefully in their valuations.

New construction has also faced headwinds, with housing starts falling to their lowest level since 2020 in May. Single-family starts dipped below 1 million for the first time since November, while multi-family activity saw a significant year-over-year decline of 51.7%. This pullback in new construction could further constrain housing supply, potentially impacting future home values and appraisal considerations.

Mortgage rates, while showing some recent declines, remain elevated compared to historical norms. As of June 20, 2024, the 30-year fixed-rate mortgage stood at 6.87%. These higher rates continue to affect affordability and market dynamics, factors that appraisers must account for in their assessments of property values and market conditions.

## United States 30-Year Mortgage Rates



Mid-2024 presents several challenges for the real estate market, including high mortgage rates, elevated prices, and limited inventory. However, there are positive signs in new home and single-family construction. Potential moderation in inflation and interest rates could offer some market relief. Real estate appraisers should stay informed about these evolving trends to better understand market dynamics and provide accurate valuations.

# Joint Councils Meeting of The Appraisal Foundation, June 25, 2024

by Malinda Griffin, MNAA

The day began with a Welcome by Kelly Davis, President, The Appraisal Foundation (TAF).

Kelly Davids, President of TAF, spoke on the year of transition as the Foundation moved from Sponsors to Partners. She noted the makeup of the Board of Trustees changes with 10 members nominated by partners and 10 members being public interest, however all go through the application/vetting process.

She has completed 90 listening sessions in her first 100 days in the office that will help shape the activities moving forward. The results of the 2024 demographic survey were presented. Ms. Davids noted that although there is progress, we still have work to do in diversification of the profession.

Lawrence Netterville, Council to Advance Residential Equity (CARE) Chair, Malinda Griffin, The Appraisal Foundation Advisory Council (TAFAC) Vice Chair and Paul Chandler, Industry Advisory Council (IAC) Vice Chair, gave a welcome from each of the Joint Councils.

Brad Swinney, AQB Chair, reported the AQB is working on a course approval program. Currently the AQB has 245 approved courses (6 of which are USPAP); the Bias class will be due by 1/1/26.

The Instructor Certification course for USPAP (ICC) is set, the first class is full, and they are looking at adding a second class. There are currently 350 USPAP instructors that have renewed for the 2024-2025 USPAP cycle. PAREA began in 2022 and is approved in 48 states plus Washington DC. New York and Georgia are still considering the program for approval in those states.

Brad noted the AQB issued a Concept Paper regarding the Assessment of College Degree requirements within the criteria on May 28. To date they have received 101 responses, the deadline to comment was July 31st. The next AQB meeting will be a virtual, public meeting on November 7, 2024.

Michelle Bradley, ASB Chair, spoke on the changes in USPAP over the years, going from annual to semi-annual update to being a living document with no expiration date. She noted some of the significant changes through the years including the departure rule was added then deleted, scope of work rule was added, the record keeping rule has been modified and the reporting options have changed. She noted we are in a different world today, and the standards reflect this, but are they enough??

Next, she mentioned artificial intelligence and how public trust is affected by it. She finished her report with a discussion on when an appraisal is a new assignment; when is an inspection required and record keeping for the trainees.

The next ASB meeting will be a virtual, public meeting on September 26, 2024.

Shawn Telford, Jim Amarin, Jeff Hogan, and Ernie Durbin discussed Artificial Intelligence and the impact on the appraisal profession in a panel style presentation.

During the TAFAC session, Amy Kaufman and JoEllen Alberts, of TAF, discussed that the new process for board nominations will be carried forth in selection of council seats. The TAFAC chair seat will be vacated in 2025 with the new process of nominating beginning soon.

Jim Park, ASC Executive Director, gave an Appraisal Subcommittee (ASC) update which is covered on page 9 of the newsletter.

The meeting wrapped up with Vice Chair Malinda Griffin reminding attendees of the mission of TAFAC. "We represent various professions and occupations with an interest in valuation." She recapped what we had heard today about changes, growth and artificial intelligence. "Let's take this information and become better appraisers whether we are real property, personal property and/or business valuers."

The next TAFAC meeting will be live at The Westin Crystal City in Arlington Virginia on November 18th and 19th of 2024.

During the CARE Council session, Dr. Sam Henderson gave a presentation on Appraiser Bias, Fair/Equal Housing from an historical perspective. Topics included the evolution of fair/equal housing and the standard of care for appraisers as mandated by HUD, FNMA, and FRMC. Participants were introduced to the Fannie Mae publication "Appraising the Appraisal" which identified and quantified instances of appraiser bias and what Fannie Mae has done to address the issues.

Participants interaction was good with quality discussion of this issues that faces the appraisal profession.

Appraisers are encouraged to attend these public meetings. Information and registration for all public meetings of The Appraisal Foundation can be found on their website under [Events](#).

The presentation ended with everyone receiving this quote from Maya Angelou, "Do the best you can until you know better. Then when you know better, do better."



In 2023, The Appraisal Foundation Board of Trustees completed a comprehensive review to ensure the Foundation's governance structure followed best practices and upheld the public trust. As a result, a new opportunity for collaboration with the Foundation was developed: Partners.

Partners are nonprofit organizations that have committed to work with The Appraisal Foundation to uphold public trust in the appraisal profession through communication and collaboration. Partner organizations have the ability to nominate individuals to become Partner Trustees on the Foundation Board of Trustees, but there is no direct appointment. Final selections of all trustees are made by the Board of Trustees in consultation with the Trustee Nominating Committee.

# Appraisal Subcommittee Update

by Melissa Bond, MNAA

Jim Park, ASC Executive Director, discussed the continued focus on appraisal bias and lack of diversity in our profession at the AARO conference.

Over a 13-month period, the ASC held four hearings:  
1st hearing – background  
2nd hearing – regulatory system, standards, and qualifications  
3rd hearing – develop, reporting, and review appraisals  
4th hearing – regulatory system, barriers to entry, wrap-up

Jim shared some information from the Bureau of Labor.

Statistics reported the following:

In 2020:

- 97.5% of appraisers are white
- 70% of appraisers are male

In 2022:

- 92.4% of appraisers are white
- 55.5% of appraisers are male

Current federal legislation (if passed) could do the following:

- Create an appraiser licensing information portal
- Add VA and USDA to the ASC
- Allow Licensed appraisers back on the FHA Roster
- Add Trainees to the National Registry
- Broaden ASC grant-making authority
- Allow ASC to lower AMC Registry fees

The ASC discussed the possibility/opportunity of granting funds to The Appraisal Foundation for the purpose of allowing each licensee to obtain the current Uniform Standards of Professional Appraisal Practice without cost to the individuals.

## NAA Board of Directors

The NAA Board of Directors meet quarterly and the meetings are open to all members. In-person meetings are held during the pre-conference activities at both ACTS and The Appraisal Summit. The July 9, 2024 meeting was virtual where the board received updates from committee chairs, discussed changes to bylaws, partnership agreements and other business.

Members are welcome to attend and can email the association to receive a link to the meeting at [info@naappraisers.org](mailto:info@naappraisers.org). Board of Governor's members should also attend to stay up to date on the activities of the organization.

The Trainee Committee Co-chairs, Stephanie Streep and Jeff Morley, are working on The Appraisal Summit event. Sponsorships for the dinner are needed, and they are considering making the event both live and virtual.

The Conference Program Committee has The Appraisal Summit schedule complete with 115 registered as of July 9th. They are also working on activities for the ACTS Conference in San Antonio, Texas for 2025.

The Fundraising Committee is planning a silent auction for The Appraisal Summit and is looking for donations. ACTS 2025 planning may include golf, roping event and a 50/50 drawing. To donate, email [blair@dingeman.com](mailto:blair@dingeman.com).

## Board of Trustees

by Malinda Griffin, MNAA

The Appraisal Foundation's (TAF) Board of Trustees (BOT) and Committees met May 16-18 in Indianapolis. NAA is one of the newest partners with TAF since the transition from sponsors to partners. I was happy to attend and represent NAA's boots on the ground appraisers.

On Thursday, TAF held a Women's Forum which included a panel of Tracy Johnson, Leigh Lester, Malinda Griffin, and Juana Watkins that discussed factors that help you succeed as a leader, barriers and gender-related roadblocks in your appraisal career, and advice to the next generation of female leaders.

On Friday, the TAF Committees met:

The Audit Committee, chaired by Meredith Meuwly, reported TAF received a clean opinion from the 2023 financial audit.

The Finance Committee, chaired by Scott Schafer, reported the transition from sponsors to partners has gone well. However, it has affected the TAF budget. The PAREA icon is now trademarked and owned by TAF. Schafer noted expenses and revenues are in line year to date and TAF is in a solid position. The bulk of revenues for TAF comes from publications. Committee member Frank Gregoire noted that nothing has been excluded, applying for an ASC grant is being considered.

At the Round Table meeting, the 2024 demographic study was revealed. Using TAF's 74,000 email data base to survey, it was noted that 5071 completed the survey, (3400 men and 1706 women). The results indicate the balance for gender and race has improved since the last study in 2021. Sadly the average age is still 50+ with only 11.3% being under the age of 44.

During the 2nd half of the Round Table session, a proposed standards of conduct and ethics was presented for TAF staff, boards, designated members, and councils. The code of conduct would be agreed to on entering into a relationship with the Foundation and renewed annually.

At the Partners meeting, 9 of the now 13 partners were present and updated happenings in their organizations. Scott Schafer, Finance Committee Chair, presented several opportunities being considered for Partners to contribute to TAF.

Brad Swinney, AQB Chair, discussed the Concept Paper Progress. Kelly Davids, President TAF, discussed the EGRPRA Comment letter. Frank Gregoire, BOT member, discussed the Partner Nomination Process for BOT.

Board of Directors (Continued)

The Government Affairs Committee has drafted a response to the AQB's Concept Paper on college degree requirements. The response will be available to members soon.

Membership reports 2,148 active members which includes all membership levels. They are contacting people who have not renewed and working on benefit packages for each level of membership.

NAA renewed the partnership with OREP E&O Insurance. NAA is also working on an updated website that should be published later this year.

The next Board of Directors meeting is live on September 14, 2024 at The Appraisal Summit in Las Vegas.