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Letter from AARO's President Craig Steinley



Dear AARO Colleagues:

It is an exciting time to be involved with AARO! The leadership team of your organization has been very busy in these early months of 2018 developing several new initiatives that were identified and refined in biannual strategic planning sessions held over the past two years. First organized by Past President Anne Petit and facilitated by Director Craig Coffee, these meetings have challenged the association's Directors and Officers to develop a long-term vision for the organization and to implement programs that increase the value proposition and relevance of AARO to its member jurisdictions. This ongoing process has also allowed the organization to adjust its focus in keeping with the rapid changes now affecting the appraiser and AMC regulatory environment. Additional sessions to further enhance AARO's strategic plan are already scheduled at both of the 2018 conferences.

The details about two of these organizational initiatives follow – the **Regulator Training Course** and the **Investigator Training - Case Studies Course**.

AARO's Mission:

Is to be an advocate for the member jurisdictions as to the enforcement and administration of appraiser and appraisal management company regulatory laws. The Association is committed to the success and advancement of state appraiser and appraisal management company regulatory programs and seeks to accomplish these objectives through: Leadership, Cooperation, Communication and Education

One of the unsurpassed strengths of AARO is the body of knowledge in regulatory best practices that has been developed over the years by its members throughout the United States and its territories. To capitalize on this expertise, a special AARO taskforce is now developing a 7-hour **Regulator Training Course** that will be available to all new and existing regulators – administrators, managers, board members, investigators, attorneys, and support staff – at each future AARO Spring Conference beginning with Denver in 2019. Working directly with the Appraisal Subcommittee and its Policy Managers, the dedicated creators of this course are now highlighting the ways that the best of our peers operate compliant and efficient appraiser and AMC regulatory programs. Led by Co-Chairs Sherry Bren (SD) and David Campbell (ND), the development team includes Brandy March (IA), Roberta Ouellette (NC), Kristen Worman (TX), Joe Ibach (ND), Randall Thomas (TN), Don Rodgers (NC), Anne Petit (OH), and Craig Coffee (GA). This new **Regulator Training Course** will premiere in an abbreviated format at the upcoming 2018 AARO Spring Conference in Seattle, and will be open to all registered attendees. We believe that the content of the **Regulator Training Course** will be interesting and valuable both to our regulators and those that they regulate, regardless of experience level.

Through the years, the existing Investigator Training Courses (Levels 1, 2, and 3) have provided high quality education to nearly 1,000 attendees during the 2.5-day trainings. Funded by the Appraisal Subcommittee, this collaborative effort of AARO and the Appraisal Foundation seeks to create greater consistency in the evaluation, investigation, and resolution of complaints against appraisers nationwide and has consistently been highly rated by participants. Because of the demand for additional training with a significant emphasis on investigative case studies, another of AARO's new initiatives in 2018 provides investigators, administrators, legal counsel, and ancillary staff with the new 3.5-hour **Investigator Training - Case Studies Course**. Developed and facilitated by Dennis Badger (KY) and Tom Lewis (NC), this training will also premiere at the upcoming AARO Spring Conference in Seattle and seeks to continue to improve the efficacy of this component of a jurisdiction's regulatory mission. The session will be closed to those involved in investigations only, and we encourage all of AARO's member jurisdictions to provide the opportunity to attend this course to their investigators and investigative staff to advance their skills and practical experience.

As you can perhaps sense, we have a full and informative 2018 AARO Spring Conference planned for you. It will be held at the Seattle Westin Hotel on May 4-6. You likely already know that this is one of the two premier events offered each year by AARO to allow individuals involved in the regulation of appraisers and appraisal management companies to gather for dynamic speakers, educational sessions from recognized experts and leaders, idea sharing, professional growth, and one-on-one engagement with their peers and colleagues. As is customary, there are also numerous opportunities to interact directly with the Policy Managers of the Appraisal Subcommittee, some of the members of the Appraisal Foundation's Appraisal Standards Board and Appraiser Qualifications Board, and many other industry professionals.

The Program Committee for the Seattle conference is led by President-Elect Dee Sharp. Under her guidance, the committee spent a great deal of time earlier this year researching and ranking various submissions from possible presenters. It is clear that they have provided content for the conference that will be worthy of the time and resources you will commit to attend the event. Based on the survey responses that you provided after the past two conferences, they have designed the Spring Conference in Seattle to feature a balanced mix of general sessions, smaller breakouts that allow greater interaction with the presenters, and networking time with other regulators to discover solutions to today's challenges.

In addition to some of the new AARO initiatives just discussed, the upcoming Seattle conference will also address the following timely hot topics of particular relevance for today's regulators.

Appraisal Threshold Levels, Exemptions, & Waivers

This timely general session on Friday, May 4, will highlight and examine the latest developments relative to appraisal exemptions and threshold levels, appraisal waiver policies, and requests for temporary waivers from appraiser certification and licensing requirements. Updates will be provided by Freddie Mac, the Appraisal Institute, and the American Bankers Association on the latest legislative proposals around appraisal exemptions and threshold levels, as well as the federal bank regulatory proposal to increase the commercial real estate appraisal threshold level to \$400,000. Attendees will learn the concerns that banks have relative to access to appraisers and underlying reasons behind recent requests for elevated threshold levels, exemptions and waivers. Participants will also understand how appraisal and property inspection waiver requests are being used by the government sponsored enterprises.

Looking to the Future of Appraiser Experience – Is It Already Here?

Offered on Sunday, May 6, this general session will address the difficulties that appraiser trainees describe when trying to engage a supervisor to help them gain the requisite experience to enter the appraisal profession. The AQB's Practical Applications of Real Estate Appraisal (PAREA) proposal, outlined in its recent exposure drafts, would allow a trainee to gain a portion of their experience credit via an in-class and virtual case study environment led by an experienced facilitator/supervisor. Based on a very recent survey, this presentation will display and analyze the opinions of regulators across the country about various aspects of the PAREA concept. Scheduled topics include a simulated property inspection by a technology innovator, an explanation of the Appraisal Institute's existing capstone programs for both residential and non-residential appraisers, and a progressive regulator from our ranks that understands first-hand the need for an

alternate to the existing supervisory appraiser – trainee appraiser model.

Potential Best Practices for Regulators and AMCs Regarding Compliance with AMC Registry Fees

This general session, also be offered on Sunday, May 6, and will feature a respected appraiser regulator and representatives from both the AMC and appraisal professions presenting a robust discussion of the possible standards, safeguards, and expectations for compliance procedures for jurisdictions and AMCs with the National Registry of Appraisal Management Companies (the AMC Fee Rule). This group has been engaged in the process of developing a detailed recommendation of steps that could be described as "best practices" for this topic. While distinct process variables will drive the precise implementation in any given state or alter compliance documentation by any given AMC, there are certain key minimums that will affect all jurisdictions and AMCs.

Implementation of the AQB Criteria Effective May 1, 2018

This breakout session on Saturday, May 5 will explore the implementation details of the AQB's Fourth Exposure Draft, approved on February 1, 2018, for the member jurisdictions of AARO. The changes to the AQB Criteria include a path from a Licensed Appraiser credential to Certified Residential without a college degree, a reduction in the experience requirements for most of the appraiser credentials, and other changes that may have an effect on the barriers to entry into the profession. This session will include presenters Kristi Klamet and Neal Fenochietti from the ASC and Mark Lewis, Larry Disney, and John Brennan from the AQB and TAF.

ASC Policy Statements, Best Practices, and AMC National Registry

The Appraisal Subcommittee always provides guidance and advice at AARO conferences via its talented Policy Managers, and previous AARO conference attendees tell us that this breakout session format provides the most popular forum for that interaction. Join Claire Brooks, Jenny Tidwell, Vicki Metcalf, and Brian Kelly from the ASC as they offer their insights into Policy Statements, Best Practices, and the new AMC National Registry.

Remember that AARO conferences are by far the largest gathering of your peers... people you can relate to, learn from, and stay connected to throughout the year. The up-to-date training and exchange of ideas that occurs during AARO conferences has many proven benefits, including enhancing job performance and providing a better understanding of what the Appraisal Subcommittee will be looking for in their next field review of your program. AARO's leadership team looks forward to seeing you in Seattle; we know that you'll have a rewarding professional and social experience. Please see the AARO website at www.aaro.net for additional details about this forum.



Fall 2017 Conference Highlights

AARO met again at the Westin Washington DC City Center for its 26th annual fall conference. We welcomed about 180 attendees from all aspects of the appraiser regulatory community.

Here are summaries of a few of the sessions held.

For the Board Member break out session, we had 16 jurisdictions represented plus people from the Appraisal Subcommittee. Joe Ibach of North Dakota acted as Moderator.

Moderator Question: Do any of the states have trouble getting board members?

Response: Not enough appraisers live in the immediate DC district. Plenty of people who hold credentials and would want to volunteer, but they live in the surrounding states. One answer was – Millennials just don't care – not interested. Most board members are older – retiring or dying. No real answer on how to get Millennials to volunteer or become interested.

Question: Millennials – are they appraisers or form fillers? Aren't they interested in giving back?

Answer – Iowa - need to come from specific Geographic area for balanced representation – or congressional districts or different parts of the appraisal community. Getting public people. DC - Must be residents of the District.

Moderator Question: Best Practices - Do you perceive an Appraisal Shortage

Response: – North/South Dakota, Wyoming and Alaska (rural areas) yes
Problem- Supervisory system is not working – takes too long to get an appraisal completed in rural communities with high fees. Takes 2 months and charging \$200 to \$300 more in rural towns and borrowers are complaining to their

congressman... putting pressure on the banks and appraisers. Needs to be a better, easier way to become an appraiser.

Problem – supervisors don't want to do it because of time and money needed to put into in

Moderator: Are your states disclosure or non-disclosure? Challenge for non-disclosure states... Non-disclosure states create an issue for verification. Need to go door-to-door for measurements and verification of sales.

Who is most responsible for the fee structure? The problem is appraisers aren't charging enough and taking low fees.

Can't get good commercial trainees.

In FHA – opinion is - no shortage but example: out of 60 appraisers on their roster only three will do FHA because of fees and responsibilities
Discussion of not needing credentials for some Lenders. Title XI waive credential. Rather than lower standards?? Iowa 700 credential holders – 350 have addresses in Iowa. Problem for Lenders - issue - have to disclose all fees so if appraiser has to change fee due to the complexity of the assignment, they eat the fee difference.

Moderator Question: What is/should board's role be in addressing appraiser 'shortage'?

Response: Not the board's issue

Moderator Question: How does the Board deal with legislative issues affecting appraisers –

Response: Some – Executive - as for input regarding rogue legislation – only on administrative rules where ASC ruling requires changes, and/or we need to provide details as consultation.

Some can't lobby for any legislation

Moderator Question: Do your boards provide education for appraisers? What else regarding education?

Response: Approval of courses. DC sponsors DC Preservation with DC RE Commission – some states offer USPAP – help with pre-certification courses. Many areas have local Chapters or coalitions that offer education as well as independ-

ent providers

Terms and concepts of USPAP: does anybody reference it on their website? Answer no.

Moderator Question: Failure/success – educating the board member

Response: DC requires - CLEAR – Ethical codes and responsibility to the public trust. Mandatory.-. Council on Licensure, Enforcement and Regulation on License. Educating new appraiser board members.

One state- Key board member lays out what is needed to be a board member

Many need public member.

Moderator Question: How do you motivate board members?

Response: ????? Nobody had any good ideas.

Moderator Question: How many boards monitor Social Media

Response: None currently, but should they consider starting? Consumers/ public sure do!

Moderator Question: Is it acceptable to dismiss a case when there are only minor USPAP violations: What's minor, what's major?

Response: Treating everyone the same... what did we do last time for this same level of infraction. ASC checks to make sure you are treating everyone the same in your state.

Moderator Question: What do you do with an applicant that you have asked if they have been disciplined in another state and they said 'no', when indeed they had been?

Response: Would sanction... but in some states where they lied they would not be given the credential. Someone misrepresented a 20 year old DUI and thought that charge had fallen off their record.

'They did the crime and they did the time'... at what point do you release past transgressions. Character evaluation/conference NC.



The White House, at night..

Boards that verify background checks and have them come into open meetings and evaluations. One question in Mississippi during confirmation was: "Have you done anything that would embarrass this Senate or Governor".

If a character issue - would come to full board for review, otherwise cleared in Administration

Moderator Question: Someone sends in the complaint – What do you call them – Complaint, grievance, referral or allegation. If you call it a complaint and it gets dismissed, does the appraiser have to report that 'complaint' on their E and O?

Response: Technically it is a complaint if it is called that by the jurisdiction. It may create a problem for appraiser if it is dismissed. Consider changing term to grievance, referral or allegation until it acted upon and disciplined. Complaint – dismissed or conditional dismissal with education, does not go to ASC web-site and therefore not considered a complaint although some still call it one. Creates confusion for the appraiser.

Many complaints are from homeowners who just don't like the value given, lenders sent them in for reviews.

Moderator Question: AMC Proposed Education requirements: how will the proposed change to education change your evaluation?

Response: Does the education match the require-

ment like in supporting adjustments? Using the 12C or regression analysis? You Tube videos for teaching inspections. Tools keep progressing.

Moderator Question: In your opinion, will lenders get rid of appraisals?

Response: Not in the cities or urban metro areas or rural areas. Modeling works in track housing. It won't work for the overall industry? They are mining the data and from there they are getting very close to values.

Closing Comment-

It's all attitude: I am not 60 years old, I'm sweet 16 with 44 years of experience!

Education Providers, Appraiser Associations and Appraiser Related Organizations had 13 attendees from 13 different entities. Douglas Oldmixon of Texas acted as moderator.

The moderator opened the meeting by sharing a lesson learned in his home state regarding the education of professional licensees- The amount of education is not as important as the quality of that education. This was worthwhile advice to set the tone for the meeting.

The moderator then introduced a discussion on a theme expressed at the Spring breakout in Tampa. The desire for coordination, consistency and cooperation between the states on education course approval and acceptance. This is in the area of both qualifying and continuing education. The group agreed that the benefits to all concerned could be significant. The discussion included the idea of a central repository of course completion which could include a tool for providers to enter courses completed. The result could be that appraisers would be more likely to take courses approved by multiple states and course completion could be easily verified by users.

Could such a tool be housed on the AARO website? Could AARO acquire and use ASC grant funds for this purpose? These were questions posed as potential solutions and brainstormed by the group.

What are the problems with this goal?

- (1) The existing inconsistencies between state laws.
- (2) Bureaucracy and rules associated with AARO

getting a grant- not clear if this could be overcome.

- (3) Alternatively directing grants to states sometimes triggers reduction in the annual agency budget.
- (4) Some states have laws on schools and instructor approval that are outside of specific appraiser education requirements- this inconsistency might leave some states unable to participate even if appraiser coursework could be agreed upon.

The group continued to bring up the pros and cons of developing a one-stop appraiser education internet tool to consolidate course records for use by all stakeholders.

Pros

- Easy states could be done first, including pre-approved AQB coursework.
- Could include a search tool to indicate which courses are approved in which states.
- Providers already provide similar information, its just not aggregated.
- Course approval certificates could list all states where course is approved.
- Providers indicate they would be willing to upload rosters to website.

Some states have already moved slightly toward standardization.

Cons

- Could such a system be trusted and would all stakeholders accept any risk?

The group continued the brainstorming discussion bringing up issues such as: AARO's willingness to help solve the CE documentation problem- IDECC is only standard for online course approval- AQB rule limits courses to 2 hour minimum- some states QE not allowed for CE- availability of more online courses reduces availability of classroom courses- differing exam requirements from state to state- publishing CE marketplace with links to state websites could help but would not solve multiple state information linkage- one un-met need in education is courses in the appraisal of manufactured homes.

The discussion moved on to examples in industry where some of these ideas are being implemented. CCIM courses use a tablet in class to take attendance and upload record of credit to a

website. Colorado and South Carolina law requires broker courses to be posted to clearinghouse website for free.

The meeting was adjourned after the group successfully identified how standardization, consistency and sharing of information in education would be beneficial to all stakeholders, but also identified some of the barriers that exist toward that goal. The consensus was that AARO is in a position to consider how it could contribute to a solution.

Jodie Campbell of North Dakota acted as Moderator for the **Executive Directors and Administrators break out**. She was joined by 26 people.

Don Rodgers, with the North Carolina Appraiser Board, posed a question asking how each state classifies their board members for employment purposes. The majority of states represented consider their board members to be employees and require a W-2. In Alaska, all employees and board members are considered vendors. One state allows board members to opt in or opt out, meaning the board member can choose to receive a per diem or not.

Discussion was held on reciprocity between states. North Carolina cannot allow reciprocity from other states for the licensed residential category due to North Carolina's stricter standards. Wyoming stated they have higher standards but allow for reciprocity when the experience and education is completed within five years. Illinois stated they are also requiring education and experience be completed within five years.

The conversation shifted to the use of a master licensing system by all states, NMLS. A concern was noted regarding customization for appraiser and AMC needs. Iowa considered using the NLMS for AMC registrations; unfortunately, the NMLS was unable to alter the application questions, data fields, and other items to fit Iowa's needs. Another item of concern was how ASC audits would be performed if everyone started using the NMLS. It was noted that the use of the NMLS or a similar system, would allow for ease of use for AMCs and background checks.

The group started discussing trainee programs in each state. It was suggested that state associations might be able to assist in growing the number of trainees or supervisors. An Ohio based AMC recent-

ly requested a list of associate appraisers in Nebraska and ended up hiring all but one. Many states only accept out of state work for associates if the home state has approved the work or work log. There was concern with the current trainee program in some states that the supervisors who are willing to take on associates or the larger AMCs who are pushing out associates are similar to mills as some of the associates cannot even answer basic appraisal questions. Some states offer experience reviews early in the experience process and choose not to discipline the associate or supervisor when there are USPAP violations.

Discussion moved to the use of the Appraisal Foundation's CAP courses. Regulators can be specific in the name of the course without recommending one particular provider, as the CAP courses are only offered through McKissock. This may help circumvent States who cannot recommend one provider over another. Due to the high costs of the courses, regulators may choose to lower any civil penalties when assigning these courses as corrective action.

Another topic the group considered was the use of warnings or private reprimands. One state keeps the discipline off their website but still posts it to the ASC extranet. A few states offer private reprimands either by a letter of warning or by use of steered continuing education. One state regulator was against private discipline and stated that the use of E&O insurance will help eliminate those appraisers who keep filing claims as their policy will drop or they would not be able to afford or acquire a new



Above: Frank Gregoire speaks on appraiser independence while joined by (l-r) Douglas Oldmixon, Penny Reed, Jim Amorin and Alan Hummel.

insurance policy.

Lastly, the group chatted about AMC regulatory issues such as payment of fees, audits, and complaints. States who have had complaints against an AMC and have started reprimand procedures have found that AMCs come well represented by attorneys. This creates a burden on the state because the large amount of attorneys raise up costs needed to pursue the matter and it also may deter the AAG from pursuing the matter. Only two states appear to have completed an audit on an AMC, Texas and Montana. Discussion was held on the AMCs authority to remove appraisers for business reasons. States are concerned that appraisers may be removed for invalid reasons or that the AMC will hunt out the smallest of errors on reports to get rid of someone. Other state regulators are concerned that the appraisers are not receiving due process before being removed from a panel.

The **Round Robins** continue to be very popular among our attendees as it gives them so much information in such a tight time frame, while providing a smaller audience for each session.

AARO would like to give special thanks to Tamora Papas for her detailed summary of these Round Robin sessions.

Session #1 Best Practices in State Appraiser Program Management (ASC Policy Managers- Claire Brooks, Kristi Klamet, Vicki Metcalf)

Moderators: Brandy March, Dave Campbell, Tom Lewis

Three of the ASC Policy Managers, Kristi Klamet, Claire Brooks and Vicki Metcalf, tag-teamed a session designed to deliver an overview of policy statements one through seven, with a focus on the most common findings and concerns discovered during compliance reviews and provide suggestions that may be helpful in addressing these problem areas. At a minimum, the ASC will send two Policy Managers to each jurisdiction every two years to evaluate the appraisal program for compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 including the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) that amended the Title XI legislation.

Policy Statement One - Review Criteria:

States must have legal authority (through legislation, rules & regulations, policies and procedures) to ensure compliance with Title XI and the ASC Policy Statements.

States must show evidence that it has adequate fund-

ing and staffing to be able to comply with requirements and responsibilities under Title XI. (Note: if funding is not adequate, the ASC may be able to provide assistance by contacting appropriate State officials).

States must adopt or implement all relevant AQB Criteria (states must meet or exceed the Criteria). States must, at a minimum, incorporate the most recent version of USPAP with respect to all appraisals written for federally regulated transactions and should consider ASB Advisory Opinions and Frequently Asked Questions along with other written guidance issued by the ASB regarding implementation and application of USPAP. (Note: may be better to have general authority identified in legislation with more specificity to be included in rules & regulations). States must have certification and licensing requirements consistent with Title XI.

Policy Statement One - Best Practices:

It is generally found that states who are out of compliance with one policy statement end up being deficient in others.

States with good examples of policy and procedure manuals include Alaska, Rhode Island, Montana, Iowa and Idaho.

States should cross train staff and perform board member training regularly to help maintain compliance in their program.

States should generically adopt the most recent version of the Criteria and USPAP, if allowed by the state's legislature.

Keep compliance review manuals.

Policy Statement Two - Review Criteria:

States are required to recognize, on a temporary basis, the valid credentials of an out-of-state appraiser when that individual is completing an assignment for a federally related transaction.

States must issue a temporary permit within five business days of receiving a completed application.

States must have adequate information to fully document that the five-day turnaround for a temporary practice permit issuance is met.

Host States may not charge a temporary practice fee greater than \$250 and may not limit the temporary practice permit to less than a six-month period (without documented special circumstances) and may not limit an out-of-state appraiser to only one temporary practice permit in any calendar year.

Host States must take responsibility for the unethical, incompetent and/or fraudulent conduct of an appraiser with a temporary practice permit issued by said Host State and must take the appropriate disciplinary action against the

temporary practitioner for such conduct.

Host States must notify the appraisers home State of any disciplinary action taken for such unethical, incompetent or fraudulent conduct of the temporary practitioner.

States must issue a "letter of good standing" or other similar document within five business days of receipt of a request.

Policy Statement Two - Best Practices:

Utilize the national registry instead of requesting letters of good standing.

Place all documentation pertaining to the application review in the applicant's file.

States may use its judgement as to when an application is considered complete but may not have an unduly burdensome policy for obtaining a temporary practice permit.

Date stamps may be used to prove the beginning date of the process (date application was received) for the compliance review requirement.

Ensure the state has adequate personal to meet this requirement and have a back-up plan for when the primary staff person is "out of the office", regardless of the reason.

Document, document, document!

Policy Statement Three - Review Criteria:

States must transmit to the ASC – on a timely basis – a roster of persons who have received a State certification or license in accordance with Title XI and must report any change in status for any such individual – notifying the ASC if a credential holder no longer qualifies for such credential and must update this information at least monthly.

States must identify a person who will be the primary contact and receive a user name and password to the ASC extranet. This person will be responsible to ensure there is a process and written policy in place to protect the integrity of the registry and that information communicated from the State to the ASC National Registry is provided to the ASC on a timely basis.

States have the responsibility to collect the National Registry fees from credentialed appraisers permitted as licensed or certified appraisers in accordance with Title XI and must transmit appropriate payment to the ASC on a timely basis.

States must report all disciplinary actions to the ASC for inclusion in the National Registry database and must take the responsibility to ensure the accuracy of all data submitted.

States must notify the ASC, as soon as practicable, of voluntary surrenders, suspensions, revocations, or any other action that affects a credential holder's ability to practice.

States should periodically review the National Registry data to ensure information shown in the registry is accurate and complete, as it relates to

the credentials issued by the State.

Policy Statement Three - Best Practices:

Place more emphasis on the national registry; update the registry as soon as possible for states that utilize it.

Designate a senior official and keep written policies and procedures for access.

Have a contingency plan and alternate person with access.

Review, preferably on a daily basis, the ASC daily private emails.

Ensure discipline entered was accepted and is listed under the person's credential.

Periodically download information from the registry and spot check for accuracy.

Send weekly updates instead of monthly updates.

As long as the probation and suspension disciplines indicate an end date you can assume it is good; fines and education don't always get an end date from states.

Policy Statement Four - Review Criteria:

States must have reliable means of validating both experience and education credits claimed by an applicant. States must process applications in a consistent and equitable manner and must ensure the process is well documented.

States may not accept solely an affidavit for education claimed by an applicant. Adequate documentation must be received.

Prior to reinstatement, states must ensure that an applicant has completed all required continuing education. States may not accept solely an affidavit as verification for such continuing education completion.

Prior to renewal, states must ensure that an applicant has completed required continuing education. States may accept affidavits for such continuing education – provided the State has developed a reliable validation process-such as statistically relevant random sampling.

Continuing education audits, for renewals, must be completed within 60 days of the newly issued credential.

State must ensure appraiser credential applications submitted do not contain expired examinations.

States must require the 7-hour National USPAP Update Course for renewals consistent with AQB Criteria.

States must take appropriate action to suspend an appraiser's ability to perform appraisals in federally related transactions when it determines the appraiser's continuing education does not meet AQB Criteria and must report such action to

the ASC as soon as practical.

States may not accept an affidavit for experience credit claimed for certification. States must select work product to validate that the applicant's work demonstrates compliance with USPAP.

States must ensure that persons analyzing work product, for USPAP compliance, have sufficient knowledge to make the determination that work product does or does not meet USPAP.

States must ensure that an appropriate AQB-approved qualifying examination is properly administered and that the applicant has successfully passed this exam.

Policy Statement Four - Best Practices:

Use application checklists; modify when necessary and check for use by staff.

Be consistent in the review and decision processes. Ensure the state's retention policy is longer than the compliance review dates to prevent documentation from being destroyed.

If more than 10% of the audited population fails the CE audit, post something in a newsletter, on your website, or send out an email to all licensees explaining the requirements.

Use the AQB compliant field in the extranet site. This will inactivate someone who is not responding to your audit requests.

Document, document, document. Capture, who, what, when and the outcome.

Reach out to other states to compare checklists. Have transcripts sent directly from the institution to the jurisdiction.

Reach out to Policy Managers when needed.

Policy Statement Five - Review Criteria:

States must have a reciprocity policy for issuing a reciprocal credential to an appraiser from another State under conditions specified under Title XI and may not impose impediments to issuance of reciprocal credentials

Policy Statement Five - Best Practices:

Use the national registry to ensure the applicant would qualify for reciprocity.
Keep an open door policy.

Policy Statement Six - Review Criteria:

States must ensure that approved appraiser education courses are consistent with AQB Criteria and must maintain documentation to support approved education courses. States must also ensure that approved education courses are reviewed periodically as changes may have occurred.

States must ensure that distance education courses meet AQB Criteria, including the delivery

mechanism used.

Policy Statement Six - Best Practices:

Review course material accurately.
Ensure the course would improve the appraiser's appraising skills.

Keep well-documented files.

States can change the number of CE hours and are not required to approve what a provider requests; approve only what would count.

Renewals need the same attention as original applications; make sure IDECC and AQB letters are updated.

Watch out for expiration dates from AQB & IDECC approvals. Do not approve past the expiration dates or be sure you obtain updated documentation prior to such expiration.

Policy Statement Seven - Review Criteria:

States must ensure that the system for processing and investigating complaints and sanctioning appraisers is administered in a timely, effective, consistent, equitable, and well-documented manner.

Absent special documented circumstances, final administrative decisions regarding complaints must occur within one year (12 months) of the complaint filing date.

Policy Statement Seven - Best Practices:

States may consider conditional dismissals.
Ensure complaints are closed within one year from the date received.

Enhance the triage process.

Implement a fast track process (California has one).
Document, document, document. Document so that your rationale and decision-making can be followed and understood.

Be consistent.

Session #2 Potential Changes to the Real Property Appraiser Qualification Criteria (AQB Members-Joe Traynor and Larry Disney)

Moderators: Brandy March, Dave Campbell, Tom Lewis

Joe Traynor started the discussion with several observations including the fact that with 55 different jurisdictions, the AQB recognizes that changes adopted (if



any) to the Real Property Appraiser Qualification requirements will not be adopted overnight as many jurisdictions will need to make changes in either rules & regulations, or perhaps in the jurisdiction's enabling legislation. The only consensus the AQB has made thus far is that there is no consensus now.

This is the reason the AQB has had several exposure drafts and several "listening sessions" as they consider changes to the minimum qualifying education and minimum qualifying experience requirements for the licensed, certified residential and certified general criteria. Mr. Traynor and Mr. Disney are hoping to get additional feedback and suggestions to the criteria changes currently being considered by the AQB. This presentation was designed to be another "listening session" but with a focus on input from the regulators.

Both Mr. Traynor and Mr. Disney emphasized that in making these proposed changes, it was the goal of the AQB to make qualifications that made sense – for the long term (five to ten years down the road) and not simply just to fix the issue of a shortage of appraisers.

AQB Topic #1: The first topic of discussion, led by Mr. Traynor, focused on the Licensed Residential classification and the removal of the current of 30 semester hours college-level education requirement. If this change were adopted, there would be no college-level education (or equivalent) requirement for the licensed appraiser classification.

Qualifying Education for the licensed appraiser classification would still include the Required Core Curriculum credible class hours, specifically 150 credible classroom hours as specified in the Required Core Curriculum and successful completion of the 15-hour National USPAP Course (or its AQB-approved equivalent).

Discussion took place and many participants identified the costs of college education as a concern. Another concern is that the licensed appraiser classification serves as an initial training classification level in some jurisdictions; therefore, the 30 semester hours of college-level education was perceived as an unnecessary burden. A suggestion offered is to allow passing a type of GMAT test to obtain the licensed appraiser credential.

A show of hands was requested at each session. The majority, of those present at each session, viewed the removal of the 30 semester hours of college-level education from the licensed appraiser classification as a reasonable change. There was some disagreement shown pertaining to the qualifying education requirement.

AQB Topic #2: The second topic of discussion, led by Mr. Disney, focused on the Certified Residential Real Property Appraiser (CR) classification. The current requirement states an individual must hold a bachelor's degree obtained from a college or university accredited by

the Commission of Colleges, a national or regional accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education prior to being eligible for initial certification.

The proposed change for the CR category would allow for several paths to certification. Included in the options is the current Bachelor degree requirement. Alternative options being considered include (1) a two-year degree specifically focused in either business or finance, (2) successful completion of at least 30 semester hours with a specific focus on subject matters to include college level algebra, geometry, statistics, mathematics, English composition, economics, finance, and business or real estate law. Successful completion of these specific topic areas could be obtained from CLEP Exams, applicable college level courses (classroom or on-line) or any combination thereof.

Qualifying Education for this level would still include the Required Core Curriculum credible class hours, specifically 150 credible classroom hours as specified in the Required Core Curriculum and including successful completion of the 15-hour National USPAP Course (or its AQB-approved equivalent).

A show of hands was requested at each session. The majority, of those present at each session, were in favor for the proposed changes. Concern was noted on the lack of available and adequate supervisors. One group requested the PAREA program be reviewed further.

AQB Topic #3: The third topic of discussion, led by Mr. Traynor, focused on the Licensed Appraiser path to become a certified residential appraiser.

This path towards certification applies to a licensed appraiser, who has been licensed for at least five years and who has not had significant disciplinary action during that period. The individual would be required to (1) take 50 hours of education, (2) pass the national exam for the Certified Residential level and (3) pass the work product review in order to be eligible to upgrade to the Certified Residential level. When following this path, a College degree would not be required. Concern was expressed with regard to competency issues with no degree; lender acceptance of the new criteria; that the market has not adjusted to the new criteria to determine if the current Criteria is working.

AQB Topic #4: The fourth topic discussed involved changes being considered for the experience requirements needed to meet the Licensed Residential Real Property Appraiser and the Certified Residential Real Property Appraiser classifications.

The Practical Applications of Real Estate Appraisal (PAREA) outlined in the third exposure draft is being tabled for now due to inconsistent feedback and

undeveloped training methods. In past exposure drafts, there appeared to be widespread support for this program; however, there was also concern of training not being as sufficient as real word experience. This concept still has merit and, if considered in the future, additional thought, development and feedback are necessary.

PAREA Overview: The concept was to have a controlled scenario with pass/fail instruction. Possibly 75% of an individual's experience could come from PAREA. The state would still be required to determine the applicant's competency through the work product review. As the exam is more robust, commenters should think about how much real experience is necessary.

AQB Topic #5: The fifth topic of discussion was the number of required hours of experience and the minimum period required to obtain this experience. Feedback suggested that due to the difficulty in finding supervisors and the burden placed on both the supervisor and the trainee, adjustments were needed. Thus, the following changes are being considered.

Licensed Residential Real Property Appraiser:

Current Requirements were for 2,000 hours of experience obtained in not less than 12 months.
Proposed Requirements are for 1,000 hours of experience obtained in not less than 6 months.

Certified Residential Real Property Appraiser:

Current Requirements were for 2,500 hours of experience obtained in not less than 24 months.
Proposed Requirements are for 1,500 hours of experience obtained in not less than 12 months.

Certified General Real Property Appraiser:

Current Requirements were for 3,000 hours of experience obtained in not less than 30 months.
Proposed Requirements are for 3,000 hours of experience obtained in not less than 18 months.

The AQB recognizes that the criteria for becoming a Licensed Residential Real Property Appraiser, a Certified Residential Real Property Appraiser, or a Certified General Real Property Appraiser, should be the minimum standards considered necessary to obtain such a credential.

With this in mind the AQB expects to produce a fourth exposure draft of the Real Property Appraiser

Qualification Criteria and further expects this draft will be sent out for public comment.

Session #3 AMC Basic Requirements and Misperceptions (ASC-Jenny Howard Tidwell, Alice Ritter, Ada Bohorfoush, and Brian Kelly)

Moderators: Brandy March, Dave Campbell, Tom Lewis

There are three types of AMCs: federal, state and multi (national). Brian Kelly (IT) provided a Power-Point presentation on the AMC registry process, which is approximately 85% completed. Brian's overview provided step-by-step instructions for filling out the National Registry when a state or jurisdiction reports AMCs. Brian indicated the extranet would be the only way to place an AMC on the National Registry and that each AMC would not be given a unique identifying number. The AMC registry will have a public and regulator side. States cannot populate the registry until they can remit fees.

States will receive an invoice for appraisers and one for the AMCs (if the state has an AMC program). Invoices will come on the 26th of the month with the appraiser invoices. States can pay together or separate. State can have yearly or multi-year payments depending on their registration and renewal process. States will be required to transmit funds to the ASC for federally regulated AMCs.

Concern was noted regarding not having a unique identification for AMCs, especially with the multitude of DBAs. When asked about a Company's EIN number, Brian indicated that this was tried but did not work. Another concern is with the pass-through fee for federally regulated AMCs as the states do not have authority over the AMC. Inquiry was made into using the AMCs funds to help states with the registry; primarily to enhance systems to allow for SOAP integration.

The ASC presenters, Jenny Tidwell, Alice Ritter and Ada Bohorfoush, reviewed the AMC compliance review and Policy Statements. Once states opt in, they must meet Policy Statements 8, 9 and 10. These policy statements are similar to the appraisal program policy statements. A few of the requirements listed in the Policy Statements are listed below. Policy Statement Nine mirrors Policy Statement Three regarding the national registry. Policy Statement Ten mirrors Policy Statement Seven regarding enforcement. Policy Statement Eleven pertains to the AMC implementation period. The Policy Statements are proposed. The ASC request comments to the proposed Policy Statements be made prior to the November 20, 2018 deadline.

Compliance reviews for AMCs will be at the same



time as their appraiser program review. State must have legal mechanisms consistent with AMC registration requirements.

State must have sufficient funds and staff to carry out implementation of AMC registration, oversight, enforcement requirements according to ASC.

Only to report/register, to the ASC, the AMCs that meet the federal definition of an AMC. Those that do not meet the definition of an AMC may not be placed on the national registry. States may wish to maintain its own registry of AMCs that would include those reported to ASC as well as other AMCs that do not qualify to be on the ASC National Registry.

State must pay invoices within 45 days.

State must report disciplinary actions taken against AMC on National Registry within 5 days.

State must report to ASC when AMC changes from active to inactive status.

State must ensure accuracy of data submitted to ASC National Registry.

State must have a policy for protection for access to the national registry.

State must document the type of action taken when disciplinary action is required.

State must track complaints in a manner that allows the ASC to determine the sequence of events, rationale and action(s) taken.

Comments due on November 20, 2017.

Deadline for AMC statutory implementation is August 10, 2018.

State can elect to "opt-in" or "opt-out" at any time (Policy Statement 11).

More New Members– AARO welcomes House Canary, NC Realtors®, and SBS Valuation as Affiliate members!

Meet the AARO Members!



Left: Celsey Metcalfe, Right: Leon Lewis

Let's get to know these members a little bit better. Celsey Metcalfe is a Technical Records Specialist with the Idaho Real Estate Appraiser Board. Leon Lewis is the longtime Executive Director with the Washington DC Board of Real Estate Appraisers.

Is This Your First AARO Meeting, if not- how many have you attended?

CM: The 2017 Fall AARO conference in DC is my first.

LL: I have been to 8 now, in Washington, DC and San Diego, California.

Tell us About Yourself:

CM: Growing up I couldn't decide between being a teacher, a lawyer, or a psychiatrist, so it makes perfect sense that I now work with the Idaho Real Estate Appraiser Board, right? After several years absence, during which I worked in the private sector as a bookkeeper and proof-reader for two newspapers, one local and one regional, I returned to the Idaho Bureau of Occupational Licenses to work with the AMCs. There were a few coworkers I had missed working with, so I was happy to return. It didn't take them long to hand over the entire REA Board and give me a couple extra to boot, so it's kept me busy learning new things, which I really like. Between my partner and I, we have four daughters: a sophomore majoring in behavioral neuroscience at the University of San Diego, a freshman majoring in biochemistry with a pre-med emphasis at Oregon State University, a Freshman cheerleader in high school and the little bug is a sixth grader who is just beginning to play the violin in middle school. They keep us busy but when there is extra time, we bike, raft and hike in the summer and ski in the winter. Skydiving with my little brother for my birthday was the most memorable gift I've received, and a trip to India this past June for my daughter's high school graduation was the most memorable gift I've given... to date.

LL: I am the Executive Director with the Washington, DC Board of Real Estate Appraisers. I have worked with the Board for eleven (11) years. I have been in the professional licensing regulatory area for 30 years serving the Real Estate Commission, Board of Veterinary Examiners, Board of Architecture and Interior Design, and most recently, the Board of Professional Engineering and Board of Accountancy.

What I Enjoy Most About My Work:

CM: Considering I don't have an appraisal background, at this point I most enjoy learning new things. With each new bit of information, I get to see another piece of the big picture fall into place.

LL: I enjoy the camaraderie that exist between member jurisdictions of regulatory associations such as AARO. Also, many board administrators and executive directors administer licensing laws for many professions and AARO affords me the opportunity to interact and learn from fellow administrators and member boards. Additionally, I

believe that my main career purpose in life is to serve the public, whether it be a consumer, as well as a licensee, and other stakeholders.

The Last Book I Read:

CM: Beneath a Scarlet Sky by Mark Sullivan. It was a wonderful, based on the true story of a young Italian teenager and his role through the German occupation during WWII.

LL: "Not a Fan" by Kyle Idleman

Favorite US City to Visit and Why:

CM: It has to be Corvallis, Oregon right now since that is where my daughter just headed off to and I'm not used to a home without her yet. After that, I would say DC made a huge impression on me. I love classic architecture and sites of historical significance. I hardly need to elaborate on how DC fits the bill!

LL: Chicago, IL because it is such a beautiful city and it is my wife's hometown

Is Attending the AARO Conference Helpful to My Job:

CM: Absolutely. I kept telling everyone I was there to learn what I don't know but need to know. It's absolutely true. It goes right back to learning the information that helps all my puzzle pieces fit together. Getting to hear others share information gives me answers to questions I didn't even know I had.

LL: Yes, very much so. AARO is unique in that it is federally regulated. It affords me the opportunity to receive information from our federal regulators and, at the same time, interact with my counterparts in other member jurisdictions. AARO's conference programs are second to none as it involves not only member jurisdictions, but other federal agencies, as well as presentations from other appraisers and experts on relevant experiences in the profession.

My First Impression of AARO:

CM: I need some Advil. Maybe not, but when you don't have an appraisal background it's a lot of foreign information! I was really impressed with the variety of presentations, and there are many who could take some notes from AARO on how to properly organize a conference.

LL: AARO's conferences are well organized and the presentations are relevant to regulatory issues that jurisdictions are working on. The staff members/coordinator at AARO are excellent and are very friendly when queried. Its meetings and conferences encompass a diverse group of professionals

What challenges do you face at work, regarding appraisal regulation?

LL: The federal audit/field review represents a challenge, however, the Policy Managers have assisted us greatly.

AARO Heads Back to Seattle!



It has been almost 20 years since AARO held a meeting in Seattle, Washington. A lot has changed in the preceding years, both in Seattle and within AARO itself. AARO is now over 25 years old, and has firmly established itself as an important cog in the appraisal regulatory arena and has developed a reputation of hosting well run conferences that are packed with critical regulatory content.

Seattle is still the host city for Starbucks corporate but the then 2,500 global locations has grown to over 25,000 locations around the world. It is also still the host city for what was, back in the late 1990's an up and coming online book retailer known as Amazon. Oh yes, the small little software company founded by 2 guys in their garage is based in the northern Seattle suburb city of Redmond. Coffee, fresh seafood, and hi tech are the driving forces behind the Seattle economy, but perhaps not in that order.

Did you know that Seattle's reputation for daily rain is misleading? On average, Seattle gets less annual rainfall than Boston, Washington DC, Miami and New York City! The Westin Seattle, our HQ hotel has 891 rooms, and that represents about 6.5% of the available hotel rooms in downtown Seattle. The Seattle Space Needle was built for the 1962 World's Fair and was the tallest building west of the Mississippi River at that time. It is not true however, that Craig Steinley took the assignment to appraise the land it was built on before construction began! Rumor has it was because reciprocity was not in effect at that time.

The Seattle area is home to 2 of the world's wealthiest people. Dee Sharp, Program Manager of the WA State Real Estate Appraiser Program swears she is not one of them! Dee does promise to welcome all of the AARO attendees to her hometown and she is excited to share with us what makes Seattle such a vibrant place to live and work.

Tentative Agenda for the Spring Conference

Headquarters Hotel is the Westin Seattle, 1900 5th Avenue.

Friday, May 4

12:00p – 4:00p Registration

1:00p – 3:00 p

Opening Remarks

Dee Sharp, AARO President Elect
& Ambassador to Seattle

Craig Steinley, AARO President

ASC & TAF Updates

Moderator- Craig Steinley

ASC – Jim Park

TAF – Dave Bunton

AQB – Mark Lewis

ASB – Maggie Hambleton

3:00p – 3:15p – Break

3:15p – 4:30p

General Session – Appraisal Threshold Levels, Exemptions & Waivers

Moderator- Kristen Worman

Scott Reuter – Freddie Mac

James Murrett, Appraisal Institute

Sharon Whitaker, American

Bankers Association

6:00p – 8:00p **Welcome Reception & Silent Auction**

Saturday, May 5

8:00a – 4:00p Registration

7:45a- 8:30a Continental Breakfast

8:30a- 12:00p- 2 Tracks Offered

2018 Case Studies for Investigators (Closed to Investigators only)

Regulator Training Course (Open to all registered attendees)

10:15a – 10:30a – Break

12:00 – 1:30p Lunch – On your own

1:30p – 2:45p

Round Robin – 1st Cycle

Moderators- Gae Lynne Cooper and Diana Piechocki

(2) Round Robin Topics will be repeated, presenters will move, attendees stay

Topic 1: ASC Policy Statements, Best Practices and AMC National Registry: led by Claire Brooks, Jenny Tidwell, Vicki Metcalf and Brian Kelly

Topic 2: AQB & ASC – Implementation of the AQB Criteria Effective May 1, 2018: led by Kristi Klamet, Neal Fenochietti, Mark Lewis, Larry Disney and John Brennan

2:45p – 3:00p Break

3:00p – 4:15p

Round Robin – 2nd Cycle

5:20p- 9:20p (Approx.) Seattle Mariners Baseball game

Sunday, May 6

8:00a – 3:00p Registration

7:45a- 8:30a Continental Breakfast

8:30a – 9:25a **Committee Meetings**

Policy & Planning

Program

Budget & Finance

Communications

Nominating

9:35a– 10:30a **Advisory Council Meetings**

Appraiser Qualifications

USPAP

ASC

Professional Organizations

AMC Organizations

Past Presidents

10:30a – 10:45a – Break

10:45a – 12:00p

General Session – Looking to the Future of Appraiser Experience – Is It Already Here?

Moderator- Vanessa Beauchamp

Luke Tomaszewski, eValuation, Inc.

Stephen Wagner, Appraisal Institute

Sherry Bren, South Dakota

12:00p – 1:15p Lunch – Provided

1:30p – 3:00p

General Session – Potential Best Practices for Regulators and AMCs Regarding Compliance with AMC Registry Fees

Moderator- BJ Jibben

Douglas Oldmixon, Texas

Other Panelists- TBD

3:15p – 4:30p

Board of Directors Meeting





AARO Officers and Directors for 2017-2018:

President: Craig Steinley, SD
 President-Elect: Dee Sharp, WA
 Vice-President: Kristen Worman, TX
 Secretary: Diana Piechocki, AR
 Treasurer: Dennis Badger, KY

Directors at Large:

Don Rodgers, NC
 Gae Lynne Cooper, OR
 Craig Coffee, GA
 Tamora Papas, DC
 Vanessa Beauchamp, MO
 Marty Fleischhacker, MN
 Fran Oreto, FL
 Douglas Oldmixon, TX
 Danielle Morales, MS
 Brandy March, IA

Alternate Directors:

Corey Kost, ND
 BJ Jibben, WY
 Allison McDonald, FL
 Kreg Allison, IL

Swearing in the New Officers & Directors in Washington DC: Front Row, left to right– Kristen Worman, Dee Sharp. Second row , left to right - Kreg Allison Tamora Papas (partially hidden), Diana Piechocki (partially hidden), BJ Jibben, Corey Kost and Craig Coffee. Back row, left to right– Vanessa Beauchamp, Don Rodgers, Dennis Badger, Craig Steinley, Marty Fleischhacker, Douglas Oldmixon.

Future Conferences

Spring 2018- Westin Seattle, May 4-6
 Fall 2018- Westin Washington DC City Center,
 October 19-22
 Spring 2019– Grand Hyatt Denver, May 3-5

Book Your Rooms Early!

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