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News from the Appraiser Qualifications Board and Appraiser Board in Mass.

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Two items note for appraisers and users of appraisers. The first is from the Appraiser Qualifications Board (AQB). The second is from the Appraiser Board in Massachusetts.

Bachelor's Degree Requirement.

As of January 1st, 2015, individuals seeking either a certified residential or certified general credentials will be required to have a bachelor's degree. This constitutes an increase in requirements certified residential appraisers but does not change requirements for certified general. Existing trainees are not exempted from the requirement. Thus, the hard cut off for meeting the college degree requirement is January 1st, 2015.

Appraisers or those considering obtaining credentials, need to have a bachelor's degree, or know they can obtain one in the future. There is a minimum 24 month training period: thus, anyone enrolling today in the basic courses, i.e., Principles, Procedures and the 15 Hour USPAP courses, won't be able to qualify for the credential prior to the effective date of these changes. In addition, Massachusetts requires applicants wanting to upgrade to certified status under current criteria to file applications 90 days prior to the end of 2014.

The AQB began the process leading up the major changes in 2008 several years before hand. The college degree requirement was in the offing at that point. Even with all the lead time, there has been great hue and cry about the creation of these requirements, which have been variously described as "onerous," "creating unreasonable barriers to entry," and "contributing to a future shortage of appraisers." These are the more mild criticisms.

The appraisal industry has suffered from many years from the "white collage carpenter" syndrome. Appraisers have been dismissed and minimized by being called "tradespersons with computers." The AQB, with the support of the profession, the Appraisal Subcommittee, and informed users, undertook to raise the bar so that future appraisers have a minimum level of education to be recognized as professionals serving in a vitally important part of the financial services arena. Would it be surprising to discover a decade down the road that better educated appraisers may command more respect and better compensation?

Commonwealth of Massachusetts Board of Registration of Real Estate Appraisers Advisory Statement 2012-001 - Reconciliation and USPAP Standard Rule 1-6. What a great idea! The Board of the Board of Registration of Real Estate Appraisers provided guidance to its licensees. Here's what it says.

"One of the most common complaints received by the Board is that an appraiser did not value a property correctly. The value reached by the appraiser may be actually appropriate, however, the report failed to justify that value. This avoidable problem can be addressed by appraisers focusing on the relatively straightforward (my emphasis) requirements of Standard Rule 1-6."

Standard Rule 1-6 says, in essence, an appraiser must: (a) reconcile the quality and quantity of data available and analyzed within the approaches used; and (b) reconcile the applicability or suitability of the approaches used to arrive at the value conclusion(s)

The Advisory goes on to say that Standard Rule 1-6 is "clear on its face, that once an appraiser has done the work of choosing the data used in creating a value, the choices of data and the basis for the value must be justified... generally speakingin writing" as to how an appraiser "came up with a value WITHIN the chosen approach." For example, the Advisory notes, "a written reason for the basis for final value within the Market Approach would explain how and which sales are weighted in that value and why." Also, the rule requires that the appraiser must "identify which approach was used and justify, in writing, why that approach was used for the final value." The advisory concludes that the "appraiser must explain the value picked within each individual approach before the appraiser can justify the approach chosen as that appropriate for the final value."

We should encourage the board to provide further useful advice to appraisers and to be a positive force in the appraisal community. This type of information will prove to be useful to appraisers, instructors, and users going forward. I can think of many other topics that need to be addressed. But, after the holidays. Enjoy them, all the best.

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