

Future Of The Appraisal Industry
An Update
Collateral Risk Network
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Talking Points

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- Current Regulatory Requirements and Impact
- Current Lender Requirements and Impact
- Trainee Survey of State Appraiser Regulatory Agencies
- Examination of AQB Alternative Experience Criterion
 - 4 Year College Degree Requirement
 - 2,500 Hours of Experience
 - 24 Month Minimum Time Period
- Lender Barriers
- Call To Action

Trainee Survey

- No Trainee statistics available from TAF
- No Trainee statistics available from ASC
- Survey Conducted in March 2016
 - 46 Of 50 State Agencies Have Trainee Credentialing Programs
 - 34 States Responded

Trainee Survey

The title relating to Appraiser Trainee credential is also referred to by the various states as: Provisional Appraiser; Associate; Limited; Appraiser Intern; Apprentice; Appraiser Apprentice State Licensed Real Estate Assistant; Appraiser Assistant.

For the purposes of this study, we will use the term Appraiser Trainee.

Trainee Survey

None of the five Territories – Guam, American Samoa, Mariana Islands, Puerto Rico, Virgin Island, have or provided data on Appraiser Trainee Credential programs.

Of the 50 states surveyed, 46 have some form of credentialing program for Appraiser Trainees.

Of the 46 states surveyed, 34 responded.

Trainee Survey

Missouri began credentialing trainees in 2014

Wyoming began credentialing Trainees in 2015.

Due to the recent nature of their programs limited data was available from those two states.

Trainee Survey

- 20 states reported they are experiencing declines in the number of credentialed trainees.
- 4 states reported they are experiencing an increase in the number of credentialed trainees
- 8 states responded indicating they had no appraiser trainee trending data.

Trainee Survey

- 1 state reported a 26% swing in the rise and decline resulting in the same number of credentialed trainees between 2010 and 2015
- 1 state is still gathering the information.

Trainee Survey

Below is the list of states reporting declining numbers of appraiser trainee credentials or applications, the time period of the survey and the rate of decline over that time period.

State	Time Period	Trend Results	Rate of Decline
Alaska	2005-2015	14 / 1	-93%
California	2011-2015	450 / 294	-35%
Connecticut	2006-2016	588 / 112	-81%
Florida	2011-2015	903 / 486	-46%
Illinois	2005-2015	1231 / 55	-95%

Trainee Survey

State	Time Period	Trend Results	Rate of Decline
Kansas	2010-2013	25 / 11	-56%
Kentucky	2013-2016	222 / 188	-15%
Louisiana	2009-2015	487 / 169	-65%
Maine	2008-2016	59 / 25	-58%
Minnesota	2011-2015	389 / 231	-40%
New Mexico	2012-2015	10 / 6	-40%
North Carolina	2010-2016	469 / 346	-26%
North Dakota	2012-2016	46 / 35	-24%

Trainee Survey

State	Time Period	Trend Results	Rate of Decline
Ohio	2011-2016	279 / 266	-05%
Oklahoma	2010-2015	136 / 82	-39%
Oregon	2011-2015	69 / 68	-01%
Pennsylvania	2010-2015	72 / 52	-28%
South Carolina	2008-2015	600 / 150	-75%
Utah	2008-2016	592 / 72	-77%
Washington State	2010-2016	435 / 188	-57%

The survey results received from the state regulatory agencies confirm the concerns the

- ▶ Collateral Risk Network,
- ▶ National Appraisal Congress
- ▶ National Association of Appraisers

have been expressing relating to the potential appraiser shortage that will be facing the industry unless significant and immediate changes occur within the regulatory requirements governing entry into the profession and lender acceptance.

The survey reveals the rate of decline in the number of trainee credentials is significantly outpacing the continued decline in the number of appraiser credentials.

We can also expect to see an accelerated increase in the number of active appraisers leaving the industry due to a number of factors.

Appraiser Shortage – Fact or Myth?

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- ▶ How Many Boots on the Ground Appraisers?
- ▶ ASC National Registry
 - ▶ Provides Visibility Into Number of Credentials
 - ▶ No Visibility into “Practicing” Credentials
 - ▶ Exceptions: Executives, Management, Staff Reviewers
 - ▶ Many Credentialed in Multiple States

AQB Real Property Appraiser Criteria

- ▶ Concept Paper July 2015
- ▶ Public Meeting in D.C. October 2015
- ▶ Public Meeting in Phoenix April 2016
 - ▶ Alternative Paths for Experience Credit
 - ▶ Question whether 2,500 Hours is excessive
 - ▶ Survey of state regulators - AARO 2013
 - ▶ Range was Six weeks to Six Months Training

Survey of Appraisal Industry Leaders

- ▶ **Metro-West, Forsythe, William Fall, GES&A**
 - ▶ 700+ Trainees over 30+ Years
 - ▶ 4 to 6 Months = Avg. Time to Independent Appraising

FHA Certification Requirement

- ▶ Lenders excluding Licensed Appraisers – Not just for FHA but also for Conventional Loans
- ▶ Licensed Appraisers no longer capable of sustaining a living doing mortgage lending work.
- ▶ State data indicating Licensure Renewals declining at accelerating rate

Disincentive By-Product of Requirements

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- ▶ No Economic Incentive to Attain Licensure
- ▶ Trainees Path Now By-Passing Licensure
 - ▶ From 12 Month Minimum to 24 Month Minimum
 - ▶ From 2,000 Hours to 2,500 Hours
- ▶ Disincentive to Trainee as well as Supervisory Appraiser having to directly supervise a Trainee for a minimum of 2 Years

Four Year College Degree Requirement

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- ▶ Unintended Consequences
 - ▶ Licensed Appraisers
 - ▶ Texas Appraiser
 - ▶ Already had Associate Degree
 - ▶ Stopped appraising
 - ▶ Attended College Full Time
 - ▶ Will get degree in 2016
 - ▶ Estimates it will have cost \$85,000

Currently No Alternative

Appraiser Surveys

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- ▶ Working Real Estate Magazine 4/13/16
 - ▶ 3,500 Appraisers Responded
 - ▶ 22% Believe There is a Shortage in Their Market
 - ▶ 82% Support Alternative Path to Certification for Appraisers in Good Standing
 - ▶ 76% Believe Trainee Can Inspect Properties Independently if properly Trained
 - ▶ 60% Plan to Retire within 10 Years
 - ▶ 34% Plan to Retire within 5 Years

Lender Barriers

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- ▶ Misconceptions Regarding Use of Trainees
 - ▶ Dodd-Frank Act
 - ▶ Interagency Appraisal and Evaluation Guidelines
 - ▶ AMC Final Rule – allows the use of Trainees
- ▶ Lenders/AMCs Requiring 3-5 Years Experience
- ▶ Lenders Not Using Licensed Appraisers

▶ CRN Call To Action

- - ▶ AQB Exposure Draft Responses
 - ▶ Written Comments
 - ▶ Public Meetings
 - ▶ CRN Outreach to Lenders
 - ▶ Supervisor/Trainee Score Card Data Reveals:
 - ▶ Faster Turn Times from Request to Completion
 - ▶ Fewer Revision Requests
 - ▶ Higher Quality Scores

▶ CRN Call To Action

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- ▶ Collaboration with Other Advocacy Groups
 - ▶ National Appraisal Congress
 - ▶ National Association of Appraisers
 - ▶ State Appraiser Coalitions
 - ▶ National Association of Realtors - Appraisal
- ▶ Resolve Dispute Between AI and TAF

