



Real Estate Journal

THE LARGEST WEEKLY COMMERCIAL/INVESTMENT NEWSPAPER COVERING THE STATE

Appraisers obtaining SRA designations on the rise

According to the Chicago based Appraisal Institute, the number of residential appraisers obtaining the prestigious SRA designation is on the rise. Christina Austin, who is a counselor for Associate & Affiliate Member Services of the Appraisal Institute in Chicago, reported that in 2005 there were only 11 SRA designations conferred. In 2006, this increased to 50, and in 2007 the number has jumped to 104. The trend is still increasing. As of the end of June 2008, there were 81 new members awarded the prestigious designation that is recognized by the real estate industry as an icon for professionalism.

There are two reasons for the increase. The first is due to changes in market conditions. As real estate cycles move to points where there is more uncertainty, the demand for appraisal services tends to shift away from mortgage purposes to other reasons where users often need a more experienced opinion to solve appraisal issues - problems. Consequently, when a user is ordering an appraisal in a market they are not familiar with, seeking an SRA designated member is one tool they can use to assure they are getting a professional knowledgeable of the market. Residential real estate appraisers are recognizing this trend and the rewards designation can bring to their career / business practice.

The second reason is due to a change in the requirements for obtaining the SRA designation. For those who earned the SRA designation from the Appraisal Institute prior to 2006, you had to write a Demonstration Report. This is a time consuming process that many would argue is equivalent to a thesis paper one would write to obtain a graduate degree. It is a detailed appraisal of a property that requires the appraiser to demonstrate their in depth knowledge of not just appraisal methodology, but also the ability to solve complex appraisal problems. Consequently, because of the large amount of time required, it historically had been a "stonewall" for professional appraisers looking to obtain this elite designation.

Two years ago, the Appraisal Institute began offering two courses as an alternative to writing the Demonstration Report. The courses, Advanced Residential Applications and Case Studies - Part 1 and Advanced Residential Report Writing - Part 2 meet current and future Appraisal Qualification Board standards (AQB). The first part is a case study analysis and the second part is actually completing eight writing assignments based on sections of a narrative appraisal report for the case study property analyzed in Part 1. The Appraisal Institute awards 15 hours of continuing education for Part 1 and 30 hours for Part II. These courses are both typically pre-approved to also meet state licensing and certification continuing education requirements.

Both courses are designed to provide an intense hands-on experience that allows an appraiser to walk through an in depth analysis not just to solve complex appraisal problems, such as functional inadequacy issues with a property, external obsolescence issues, or highest and best use alternatives, but also to clearly communicate the analyses in a narrative format. For residential appraisers who historically have just used form reports to communicate the appraisal analysis and conclusions, writing a narrative report can seem very overwhelming. The two courses are designed to remove that fear and to allow the appraiser to let the end user(s) understand not just the data collected to support the specific analysis, but also the conscientious effort that went into solving their appraisal problem.

The two classes have been offered around the country with the next class in New England being hosted by the Vermont Chapter of the Appraisal Institute in November. A class hosted by the Connecticut Chapter of the Appraisal Institute this past spring has already yielded three new SRA designated members in this state who will be publicly announced at the next Connecticut Chapter meeting to be held in October. Conversations with these three individuals revealed the consensus that after taking several years to complete all of the required education courses for the SRA designation, after passing the comprehensive SRA exam, and after submitting several years of work in three levels of required appraisal experience approved by their already designated peers, the two alternative courses to the demonstration report were not just a great option to complete the last step in the process, but also were very rewarding to them professionally.

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