

## REAL PROPERTY VALUATION COMMITTEE

### 2022 REALTORS® NAR NXT MEETINGS

CHAIR	Frank Gregoire (FL)
VICE CHAIR	Peter Gallo (NC)
COMMITTEE LIAISON	AJ Frye (OH)
STAFF EXECUTIVE	Ken Fears (VA)

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#### Recommendation:

1. That the National Association of REALTORS® (NAR) urge the real estate industry to adopt a consistent framework for the reconsideration of real estate valuations. NAR recommends regulators should:
  - Develop clear guidance defining appropriate communication, while respecting appraiser independence, that must be provided to all stakeholders. There must be communication between the client and appraiser at the time of the assignment and means of communication during the assignment.
  - Establish limits on the extent or number of times the above requests are made to the person that prepares the valuation.
  - Issue guidance related to how a valuation may be reconsidered if the value opinion is believed to be incorrect or if the appraisal is believed to be not credible.
  - Address systemic issues that create the need for reconsiderations of values. A predicate for an accurate and credible appraisal is the competency of the appraiser in both the knowledge and experience of real property valuation and the process of developing and communicating an appraisal. The manner of appraiser selection and retention must prioritize competency. The level of fee and appraisal performance time is important to all stakeholders but is secondary to competency.
    - i. Competency includes the knowledge and experience to complete the assignment competently.
    - ii. Competency includes recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment. This includes the Fair Housing Act and Equal Credit Opportunity Act.
    - iii. Competency includes geographic competency. Appraisers must be familiar with the markets and geographic areas in which they provide services, and must have access to the necessary data sources, including human sources
  - Consumers and other interested parties must be informed of the process to request a reconsideration if the value opinion is believed to be incorrect or if the appraisal is believed to be not credible.

*Rationale:* Appropriate communication between appraisers and their clients is critical to obtaining an accurate and credible valuation. Consumers should be able to provide additional information about a property, ask questions, or request errors be corrected. Providing a consistent framework will build credibility in the valuation process and enable consumers to raise fair lending concerns. However, that communication must not interfere with appraiser independence or be intended to cause the valuation to be based on any factor other than the independent judgment of the appraiser.

This recommendation may have financial impact on board or state associations (*check one*):  Yes  No

If yes, please attach a *Program Impact Analysis Form* as an Exhibit.

This recommendation has been reviewed by (*check all that apply*):  Not Applicable

Leadership Team  Legal  Finance  Other (list committees):

**The Executive Committee recommends to the Board of Directors:**

Approval  Referral to \_\_\_\_\_ for further study  
 Approval with the following amendment:  Defeat

**Board of Directors Action:**

Approved  Defeated  
 Approved with Executive Committee amendment  Referred to \_\_\_\_\_ for further study  
 Approved with the following Board of Directors amendment:

2. **That the National Association of REALTORS® (NAR) urge the Appraisal Qualifications Board (AQB) of the Appraisal Foundation consider changes to the Real Property Appraiser Qualifications Criteria allowing a broader range of education and experience alternatives than that specified in the Required Core Curriculum for the Licensed Residential Real Property Appraiser and Certified Residential Real Property Appraiser classifications.**

**NAR recommends establishing equivalency credit for education and experience in licensed and regulated fields involving valuation. These fields should include licensed real estate salespersons, real estate agents, and real estate brokers. NAR recommends the following considerations:**

**Education Alternative**

**The AQB should review the minimum education requirements established for real estate licensees by law or regulation in states and territories to determine how much of the Required Core Curriculum is met, Utilizing the existing Appraiser Qualifications Board Real Estate Degree Review Program structure.**

**Experience Alternatives**

**The AQB should consider parallel professional, non-appraiser experience including, but not limited to experience in:**

- **Real estate market analysis**
- **Real estate brokerage including:**
  - I. **Evaluating and pricing residential real estate Counseling buyers, seller, owners, and tenants on inspections and remediations, improvements, and the appraisal process**
  - II. **Counseling buyers, sellers, owners, and tenants about listing and offering prices, and market rent**
  - III. **Completing broker price opinions and Competitive Market Analyses**
  - IV. **Completing Evaluations in compliance with the Interagency Appraisal and Evaluation Guidelines**
  - V. **Compliance with Fair Housing laws, rules and regulations**
  - VI. **Compliance with the Equal Credit Opportunity Act**

*Rationale:* The housing market has experienced shortages of appraisers available or willing to work in recent years. This shortage resulted in slower turnaround times and higher fees. Furthermore, the appraiser population is aging, and many are approaching retirement. At the same time, diversity in the industry is limited and may explain alleged issues of bias in appraisal. Expanding experience and education used to qualify appraisers for accreditation to include that from parallel industries will help to reduce barriers to entry into the appraisal industry, while maintaining professional quality and public trust in the valuation profession.

The AQB has considered the option of allowing parallel professional non-appraisal experience previously. In a July 9, 2015, Concept Paper – Alternate Track to the Experience Requirements in the Real Property Appraiser Qualification Criteria, the AQB asked: “Are there practical alternatives for some (or all) of the appraisal experience requirements to include non-appraisal experience?” The National Association of REALTORS® believes there may be alternatives to some of the experience requirements that the AQB should consider.

This recommendation may have financial impact on board or state associations (*check one*):  Yes  No

If yes, please attach a *Program Impact Analysis Form* as an Exhibit.

This recommendation has been reviewed by (*check all that apply*):  Not Applicable  
 Leadership Team  Legal  Finance  Other (list committees):

**The Executive Committee recommends to the Board of Directors:**

- Approval  Referral to \_\_\_\_\_ for further study  
 Approval with the following amendment:  Defeat

**Board of Directors Action:**

- Approved  Defeated  
 Approved with Executive Committee amendment  Referred to \_\_\_\_\_ for further study  
 Approved with the following Board of Directors amendment:

***The following is reported for your information only and does not affect Association policy or budget.***

1. James Heaslet, Department of Veterans Affairs (VA), Chief of Construction and Valuation Department of Veterans Affairs, an update on activities at the VA.
2. An update on the activities of the PAVE Response Work Group was provided by committee chair Frank Gregoire. Chair Gregoire led the committee in a discussion of two motions, which passed.
3. Carol DiSanto, Committee Member and NAR Representative to the Appraisal Foundation Advisory Committee (TAFAC), gave an update on the activities of the Appraisal Foundation Advisory Committee.
4. Craig Morley, Committee Member and Member of the ASB, provided the committee with an update on changes to the GSE’s Uniform Appraisal Dataset.
5. Frank Gregoire, Chair and NAR Representative to the Appraisal Foundation (TAF) Board of Trustees, updated the committee on the activities at TAF.
6. Michelle Bradley, Committee Member and Chair of the Appraisal Standards Board (ASB), provided an update on activities at the ASB.

7. Staff executive Ken Fears provided an update on changes to the professional standards course for appraisers as well as legal cases affecting appraisers.
8. Finally, the committee held an open discussion of current topics that included requiring photos of completed new construction homes and accurate counts of NAR's appraiser membership.