

My Notes from AQB/AARO Spring Conference, Seattle, Washington

-Peter Gallo

Appraiser Qualification Board (AQB) Meeting – Friday, May 4th 2018 – 9am-12pm

The AQB meeting focused on the adoption of the new reduced criteria, but also on the allowance of Practical Applications of Real Estate Appraisal (PAREA) which will be allowed to count as experience as well once approved.

The meeting started with introductions of the board to the audience and formalities of approving minutes, etc. The report of the Foundation president (David Bunton) included comments on the recent focus of the Foundation on social media as they have found that webinars and online broadcasts are popular and highly subscribed to. They plan on developing short YouTube videos as well for use by the public.

The Appraisal Standards Board (ASB) gave a quick summary of their activities as well, talking about considerations of changes to USPAP which include possibly changing report options and adding additional users to restricted reports. Also discussed was developing a scope of work for reporting, where it is now only defined for development. There is also a focus on redefining the term “inspection” as hybrid appraisals and other alternate valuations address an inspection differently from what the current definition describes.

The Appraisal Subcommittee (ASC) also gave a brief update and talked about the Tennessee bank appraiser waiver request that had been denied, saying that they had received 166 public comments including several from appraisers who worked with the bank that requested the waivers. The final order denying the waiver request has been posted to the federal register.

A speaker from Raleigh whose company monitors and maintains the National Uniform Licensing and Certification Exams was introduced and spoke about exam metrics and results as well as requesting from the audience any information on colleges who are currently offering or interested in offering an appraisal education program. Current universities that offer programs are listed on the Foundation website.

There was an update on AQB Certified USPAP Instructors. There are currently 432 instructors which is down 8.3% from 2017.

Much of the remaining time was spent on the changes to the Real Property Appraiser Qualification Criteria and PAREA. The Board emphasized that the reduction in the criteria was not a result of or in response to any “shortage” or pressure from any groups. The sole purpose was to eliminate barriers or hurdles to entry into the profession. Thus, the consideration of practicum courses to give credit where a college degree might not be present. The Board is currently speaking with and searching for education providers that can assist them with the development and approval of these practicum courses. Board members emphasized that the new generation of appraisers learn in a different way and that technology and simulation can be used to generate real life scenarios that can replace actual experience and that “boots on the ground” is not necessarily the only way to go in the new world of learning.

The floor was opened to up to Q&A and needless to say there were many questions. My understanding from the give and take between the audience and the Board is that the Board does not yet know what any of the practicum courses might actually look like yet because they are only just beginning to touch on the subject internally and still have a long way to go and that their development will be a long process.

AARO Conference – Friday, May 4th 2018 – 12pm-430pm

The conference began with AARO President, Craig Steinly and AARO President-elect, Dee Sharp welcoming everyone to Seattle and giving an overview of the program and thanking all those from the AARO contingency for helping develop and put the conference on. President Steinley also went over some AARO bylaw changes, intentions to modernize their website and their interest in expanding AARO initiatives and scope of activities.

As is normal for the AARO conference, the Appraisal Subcommittee as well as the Appraisal Foundation and its Boards are given the opportunity to update the audience on their activities and give a presentation.

ASC Director, Jim Park, gave a presentation on the status of state licensing boards and their ratings, the AMC registration program as well as again giving an overview of the Tennessee bank appraiser request episode.

Appraisal Foundation President, David Bunton, gave a brief presentation noting that many regulators are not appraisers, so the need for education and updates play a critical role. His presentation and the AQB & ASB presentation focused on similar items from the morning session.

After these updates and a break, the general afternoon session was on “Appraisal Threshold Levels, Exemptions and Waivers”. There were three presenters, Scott Reuter from Freddie Mac, James Murrett from the Appraisal Institute and Sharon Whitaker from the American Bankers Association.

Scott from Freddie Mac began the session with graphs depicting demand for appraisals, loan volume and the number of active appraisers showing the correlation between these factors. There were some interesting overlays that were shown including that trainees were mostly involved in appraisals being used for purchase transactions. He showed that while appraiser capacity or the number of active appraisers were somewhat steady over the years, there were spikes and valleys in the demand for their services and some of the spikes well outdistanced the supply of appraisers. He did review their property inspection (appraisal) waiver program and the factors that went into their use.

There is a joint GSE (Fannie & Freddie) effort to redesign the current appraisal form (1004) underway. He described the current form as “archaic” and that they are in the first quarter of the first year of a three-year effort to revise the form (so they are at the very beginning of this process). They are considering all options including that there might not be a form at all, but it could even be some sort of online schematic or portal for a give and take of information. He said that there will be a lot of outreach to stakeholders and the pursuit of modernization will involve a lot of listening. He also mentioned that “big data is here to stay”.

Jim Murrett from the Appraisal Institute was next to speak, and he discussed the thresholds that had been raised as well as evaluations which banks would like appraisers to perform. He said that there are huge amount of evaluations being done and that they are easier for appraisers to complete them outside of USPAP. He described USPAP as something that is mostly a guideline for regulators and that appraisers are more than capable of working outside of USPAP and still developing a reliable/credible report. (I am a little fuzzy about the language here, but this is what I got from what he said...I might have misunderstood and these are not direct quotes)

Mr. Murrett also spoke about Senate Bill 2155 and that the Appraisal Institute led the effort to revise the bill, working with 35 other appraisal groups. He also mentioned that they worked on the ASC waiver issue with the same effort and with the same groups.

Sharon Whitaker with the American Bankers Association gave a brief presentation that included a focus on how everything was being done online in their world and it has happened in a very short period of time. There are no more paper forms, everything is done by logging into online systems. She said that disclosures were also now being completed online and that the requirement for disclosures of fees with minimal allowances for changes put pressure on all to abide by tolerances.

Saturday, May 5th – 830-12pm

I attended the open session Saturday morning that focused on the regulator training course and we received a regulator training manual. Presenters discussed legal issues for licensing boards, due process, how bias and conflict are handled with recusal, how boards handle education and qualifications, applications for both AMCs and appraisers and their renewals.

130-415pm

There were two sessions Saturday afternoon. One session focused on implementation of the AQB criteria and another session on ASC policy statements, best practices and the AMC national registry.

The AQB session (panelists were AQB members) was really meant to be an interactive session between regulators and what issues and comments they had with education, the new criteria and the possible practicum courses. The AQB polled the audience to see which states were adopting the new AQB criteria and it was a very mixed response with some adopting the education requirements but not the new experience requirements, some who cannot do anything for a while because their legislature needs to approve and some who automatically fall inline with whatever the federal guideline is. There was also discussion about reciprocity issues and which states would allow reciprocity if applicants fell below their minimums but not in their originating state.

There was a discussion of a need for more consistent training where different supervisors train differently and practicum classes will create a more uniform experience for the trainee. AQB stated that experience is not seen as that critical to training and that the exam is the “gatekeeper” to demonstrate competency. AQB reminded the audience that their requirements are only meant to be a “minimum”.

There was also discussion of the “trainee” nomenclature and that the AQB criteria allows for other names to be used, that there is not requirement to use the word “trainee”.

The second session was the ASC policy statement/AMC registry discussion. The panel (ASC staffers with legal and deputy director in audience) went through the revised ASC policy statements which included those pertaining to the AMC registry and AMC state program requirements.

Points that were made included that only AMCs that meet the federal definition of an AMC can be registered with the ASC, appraisers must be notified in writing if they are removed from an AMC panel, states must enforce AMC requirements in a diligent manner, etc.

There were online pages shown of both the new AMC registry and the new appraiser registry that regulators only will have access to as well as the public site. There will be more search fields on the public site. The AMC page will also include any DBAs the AMC might be using. It was also noted that an AMC is responsible for disclosing which reports completed through them are for covered transactions – I believe that this is when determining how many appraisers are on their panel based on the amount of covered transactions they completed reports for. I am not entirely straight on these requirements personally.

There were additional sessions on Sunday which included committee and advisory council meetings as well as the “future of appraiser experience” and best practices for “regulators and AMCs regarding compliance with AMC registry fees. I did not attend these meetings as I needed to travel back home on Sunday.