



# Appraiser Experience – An Outside the Box Solution

April 21, 2017



**“The Appraisal Industry  
has an image problem.”**



In session, this slide contained a brief video clip of one of the very few instances of an appraiser in either film or on TV.

The clip showed an appraiser being roughed up by 2 mafia type thugs.



# Current Trainee Experience Requirements

Appraiser Level	Experience Required
Trainee	None
Licensed	<b>2000 hours</b> and encompassing no less than 12 months of acceptable appraisal experience.
Certified Residential	<b>2500 hours</b> and encompassing no less than 2.5 years (30 months) of acceptable appraiser experience.
Certified General	<b>3000 hours</b> encompassing no less than 2.5 years (30 months) of acceptable appraisal experience of which 1500 must be non-residential.



# Current Supervisor Requirements

## **Supervisor's Duties: The supervising appraiser must do all of the following:**

1. Take the mandatory Supervisory Appraiser/Trainee Appraiser course required by the AQB.
2. Personally inspect the property with the Trainee until the supervisor determines the Trainee is competent to make unsupervised inspections.
3. Review the Trainee's appraisal report.
4. Review and initial each page of the Trainee's appraisal log to verify that the work was completed under his/her supervision.
5. Sign the certification of the *Log of Appraisal Experience* ...
6. Maintain records of the appraisals in accordance with USPAP.
7. Include trainee's name and license number and identification of assistance in appraisal report.
8. Accept responsibility for the appraisal report by signing and certifying that the report is in compliance with USPAP.



# Current Challenges with Existing Program

- 1. Trainee and Licensed Appraisers are on their own to find supervisors.**
- 2. There is a lack of Supervisors willing to train.**
  - a. Supervisors do not want to train their competition.
  - b. No fiscal incentive for Supervisors to train new Trainees.
  - c. Supervisors expected to split fee with Trainees.
- 3. Little or no money for trainees while they train.**
  - a. Student Loans consideration.
- 4. No standard supervisor training.**
  - a. In some cases, bad Supervisors teaching their bad habits to their Trainees.



# Are you ready for an “Outside the Box” Solution?



# The “Outside the Box” Solution

## **A State Sponsored Supervisor Certification Program!**

1. States, along with the AF and AQB, would develop a Certified Supervisor Training Program much like the Certified USPAP Instructor Program today.
2. States would maintain the list of trained Certified Supervisors.
3. Certified Supervisors would be independent contractors rather than state FTE just like USPAP Instructors.
4. Certified Supervisors would be paid a fee for supervising (**i.e., per appraiser, or per appraisal, or per hour on the experience log**).
  - a. Fee would be on top of the fee paid by the lender/client.
5. Trainee gets paid a stipend (**i.e., per appraisal or per hour reflected on experience log**) on top of any fee paid by lender/client/supervisor, if any.





# Benefits of the State Sponsored Program

1. The State would control the supervisor education and standards in accordance with policies and procedures set forth by the AQB and ASC.
2. The program reduces the likelihood of bad Supervisors passing on their bad habits to Trainees.
3. Reduces or eliminates the need of a Trainee having to find their own Supervisor.
4. The State would maintain the list of “Certified Supervisors” who are interested in taking on Trainees.
5. Compensation for the Supervisor no longer makes training cost prohibitive.
6. Compensation for the Trainees no longer makes training cost prohibitive.



# Benefits of the State Sponsored Program

7. Cool Acronym – Certified Appraiser Trainee Supervisor

**“C.A.T.S”**



# The Elephant in the Room Question

“But Jeff....



The program sounds expensive!

How are we going to pay for it?”



The Answer:

The answer....  
**AMC Panel Fees!**



# What Does Dodd Frank Say?

Per Dodd/Frank, the ASC will have the ability...

***“(5) to make grants to State appraiser certifying and licensing agencies, in accordance with policies to be developed by the Appraisal Subcommittee, to support the efforts of such agencies....***



## Back of the Napkin Math – AMC Panel Fees

1. AMC 1 in State X has 200 qualified panel appraisers.
2. State X will collect \$25 per qualified panel appraiser.

Calculation: 200 Appraisers x \$25/Appraiser = \$5000 per AMC

3. If a state has 180 AMCs, then:

Calculation: \$5000 per AMC X 180 AMCs = **\$900,000 per state!**

*Disclaimer: Numbers are for illustration purposes only and not based on any actual numbers. The actual numbers may be higher or lower depending on the state.*



## Conclusion/Next Steps

1. The goal of this discussion was to introduce the concept of the State Supervisor Certification Program.
2. More work needs to be done to flush out the details.
3. This proposal is highly dependent on the ASC's ability to collect panel fees.
4. The AQB proposed ***Practical Applications of Real Estate Appraisal*** modules or “super modules” could render this solution obsolete or at least diminish the need for the program.
5. I am happy to join any state think tank willing to explore this concept further.



# Thank You!

