



# nerej

## President's message: Appraisal Review

August 13, 2015 - Appraisal & Consulting

Historical financial events in the 20th and 21st century have played an important role in the establishment and evolution of real estate appraisal profession as we see it today-The Great Depression of 1929, the S&L crisis of 1986 and the Great Recession of 2008. Each of these financial events led to the development of the profession as we know it today.

After the Great Depression, two of the leading professional organizations were founded. The American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers. These organizations merged in 1991 to the organization now known as the Appraisal Institute. The Financial Institution Reforms and Recovery Act came after the S&L crisis and brought forth the licensing and certification of appraisers and the development of the Uniform Standards of Professional Appraisal Practice. The Dodd-Frank Wall Street Recovery and Reform Act of 2008 brought into focus, among many other things, the oversight of residential appraisal activity, as financial regulators have been granted new authority under the premise of protecting depositors and taxpayers.

The latter two legislative efforts brought appraisal activities and oversight under the regulatory microscope. FIRREA created licensing and required many federally related institutions to not only obtain independent appraisals from regulated appraiser, but created a layer of independent appraisal reviewers imbedded in financial institution's processes to ensure safe and sound lending practices. Operationally, the focus of FIRREA was on commercial real estate transactions and appraisals, with residential taking a back seat. Dodd-Frank has brought residential lending and appraisal activities under the regulatory microscope and regulators are tasked with ensuring banking institutions have in place robust appraisal oversight programs to ensure safe and sound lending practices in this arena.

Appraisal review has been recognized as a specific discipline within the appraisal industry for many years. Pre-FIRREA, it was not uncommon for banking institutions, insurance companies and other large institutions to have imbedded appraisers overseeing appraisal activities for real estate decision-making.

Appraisal review is often required for many government and private entities in the realm of eminent domain, utilities, transportation and other major industries.

The Appraisal Institute has responded to these market changes by developing designations in the form of AI-GRS (commercial) and AI-RRS (residential). These designations are granted to professional appraisers with a focus on appraisal reviews after meeting designation requirements. Appraisal professionals awarded the review designations are recognized for their abilities and skillset in this area of appraisal review specialization. In the AI's initiatives for increased designations through the Candidate for Designation Program, the AI-GRS and AI-RRS designations make up an integral part of the program.

Here in Massachusetts and Rhode Island, the pace of designation has been robust since development of the initiative, including awarding the new review designations.

Thank you all, and enjoy the rest of your summer !

Upcoming events for  
Appraisal Institute

\* August 13 - Boston Harbor Cruise

\* August 17 - BPE

\* August 24 -28 - Review Theory General

\* September 21 - Hewitt/McKinney/Kinsella Golf Tournament

\* September 22 - Chapter Meeting at Newport Vineyards

\* September 23 - 26 - General

Appraiser Sales Comparison

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