

December 3, 2002

Mr. Ed Morse, Chair
Appraiser Qualifications Board
1029 Vermont Avenue N.W.
Suite 900
Washington, DC 20005

Re: Comments on the 3rd Exposure Draft Real Property Appraiser Qualifications Criteria

Dear Chairman Morse:

On behalf of the Appraisal Institute and the American Society of Appraisers, we appreciate the opportunity to share our views and concerns regarding the proposed qualifications criteria. The criteria have been discussed at recent meetings and following is a summary of our observations and suggestions.

Implementation of the New Criteria

1. In the one or two years prior to implementing the new requirements, individuals could be discouraged from entering the appraisal field if under the new system they do not receive credit for education taken in those years. To avoid a potentially disruptive drop in the number of individuals entering the field, we encourage a plan that allows for a carryover of education credits. For example:
 - If by 2007, or the date of final implementation of the requirements, an individual has completed the 90 hours of education required under the previous system, consider their education requirement completed and allow them to take the state licensure exam and fulfill the needed experience requirements.
 - If by 2007, or the final implementation of the requirements, an individual has completed some but not all of the previously required education, grant credit for course work taken and then require them to complete the total number of hours specified under the new system. Their remaining education would need to comply with the total hour and individual topic requirements not yet met.
2. The time frame for implementing the new criteria is critical to all of the course providers. We suggest that the time between the adoption of the final draft and the implementation of the criteria be sufficient to allow the states to amend their laws and regulations and allow providers to develop and receive approval for all new courses. Recognizing that the new courses will have to be approved not only by the AQB but also by all 50 states, we estimate this could add an additional year or more to the time allocated for the development process. We would not want

see students be unable to complete their certification because certain courses had not yet been approved.

3. We recommend that courses have a fixed number of hours to avoid any confusion. Setting a range of hours for each course will produce inconsistencies among the states that would be cumbersome for all concerned. While we appreciate the fact that the AQB is trying to be flexible in this area, we believe that such flexibility will create more problems than it will solve. For instance, if a student were to take a 25-hour principles course from one provider and then switches to take the procedures course from a provider whose principles course contains 30 hours, the student would be short five hours at the completion of the curriculum. If all of the courses were designed for the same number of hours, this problem would not occur.

Additionally, having a range of course hours could create confusion within the states. Although the total number of hours would be the same, some states could adopt courses with differing hours. In such cases, providers might have to develop different length courses for the same material in order to operate from state to state. This is another reason to set a fixed number of hours per course.

Educational Content Issues

1. We are concerned that the draft criteria for the General Certified curriculum do not appear to provide the training and education needed to appraise all types of real property, including residential. An appraiser following this educational track would not be required to take any courses that deal with residential issues. We suggest that the Residential Sales Comparison course in the Licensed Real Property Appraiser curriculum be included in the Certified General Appraiser curriculum. Another suggestion would be to include residential concepts within the General Sales Comparison Approach course. By including residential material within the course, the general appraiser would still have 30 hours of education available to take specialty education courses. In our opinion it is important to include exposure to residential concepts within the general education curriculum.
2. It appears that few courses could be used for both Residential and General Certification. If an appraiser takes all of the courses necessary to become a Licensed Appraiser and then decides to pursue General Certification, they will have completed 135 hours of education and yet receive credit for only 67.5 hours toward the general certification. We suggest creating a path that would allow the licensed appraiser to get more credit for the hours taken. For instance, a number of the residential courses taken under the Licensing path could be given credit as "specialty" education under the General track. It would give the licensed appraiser additional hours of credit and would encourage them to pursue the General Certification.
3. We recommend changes to Course VII under Licensed Residential and Course IX under Certified Residential. Other than *gross income multipliers* and the absence of *common writing problems* in Course VII, the two courses appear to be the same. We suggest:
 - Adding *common writing problems* to Course VII and removing *gross income multipliers*
 - Making Course VII a requirement under Licensed Residential and removing it from Certified Residential

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- Adjusting the elective hours under Certified Residential accordingly
 - Adding *GIM* and *GRM* to Course VIII under Certified Residential
4. We are concerned that the AQB intends the courses to be taken in the sequence shown. Based on the current layout of the curriculum, students would not be exposed to any of the valuation approaches until they had completed 80+/- hours of education. This problem could be solved to some degree by moving the USPAP course to the end of the Licensed Residential Curriculum. We also suggest adding at least one day to Course II, Basic Appraisal Procedures, for an overview of the three approaches to value using residential examples.
 5. We strongly suggest that courses be envisioned as 7.5-hour increments, which will make for easier design and allow students to cross-use providers. A 7.5-hour model creates a course design that will allow maximum flexibility in the delivery system. Based on the model hours, courses could easily be designed for two-, three- or four-day offerings, time frames that are attuned to today's market. Odd numbers, for instance 25 hours, necessitate designing a course with partial days. This creates unwarranted difficulties for both the course designer and the student.
 6. In our opinion a further definition of the terms contained within the "Statistics, Modeling, Math and Finance" course is warranted. In particular, the term "valuation model" needs further clarification.

In general, we believe that the Qualifications Criteria should be strengthened and should adapt to and reflect the changing marketplace for real estate valuation professionals. In that regard we urge the AQB to study closely the development and delivery system available and in operation today. The unique interrelationship of industry standards, state law and federal oversight makes the regulation of real estate appraisers complex and in many ways cumbersome. In our view the AQB should set out clear, meaningful and relevant criteria designed to ensure a credible level of minimum competence for the practitioner, thus setting the stage for continued growth and development of the profession.

Thank you for your consideration of these comments.

Sincerely,



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President
Appraisal Institute



John J. Connolly III, ASA
President
American Society of Appraisers