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## **Professionals have an obligation to hold to highest standards - by Steven Spangle**

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A perceived shortage of appraisers has resulted in clients seeking to use alternative valuation methods such as a greater use of AVM's, allowing non-appraisals to provide reports for non-federally related transactions (FRT), and the elimination of the Appraisal Sub Committee. There have also been attempts to permit alternative standards in place of the Uniform Standards of Professional Appraisal Practice (USPAP).

The Appraisal Institute (AI), amid rapidly declining membership, has expended a good amount of time and a significant amount of member's funds, to move the profession back to the 1980's. It has been attempting to convince states legislatures to add alternate standards for use in non-federally related transactions. In response The Appraisal Foundation (TAF) and other professional appraisal organizations have so far been successful in efforts to defeat these changes. Most recently AI is attempting to change California law to have the legislature limit USPAP compliance by listing portions of USPAP appraisers would not have to comply with if their clients agree.

In North Carolina there is legislation pending regarding evaluations and in Kansas the legislation would allow either USPAP or AI's SVP when performing an appraisal of real property for any purpose other than a real estate related financial transaction."

In 2016 AI attempted to have the Florida Regulatory Board agree to 5 new standards (the AI standards and 4 international standards) in addition to USPAP. A total of 6 AI members testified (3 for the change and three against it). The three in favor of the change all stated that they were losing business to non-credentialed people and as a result they needed less restrictive standards.

The AI web site states that it "invests enormous time, money and effort in promoting its designations – and its Designated members – to appraisers' potential clients. AI is committed to ensuring that the valuation profession, the real estate industry and clients in a wide range of other professions are aware that AI's designated members exemplify "the best of the best"". AI is an excellent organization that develops quality education and sets a high standard for membership. Which is why, as an SRA, I have been a member for over 30 years.

The AI is undoubtedly well intentioned and working hard to benefit their members. They are taking the wrong approach. If you are facing competition from people who do not have to adhere to the same standards as you there are alternatives other than lowering your standards. In the case of real property appraisers you negotiate a different scope of work that allows you to be more competitive with non-appraisers bidding for the same work. You can point out the things you may have to comply with under USPAP and how non-compliance by the competitor could put the client at risk.

The best approach is for appraisers and professional organizations to introduce and support legislation such as Massachusetts Senate Bill No. 104. It is "An Act providing consumers with equal

protection for all real estate appraisals.” The bill provides that: Except as provided in subdivision B (the ability of real estate brokers to provide listing price estimates), a person who has not obtained a real estate license or certification under this chapter shall not prepare, for a fee or other consideration, an appraisal or appraisal report relating to real estate or real property in the commonwealth.

The solution is not to lower appraisal standards but rather to raise the level so that anyone completing a real property appraisal must hold an appropriate credential. This should be the goal of all appraisers and every professional appraisal organization in every state. It is something that we should not just talk about but a goal we actively work for.

As professionals we have an obligation to ourselves, the users of our services, and the general public to hold ourselves to the highest standard level, represented by USPAP.

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