



April 21, 2004

Brenda Kindred-Kipling
President
Association of Appraiser Regulatory Officials
Appraisal Officer - NV
788 Fairview Drive, Suite 200
Carson City, NV 89701

Dear Ms. Kindred-Kipling:

Our organizations are committed to working with the state regulatory agencies for the approval of its education courses. We, like many other providers, however, are overburdened by the current requirements for submission of educational programs. We have outlined below the obstacles that education providers are facing in this regard and believe that we must work together now to address these issues.

Over the years, AARO has been instrumental in trying to streamline the process and convince the states to adopt "generic" applications for course approval and instructor approval for appraiser education. This has had minimal success. Currently, only six states accept a "generic" application (this used to be on AARO's website but is not there any longer). Further, fifteen states require an instructor application, and over twenty states require a resume of every instructor who is teaching a program. At least five states require a fee to accompany the instructor application (South Carolina requires \$200 per instructor per program). Renewal periods for approvals mandated by the various boards for our programs run anywhere between never to every four years. Initial application fees vary from no fee to \$400 per program. According to the AQB, as of 2001 twenty-two states automatically accepted AQB approved programs. However, this information is outdated as states often change their regulations and we cannot rely on information from 4 years ago.

The approval process for on-line programs is particularly cumbersome and time-consuming. Some states require IDECC approval, AQB approval, both, or none. IDECC takes 30-60 days to approve an on-line program. The AQB, which will not accept an on-line program without IDECC approval, then takes 60 to 90 days for their approval process. Thus it can take 150 days for an on-line program to be approved—not including the time it takes for an individual state to approve it (if they require IDECC or AQB approval).

As you can imagine, the many state-specific applications, fees, and requirements of the appraisal boards put a demand on our resources. Our organizations spend more than \$125,000 dollars per year for program approvals and renewals, while employing staff to handle the state certification needs for the organization.

Further, as providers, we are required to submit and pay for approval and renewal of the USPAP programs. We can understand the need for the state regulatory agencies to charge administrative fees. When large numbers of providers are submitting various courses, qualified staff is required to review the different programs. *However, when education providers are required to use the same USPAP course, we do not feel*

Association of Appraiser Regulatory Officials
April 21, 2004

that the states should require fees for every provider to submit the *same* material. And fees for renewing the approval of courses from year to year have become excessive. The fee for submitting the USPAP courses ranges from \$20 to \$200. In January and February 2003, the Appraisal Institute spent \$2,013 to secure approval of the 7-Hour USPAP Update course and \$750 to renew the approval of the 15-Hour USPAP course. Again, this does not include the cost of printing and shipping materials, in addition to the staff time incurred. If the states are looking at the *exact same* material from *every appraisal education provider*, we believe the fees we are being charged and the costs we are incurring are exorbitant.

Lastly, the varying requirements between states make it difficult for students who want to obtain or maintain their license in several states at one time. For instance, the 15-Hour USPAP program is developed by the AQB to be a 14-hour classroom course with a 1-hour exam (total is 15 hours). As these are minimum standards, the state can require above and beyond those 15 hours. Several states have written in their regulations to require 16 total hours of USPAP (15 classroom hours plus a 1-hour exam). Therefore, if a student is in a state that only requires 15 total hours, but is licensed in another state that requires 16 total hours, this creates a problem.

To sum up, we would like to have a discussion that includes the following areas that may be improved:

- Revamp a new course and instructor application that meets the information needs of states
- Determine ways to assist the AQB in developing a “national clearinghouse” wherein the AQB can get more states to automatically accept AQB programs
- Promote uniformity among states, particularly in the area of USPAP program requirements
- Continue to promote reciprocity/uniformity as we look toward the future and the new AQB requirements to take place in 2008

We believe that the approval process can be improved in ways that could benefit both the education providers and the state regulatory boards. We are optimistic that Nancy Hardiman, our representative for The Appraisal Foundation’s Course Approval Program Task Force, will be instrumental in bringing forth discussion on these points. Further, we request a meeting with your organizations to discuss our concerns. Magdalene Vasquez with the Appraisal Institute will be in contact with you shortly to arrange a meeting. She can be contacted at 312-335-4236 if you have any questions.

Sincerely,

Appraisal Institute
American Society of Appraisers
American Society of Farm Managers and Rural Appraisers

Cc: State Regulator Advisory Group, The Appraisal Foundation