Developing The Next Generation of Appraisers

By:

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Where Have We Been and Where Should We Go?
A history of appraiser training through the years and where to find the solutions to the future of the profession
A Look Back at Apprenticeship

Understanding the Past Can Take Us Forward
1910-1920s

The beginning of real estate appraisal

Most entering the profession are experienced bankers with risk experience or real estate brokers with pricing experience

Due to large amount of experience and simple reporting requirements – little on the job training is needed
1930s

The beginning of a recognized profession

In 1935 the U.S. Building and Loan League resolves to sponsor a society dedicated to establishing appraisal guidelines and standards.
1940-1950s

Post-War Era Strong Economic Times

While appraisal continued to develop as a profession, risk was not a large consideration due to strong economic times.

Profession begins to mature – offering the first professional designation opportunities.
1960-1970s

Development of Appraisal Firms

Lenders begin to show a preference for experience, many requiring a designation for panel approval.

As a result, many appraisers get their training either inside a firm owned by an experienced appraiser or as a bank employee.
1980s

1986 Market Crash of Savings & Loans - Brings Attention to Need for Oversight

In 1987 USPAP was founded as the national standard for Appraisal Development and Reporting

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 is passed
1990s

States/Territories Develop Appraisal Boards to ensure licensure and oversight

Existing appraisers become registered with The Appraisal Subcommittee to perform appraisals on Federally Related Transactions

Existing licensed/certified appraisers mentor apprentice appraisers to new minimum guidelines
Early 2000s

Due to Wall Street offering mortgage funding the GSEs react and both lower underwriting standards in effort to capture mortgage market share

Due to combination of increasing house prices and the licensing minimums allowing access to the profession – appraisers are listed on top 10 professions for job satisfaction (high pay / low training)
2008-2012

Residential Mortgages Collapse the Economy – Need for Further Oversight/Changes

Foundation boards react by increasing minimum requirements for all license levels

FHA, AMCs and Lenders react by locking out trainees acting alone and requiring Certified as the new minimum to view subject properties
2013-Present

Economy Heals / Construction Starts are Up

Appraisers are able to increase fees as demand rises

However, most users of appraisal services are still blocking appraisal trainees from performing inspections
A Look Forward at Apprenticeship

Taking Us Forward, Remembering The Past
The Challenge

Demand is back – Users of appraisal services need more appraisers

Current path to Certified status is a 7+ year program requiring degree and three years of Qualified Education and Apprenticeship

Fees are not currently high enough to support two appraisers through three years together
The Players

Foundation / Appraiser Qualification Board
– changing experience and degree requirements

Appraisers – Many are Trained Supervisors
– Willing to train if economically feasible

Users of Appraisal Services – No movement noted toward acceptance of the trainee gaining experience
Crisis of Confidence

What is causing users of appraisal services to lose confidence?

Quality control issues with the use of trainees?

Supervisory Appraisers not really supervising?

Ignorance of Supervisory Certification and duties performed?
Plan of Action for Apprenticeship

Let's Move Forward Together
All Parties Working Together

The Appraisal Foundation – Ensuring Supervisors know the rules
Appraisal Subcommittee – Ensuring states have healthy trainee programs
Appraisers – Working together to support the future generation
Getting the Word Out

Fannie Mae – recently clarified that they purchase loans with trainee only site viewing

Thinking needs to change to – Two heads are better than one

Proper supervision needs to be enforced and encouraged
Possible Solutions

Government Intervention – A subsidy created to support supervisory appraisers during training

States/Territories create oversight during the training process – not just at the end

Lobby for Federal Rules that would not allow lenders to place restrictions on trainees above the TAF and GSE established rules
Challenge Accepted!

We all gain our livelihood from real estate appraisal or its oversight.

The most talented players are in the room.

Start a “Future of the Profession” committee in your jurisdictions to continue to debate, discussion and formulate solutions.

Place those plans in action!
Any Questions?