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Behind the scene efforts of the Appraisal Institute

March 17, 2010 - Connecticut

Most users of appraisal services are familiar with the SRA and MAI designations awarded to experienced real estate Appraisal Institute members. But few understand that the Appraisal Institute also represents the largest voice for the real estate appraisal profession within the country. The large membership of real estate appraisal professionals not only creates an institution that can provide a wide spectrum of educational offerings, support services and research functions, but is also an industry advocate for consumers who rely on unbiased opinions of value to make credible business and financial decisions on a daily basis. The underlying mission is to insure that "public trust" in the appraisal process continues to grow by working to assure appraisal independence and competency.

For example, last month, the Appraisal Institute's national president, Leslie Sellers, MAI, SRA and the Appraisal Institute's chief executive officer, Frederick Grubb, testified at a meeting of our nation's top financial policy regulators and to the Real Estate Advisor Council of the Federal Reserve Bank of Atlanta on the importance of safeguarding real estate appraiser independence while also promoting appraiser competency in order to protect the best interest of borrowers and lenders alike. The Appraisal Institute also supports an effort to create an independent appraiser function within the Federal Reserve that would assure collateral valuation remains an essential element of loan underwriting and also real estate work-out situations.

Another action taking place involved a recent presentation to the Internal Revenue Service by past Appraisal Institute president Terry Dunkin. The Appraisal Institute is offering assistance to help the Internal Revenue Service create a panel of senior IRS appraisers to handle appraisal valuation issues in disputes between IRS agents and taxpayers.

In addition, this past week, the Appraisal Institute spearheaded opposition to the Obama Administration's program that would permit the use of valuation opinions that do not comply with the Uniform Standards of Professional Appraisal Practice (USPAP) when determining the minimum offer in "short sales" of homes. The Appraisal Institute was joined by the American Society of Appraisers, the American Society of Farm Managers and Rural Appraisers, and the National Association of Independent Fee Appraisers in a communication with the Treasury Secretary Timothy Geithner. The purpose of this effort, as communicated, is "to reestablish independence in the valuation process to protect the safety and soundness of financial institutions". The primary purpose of this effort is to protect against mortgage fraud that would have a future cost to taxpayers.

The Appraisal Institute has also been very active at the state level with several efforts to continue to protect consumers. Currently, in over 24 states, the Appraisal Institute has or is supporting legislation that will place some regulations on Appraisal Management Companies (AMCs), which currently are the only unregulated segment of the residential loan process. Though several Appraisal Management Companies have been in existence for decades, the Home Valuation Code

of Conduct (HVCC) resulted in a large increase of appraisal management companies.

Within Connecticut, the Connecticut Chapter of the Appraisal Institute (CCAI) has been instrumental in coordinating major stake holders to draft Raised Bill 13, an Act Concerning Real Estate Appraisal Management Companies. The bill is before the Insurance and Real Estate Committee and it was written as a group effort. Bill No. 13 is an act that has evolved from a tremendous amount of input from not just the Appraisal Institute, but also from the CT Department of Banking, the CT Department of Consumer Protection, CT Attorney General, Connecticut Association of Realtors, Connecticut Homebuilders Association, Connecticut Bankers Association, Connecticut Real Estate Appraisal Commission, and from several independent groups concerned about this issue.

Connecticut Appraisal Recertification Around the Corner

Recertification is due at the end of April. Though most professional real estate appraisals in Connecticut have their continuing education requirements completed by now, the Connecticut Chapter of the Appraisal Institute still has three more offerings for those looking for a few more hours. They are as follows:

National USPAP Update Course - March 19, 2010 - Berlin, CT (7 hours)

Loading Capitalization and Discount Rates for Tax Valuation - March 22, 2010 - Berlin, CT (3 hours)

20 Years After FIRREA: The State of the Appraisal Profession - March 22, 2010 - Berlin, CT (3 hours)

Mandatory CT Real Estate Law Update - March 31, 2010 - Danbury, CT (3 Hours)

In addition, there are a number of on-line courses and seminars offered through the Appraisal Institutes national website. These can be found at www.appraisalinstitute.org.

The Appraisal Institute is very proud to announce that in the month of January 2010, during an economic downturn, 34 members have been designated (11 received the SRA designation and 23 received the MAI designation).

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