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# Streamlining Appraiser Reciprocity

October 16, 2011

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# Reciprocity Concerns



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- Administrative nightmare
- Disadvantage to real estate appraisers in comparison to other similar professions (such as, accounting, financial analysts, business valuation)
- Client needs –
  - Many appraisal clients and intended users hold properties in multiple states
  - Real estate is growing less “local” and more “national” or even “global”
- Cancelled reciprocity agreements in past years
- Upcoming Dodd-Frank reciprocity implementation

# Dodd-Frank Act



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**(b) RECIPROCITY. Notwithstanding any other provisions of this title, a federally related transaction SHALL NOT be appraised by a certified or licensed appraiser unless the State appraiser certifying or licensing agency of the State certifying or licensing such appraiser has in place a policy of issuing a reciprocal certification or license for an individual from another State when . . .**

•*(emphasis added)*

# Dodd-Frank Act (cont.)



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**(1) the appraiser licensing and certification program of such other State is in compliance with the provisions of this title;**

**and**

**(2) the appraiser holds a valid certification from a State whose requirements for certification or licensing meet or exceed the licensure standards established by the State where an individual seeks appraisal licensure.**

# Solutions Will Be Required



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The Appraisal Institute commits to being a resource to assist in finding workable solutions to meet the challenges of reciprocity.



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# This Offers an Opportunity: Appraiser Licensing Portal

- Objective
  - To create a single, national system for individuals seeking to apply for, renew, amend, or surrender an appraiser's license
    - Modeled after the NMLS
    - Potential to utilize NMLS infrastructure
  - The portal itself would not grant or deny license authority; *all authority would continue to rest with state boards*
  - Streamlines the credentialing process for regulators appraisers by providing a centralized and standardized system for appraiser licensing

# Appraiser Licensing Portal



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- All states have common requirements
  - Qualifying education
  - Experience
  - Examination
  - CE
- States also have unique requirements
  - Background checks, credit report
- A candidate would still have to comply with each state's own requirements
- Implementing a single, national credential or usurping any state's authority **IS NOT THE INTENT**

# Appraiser Licensing Portal



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- Goal of portal would be to allow an individual to input their information in a common system
  - Could be used to obtain a credential in multiple states simultaneously
  - Credentialing via reciprocity or temporary practice
- Portal would also be used to enter disciplinary action in “real-time”
- States could see the status of an individual’s license in “real-time” and could review the individual’s qualifications (i.e., CE) in “real-time”

# Appraiser Licensing Portal



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- Could require some changes in state law
- Scalable - could result in a **HUGE** reduction in state administrative and processing costs
- Is not intended to replace the federally-required National Registry
- Ideally, upfront development could be funded by the states due to future cost savings
- On-going operating costs could be paid out of slightly higher credentialing fees
- Could also serve as an AMC licensing portal

# Appraiser Licensing Portal



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- The NMLS was created by CSBS (State Regulatory Registry, LLC) with the intent to eventually utilize the infrastructure for the licensing of other financial industry participants.
- According to the SRR website:

“SRR is to develop and operate nationwide systems for state regulators in the financial services industry. Such systems are intended to enhance state’s ability to protect consumers; improve supervision and enforcement of licensed entities; and streamline licensing and other processes for state agencies and the industry through the use of modern technology and centralizing redundant state agency operations.”

# Appraiser Licensing Portal



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- We encourage AARO to explore development of a comparable system for real estate appraisers
- Identify 4 or 5 states to begin the development process; as a system is developed, more and more states would be invited to join
- The Appraisal Institute will be pleased to assist

**Must Have an Acronym!**



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# Appraiser Licensing Portal System

# ALPS





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# Copy of Presentation

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**Thanks for your consideration!**