

## AARO Celebrates a Milestone!

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### Letter from AARO's President Debra Rudd



Change is defined in Webster's Dictionary as *1 a: to make different in some particular; b: to make radically different; c: to give a different position, course, or direction to a matter.* We have definitely seen a change in the recent national election for our country's leadership, and not to be outdone; AARO has changed their leadership, as well.

### 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

A new slate of officers was installed at our AARO Fall Conference in Washington, DC. As the President this year, I am privileged to be working with such a great group of dedicated people, like *Anne Petit*, our Immediate Past President; *Craig Steinley*, our new President Elect; *Dee Sharp*, Vice President; *Tom Veit*, Secretary; and *Dave Campbell*, our Treasurer. Our Board of Directors is equally impressive with *Fran Oreto*, *Robin Hannigan*, *Larry Disney*, *Don Rodgers*, *Mike McGee*, *Tyler Kohtz*, and *Danielle Morales*. Thank you all for stepping up to help our organization meet its mission of advocating for, communicating with and educating our members to assist in their appraiser and appraisal management company regulatory programs.

Last year we took several steps to improve our organization to help our members in this ever changing environment. Some of those steps involved assessing our strengths and weaknesses while looking out for opportunities and threats. We now have a great blueprint to follow thanks to Anne Petit's steady guidance.

The ideas offered by the Board Members at our planning session in October were truly exciting, including a possible survey to help our jurisdictions compare appraisal regulatory programs, fees, statutes, and other relevant information. Right now it can be somewhat cumbersome to find this information throughout the 55 jurisdictions. As these ideas to strengthen our organization are more fully developed, we look forward to sharing them with you perhaps as early as our next conference April 7<sup>th</sup> – 9<sup>th</sup>, 2017.

The Appraisal Standards Board public meeting on the morning

before and information we received throughout the AARO Conference talked about further changes coming. We heard more about the progress being made by the Appraisal Qualifications Board to ease the qualifications to become a real property appraiser. And there were also presentations on increasing regulations of AMCs in compliance with the final federal rules. We heard reports of a shortage of appraisers, and about backlogs in certain areas of the country for appraisal assignments to be completed, yet there was also evidence that the shortage is not necessarily widespread.

After the conference, we learned of a hearing before The Subcommittee on Housing and Insurance. Testimony was given by James Park, Executive Director of the Appraisal Subcommittee; David Bunton, President of The Appraisal Foundation; Joan Trice, of Clearbox; Bill Garber, Director of Government and External Relations for the Appraisal Institute; Ed Brady, Chairman of the National Association of Home Builders; and Jennifer Wagner, Managing Attorney for Mountain State Justice, Inc. The hearing was on *Modernizing Appraisals: A Regulatory Review and the Future of the Industry*. This hearing was chaired by Mr. Luetkemeyer and attended by other members of the House of Representatives. They heard varying degrees of changes that speakers wanted. The hearing concluded with no definitive promises, but there could be further actions coming this next year. We will try to keep you posted if we learn anything more.

Now is a good time to reflect on what has not changed. We still see several members and affiliates who are dedicated to preserving the public trust related to the real property appraisal regulatory programs. We still have numerous volunteers who dedicate their time and energy to make our conferences great. And I do not want to leave out our Managing Director, Brent Jayes, and his lovely wife, Diana, who never seem to change their adept ways to create a smooth conference.

The networking that comes from being associated with our organization has not changed over the years, either. Nor has the need for more sharing of information. Speaking of which, please check out the AARO website, [www.aaro.net](http://www.aaro.net) to see what has been posted. You may be surprised at all of the information you can find there.

I look forward to seeing you in April at our Spring Conference in Tampa. We will be amazed and dazzled under the capable direction of our Program Committee Chairman, Craig Steinley, and our local expert Fran Oreto. In the meantime, I wish you all a safe, happy and healthy holiday season.

**Debra Rudd**, AARO President 2016-2017

## Fall 2016 Conference Highlights

October 2016 marked the celebration of AARO's 25th anniversary! In addition to another strong agenda filled with the latest information on the hottest topics impacting appraiser regulators, AARO took time to celebrate its history and acknowledge those who have made it the organization it is today.

We'll share more about that celebration later in this issue, but let's take a look at some of the sessions that were held.

### AMCs & Professional Organizations

#### Break Out

##### Moderator - Fran Oreto

Those in attendance at the break-out group included individuals from all sectors of the appraisal industry. There were 48 attendees registered for the session. The approximate breakdown of attendees (by hand count) were State Regulators – 14; Professional Organizations – 11; AMCs – 20; Other Agencies – 7.

Six topics were introduced, each with vigorous interaction by all attendees.

## Fall Conference Summary

### Topic #1 – AMCs and Trainee Appraiser Programs

#### **Question: How can AMCs promote supervisory relationships between certified staff appraiser and trainee appraisers?**

How / who will pay the trainee appraisers? Some states have requirements that control who and how a trainee receives compensation. AMCs licensed in more than one state will need to monitor how payment is made in each state.

One company has an eleven-module training program, which includes training by a certified appraiser with instruction on the use of several typical industry real estate and appraisal software programs. This training takes place over a two – three month period before a trainee is allowed to go into the field. This training doesn't count toward satisfying the experience requirement as required by the AQB.

In the above case, the AMC does compensate the trainee as the trainee has signed a work contract with the company that extends for a period of two years.

This company uses virtual systems for training purposes which improves the quality of the production when the trainee is able to work.

This arrangement requires the trainee to remain with this AMC for a period of two years after certification has been achieved.

Mark Schiffman, REVA stated REVA would like to be in a more proactive role and help states with issues they may have in this area.

There were several brief comments about the AMC being the employer of both the staff supervisory appraiser and the trainee appraiser. One common question was who is then responsible for paying the trainee?

Some States have no guidelines or regulations about who can pay the trainee. Other States, Florida, for example has very strict guidelines about who can pay a trainee. In Florida's case, the guidelines are a statutory requirement. This led to the mention of REVA's ongoing efforts with a bill in Florida.

Jim Park, ASC suggested it might be helpful if AARO became involved with developing some type of guidelines to aid States in establishing similar programs for the compensation of trainee appraisers.

Moderator - Regulatory challenges for independent appraisers and AMCs:

Who can sign a report on the left?

AMCs have requirements about who can be on an AMC's



appraiser panel. Trainee appraisers cannot be on a panel. Creates problems with fulfilling the experience requirements.

North Carolina Coalition of Appraisers – Licensed Appraisers have been left out of the loop because of the changes made by FHA some time ago.

North Carolina Coalition would like to see the creation of a training program to move Licensed appraisers to Certified Appraiser status based upon "life experience" and "work experience" rather than just the need for a four-year degree.

There is a problem accumulating experience as a trainee if the supervisory appraiser signs, takes full credit for the appraisal report, and does not disclose the trainee's significant assistance when it was provided.

The supervisory appraiser has the responsibility of disclosure for significant assistance as well as taking full responsibility for the appraisal report.

The knowledge the supervisory appraiser has of the trainee's competency for the assignment is the key to the AMC allowing the trainee to sign the reports.

The Virginia Coalition would like to allow "lifetime experience" to qualify as education. If the licensed appraiser can pass the exam, they will get the certification.

### Topic #2 – National Unique Identifier Number

#### **Question: Who will be impacted by the change to the National Registry?**

Brian Kelly, ASC gave a very brief description of what the Unique Identifier Number (UID) is and how it will work.

Only State Regulators will see a change to the information available on the National Registry.

Once a file is submitted to the Registry, the ASC's database will look at the social security number to see if there are other files with the same number.

## Fall Conference, cont' d

The database will create a 44 character identification number for that file, if one does not already exist. All files on the registry with the same social security number will be tied to the same 44 character UID.

### Topic #3 – AMC National Registry

#### **Question: How will AMCs address the issue of Fee Panels?**

Mark Schiffman, REVAA suggested that it will be up to each AMC to make business decisions regarding fee panels. How many panel members they will pay for will be up to each AMC.

### Topic #4 – Covered Transactions

#### **Question: How will “covered transactions” be identified by AMCs?**

Jeff Dickstein, Pro Teck Valuation Services (AMC) – At the start of a transaction, the AMC has no idea how the final appraisal report will be used. With this in mind and based upon the use of the “covered transactions” definition, will AMCs need to have one panel for covered transactions and a separate panel for “non-federally related transactions”?

Mark Schiffman (REVAA) suggested that AMCs and State Regulators open their doors and look to national organizations for assistance with this type of question.

There are twenty-two states with some type of restriction on trainee appraisers as well as federal guidelines.

These restrictions and guidelines include:

Restrictions from lenders to AMCs

Restrictions from States to supervisors and trainees

Restrictions from AQB on supervisors and trainees

Andy Reisser, STARS (AMC) – Alaska has no guidelines for trainee appraisers

Jeff Dickstein, Pro Teck Valuation Services (AMC) - The States that have no guidelines, the silent states, are a problem for AMCs.

The AMC's clients (the banks) are the reason there are restrictions on work being done by trainee appraisers.

Vern Meyer from Utah - Much of the mentoring / training of trainee appraisers is at the inspection level. The rest can be taught by digital means.

Complaints about appraisal reports are for the most part directed at residential appraisal reports because of the number of residential transactions and the number of buyers and sellers.

### Topic #5 – Identifying Name for Trainee Appraisers

#### **Question: Should new appraisers be called “Trainees”?**

North Carolina Coalition of Appraisers – The label seems

to bring a negative connotation with it. North Carolina uses the term “Appraiser Associate”.

Some Regulators use the term to identify a person who has not yet met the level of experience to be certified.

Jim Park, ASC – Please remember that the term is now part of the AQB Criteria.

Andy Reisser, STARS (AMC) – It is the Client who makes the determination of who can do an appraisal and provides that information to the AMC and the consumer pays for the product.

Jeff Dickstein, Pro Teck Valuation Services (AMC) – This is not a true statement in the foreclosure market. There are no pass-through fees with a foreclosure.

Jim Park, ASC – Keep in mind that 90% of appraisals completed are not federally related transactions.

Appraisers and AMCs need to educate their clients about federal regulations and include information about when a transaction is not a federally related transaction.

Debbie Jones, North Carolina Coalition of Appraisers – the industry needs to focus on how to bring new people into the industry.

### Topic #6 – The Challenge of Adapting to New Technology

#### **Question: Why use Automated Valuation Models (AVMs) and other technology?**

Technology changes are a challenge to some appraisers who have been appraising for many years. Is there a better way to do your work?

Nikole Avers, Dart Appraisal (AMC) – The only constant is change. Appraisers have to adapt to what clients have adopted as their business practices.

Unidentified Man from North Carolina Coalition – Good appraisers can do an assignment with pencil and paper. Technology, AMVs and other methods / types of technology, can allow that appraiser to do two things: Meet the needs of the client; and do so efficiently

## Board Members Break Out

John McIntyre- moderator

### AMC Programs – what is working and what is not?

Several Board members were active in this discussion. We covered the difficulty in determining an AMC -vs- larger appraisal firms, to capture as many AMCs for licensure

as possible without forcing appraisal firms to register under the acts. Most states that have AMC laws in place

## Fall Conference, cont' d

were pretty pleased with what they have in place, with some concern that they may have to change their respective laws and regs to match the federal regulations recently released.

Very few complaints or concerns about items not working well.

### AMC Panel Member Fees – Are you ready?

We opened a discussion about the federal fees to be collected by states and passed along to the ASC (\$25 per appraiser panelist paid by the AMCs to the State). It was very timely as Jim Park discussed in his presentations that they have three models for claiming appraisers as panelists – the most likely will be for AMCs to report to each state what appraisers have been engaged for assignments within 12 months and pay a fee of \$25 per appraiser “used” during that period.

The state that seemed ahead of the game is Texas, where they have developed a website where all registered AMCs and Appraisers are listed and AMCs have to engage the appraiser’s as active panelists prior to the engagement. This should create a system where the state can simply download at the end of each year how many appraisers were engaged for individual assignments by each AMC.

### Appraiser Shortage – is there one in your state?

This was a very lively discussion – it appears that most states react that they do not have a shortage in general. However, when some of the larger states view their coverage in the rural parts of their states, it can be a whole other story. Further, some states (such as the Dakotas) mentioned they have an extreme shortage currently.

This wound up with most offering input discussing the barriers to entry for trainees. It was offered that better education needs to be take place between TAF and ASC to the Federal Reserve Board to get the message to lenders (and other users of appraisal services) that a trainee is not only allowed to view a property by themselves but it is encouraged, once the supervisory appraiser believes the trainee is ready to field inspect by themselves. Currently, far too many AMCs and lenders do not allow a trainee to view a subject by themselves.

### Appraiser Shortage – what do you think of the AQB proposal?

Most states are in favor of allowing alternative experience.

However, many were concerned that competency can become a large concern if appraisers are licensed too quickly and no longer working under the supervision of a highly-experienced appraiser. The clear choice was to educate users of appraisals and supervisory appraisers that a supervisory appraiser signing on the right of an appraisal is as responsible for the credibility of the work product as if they signed on the left without a trainee. One of the board members present is a bank employee member of his board and confirmed that his bank requires a minimum of “Certified Residential” status to be an active appraiser for their institution and that a “Certified Residential” appraiser must be present “viewing” each subject.

### TAF Corrective Courses – Are you planning on using this new tool in your state?

Most had just heard of the release of these courses and though they would be a great new tool in the disciplinary process when appraisers veer off track. However, they did not yet know enough about the material to state they would begin rolling it out immediately.

### Alternatives to Experience / Practicum Courses – any progress in your state?

Most board members agreed that a practicum course would be an incredible opportunity. If trainees could learn in a controlled environment (free of turn time pressures to complete a live lending assignment with a due date) it would be optimum training course. However, the profession is not showing any movement toward the roll out of this type of course. It was discussed that maybe lenders or the government could roll out training courses to be supported that would allow appraisers to learn in a classroom environment. It was concluded that this would be a great idea that still needs to see if there is a reasonable way to roll this out through a “for profit” education provider or search out another course of action.

## Administrative and Legal Break Out

Moderators: Martin Fleischhacker and Mark Hastie

There were licensing, administration, and legal representatives from various state boards and agencies in attendance, among others.

Discussions were free-form based on suggested topics of the moderators and those in attendance.

Thus the discussions included a broad range of topics allowing attendees to brainstorm and bring up issues of

## Fall Conference, cont' d

interest in their jurisdictions. The following is a list of the major points discussed, many of which could be points for further coverage in upcoming break out sessions.

1. Review of recent Minnesota complaint and investigative data, including issues surrounding a recent market conduct audit conducted by the agency related to appraiser licensing status;
2. Types of enforcement matters that states are seeing (including authority over unlicensed activity, particularly with respect to appraisal management companies);
3. Issues concerning the settlement of investigations where violations of law are found and the types of tools used such as cease and desist orders, penalties and/or remedial education. Another option is requiring the completion of one of the Appraisal Foundations' new 4-hour, non-credit corrective action courses;
4. Contested case procedures and related issues;
5. What states are doing to make sure that they avoid the issues identified in the North Carolina Board of Dental Examiners v. Federal Trade Commission decision (at least a couple of states mentioned that they had made or were considering changes related to board oversight in response to this case);
6. What states are doing to maintain adequate pools of appraisers and supervisory appraisers;
7. The ways in which states communicate with their licensees such as bulletins;
8. Issues concerning the personal liability of board members and whether and in what circumstances states are paying for board member legal costs;
9. Various data available to state regulators concerning licensees.

### **AARO Turns 25!**

You only turn 25 once, so AARO decided to take advantage of this opportunity to look back and reflect on where we've been while looking forward and celebrating where we're heading. We had about 100 AARO attendees and their invited guests join us for a festive evening complete with lavish décor and sit down dinner.

VIP guests took turns at the dais sharing memories and anecdotes, including Anne Petit (AARO President 2015-2016), David Bunton (The Appraisal Foundation President), Jim Park (Appraisal Subcommittee Executive Director), Sherry Bren (2 time AARO President; 1998-1999 and 2013-2014) and Mark Stauffer (AARO's 2nd President, presiding 1992-1993). Also in attendance were AARO founding members, Dave and Jodie Campbell of North Dakota.

Mark had great stories about the very humble beginnings of AARO, which included a copy of some of AARO's first marketing brochures.

A rotating slide show with pictures covering all 25 years brought many laughs to those in the audience. An observation was made about those in the slide show— everyone had less hair than they used to. The women, due to more contemporary hair styles, the men.... well it wasn't due to hair styles!

Here are some pictures of what you may have missed.



Above— Anne Petit addresses the Gala crowd.  
Below— AARO Leadership over the years- (l-r); Don Rodgers, Anne Petit, Nikole Avers, Sherry Bren, Larry Disney, Mark Stauffer



## Meet the Members!

Pictured - Kreg Allison (l) and Brandy March (r)



### Meet the AARO Members!

While in Washington DC for the 2016 Fall conference, AARO took time to chat briefly with 2 members— Kreg Allison of Illinois and Brandy March of Iowa. Let's get to know them a bit better.

#### **AARO- Tell us about yourselves:**

**KA:** As the Director of the Division of Real Estate ("DRE") for the Illinois Department of Financial and Professional Regulation ("IDFPR"), I serve as the head regulator for the real estate industry in Illinois overseeing professional education, licensure, regulation, and discipline for over 80 thousand licensees working in seven professions. My agency has approximately 40 employees operating out of offices in Chicago, Des Plaines, and Springfield with a most recent budget of over \$8 million.

Prior to joining IDFPR, I was Senior Counsel and a corporate officer for Avison Young. At the time of my appointment, Avison Young was the world's fastest-

growing commercial real estate services firm with more than 2,100 real estate professionals operating out of 73 offices in five countries.

Before my time at Avison Young, I served as the Administrator and Chief Legal Officer for the Hamilton County Clerk of Courts in Cincinnati, Ohio. During my tenure there, I managed the largest Clerk of Courts office in the State of Ohio with more than 300 employees and a \$15 million annual budget.

I am licensed to practice law in Illinois and Ohio. I earned my Juris Doctor from the Ohio State University Moritz College of Law, my Master of Business Administration from the Ohio State University Fisher College of Business, and my Bachelor of Arts in Economics and Political Science, cum laude, from the Vanderbilt University College of Arts and Science.

I am a cancer survivor and music lover, and I live in the River North neighborhood of Chicago, Illinois.

**BM:** I grew up in Missouri but have lived in Illinois and now Iowa. I love to travel and see new places. I went to Columbia College where I obtained a Bachelor's of Science in Business Administration with a major in Human Resource Management, Management, and Health Care Administration. Overall, I have worked in State government for over eight years and with federally regulated programs the entire time. Currently, I am the Executive Officer for the Iowa Real Estate Appraiser Examining Board and will be the Superintendent of Banking's Designee

over the Appraisal Management Companies once 2017 starts. I am married to Dwight March III and have three children-Damion (20), Victoria (18) and Dwight IV (15).

*AARO- How many conferences have you attended? Which ones?*

**KA:** Fall 2016 in DC was my first.

**BM:** I have attended two conferences now. My first conference was in the spring of 2016 in Phoenix, Arizona.

*AARO- Is attending the AARO conference helpful for you to do your job?*

**KA:** Yes, absolutely. The contacts are invaluable. The industry knowledge is critical.

**BM:** Being new to the appraiser regulatory position, attending AARO conferences has enabled me to compare Iowa's internal processes with other States. The conferences have helped me learn my job more quickly while also streamlining some of our processes. I love being able to meet someone at an AARO conference and then building a relationship in which I can go to them for advice or input or just a friendly conversation.

*AARO- What do you enjoy most about your work?*

**KA:** I enjoy the people the most. I love the people who work for me. I thrive on finding ways to make life better for consumers and easier and cheaper for licensees.

**BM:** I have always liked being in a position to help others. Being a regulator allows me to answer questions and guide new appraisers into the profession and assist the public when there are concerns. In lo-

wa, I get to do all the functions of the licensure and complaint process so I have a variety of duties which keeps me engaged in my work.

## **AARO Spring 2017 Conference**

### **AARO returns to the Sunshine State!**

The Grand Hyatt Regency in Tampa, Florida is the HQ hotel for AARO's spring 2017 conference.

Come join us!

The Hyatt overlooks Old Tampa Bay and is nestled among a nature preserve. Multiple onsite dining options will tickle your taste buds while more adventurous attendees will find options galore within 10 minutes of the hotel.

Tampa's Busch Gardens is the #1 rated local attraction, but there are plenty of other things to do for the non-roller coaster crowd. Take a trolley ride to Ybor City, or enjoy Bay Shore Boulevard. And we know Fran Oreto plus the entire Florida contingent will give us plenty of ideas on how to spend our free time. With an average high in April of 76 degrees, the weather will allow our northern based attendees to leave their parkas at home!

**Keep an eye on the AARO website for the tentative agenda for this spring's conference. We hope to have the first draft ready by January 23rd.**



## *Images from the Fall Conference in DC!*



Stephen O'Brien of House Canary makes statistics fun again! Is that even possible?

Allison McDonald, Deputy Chief Attorney for Florida converts complex statistical terms to laymen terms for use in dealing with complaints.



Craig Steinley, AARO Vice President, explains some potential By Law changes to the assembled member jurisdictions.





Mark Lewis, AQB Chair shares his insights regarding experience hours.

Craig Steinley is joined on a panel about experience hours by Mark Lewis, Richard Knitter and Scott Robinson.



John Brenan of the Appraisal Foundation, adds clarification from the floor

More New Members– AARO welcomes the Northern Colorado Association of Appraisers, LRES, the Ohio Bankers League, the Virginia Coalition of Appraisal Professionals and the North Carolina Real Estate Appraisers Association as Affiliate members!

## Future Conferences

Spring 2017– Grand Hyatt, Tampa Florida;  
April 7-9

Fall 2017– Westin Washington DC City Center, October 13-16

Fall 2018– Westin Washington DC City Center, October 19-22

### AARO Officers and Directors for 2016-2017:

President: Debra Rudd, AZ  
President-Elect: Craig Steinley, SD  
Vice-President: Dee Sharp, WA  
Secretary: Tom Veit, KY  
Treasurer: Dave Campbell, ND  
Immediate Past President: Anne Petit, OH

#### Directors at Large:

Don Rodgers, NC  
Mike McGee, MS  
Gae Lynne Cooper, OR  
Larry Disney, KY  
Robin Hannigan, KS  
Vanessa Beauchamp, MO  
Tyler Kohtz, NE  
Fran Oreto, FL  
Jim Martin, CA  
Danielle Morales, MS

#### Alternate Directors:

Brandy March, IA  
Marty Fleischhacker, MN  
Allison McDonald, FL  
Nicole Novotny-Smith, WY  
Diana Piechocki, AR

### **Book Your Rooms Early!**

**AARO Home Office:**  
**13200 Strickland Road, Suite 114-264,**  
**Raleigh,, NC 27613**  
**Phone: (919) 235-4544**  
**Brent Jayes, Managing Director**  
**Email:**  
**brent.jayes@meetingsoncue.com**



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