



CELEBRATING  
55 YEARS

# nerej

## **You need this license. You need to keep your certifications - by Cohen and Sousa**

October 18, 2019 - Appraisal & Consulting

Allan Cohen

Allan S. Cohen Appraisal

Stephen Sousa

MBREA

Around the country, there are 42 appraiser licensing jurisdictions where an appraiser's license is required for all types of appraisals. Massachusetts mandates a license for federally related transactions but not for all appraisals. Who knew? Even a representative of the state's Division of Professional Licensure was misinformed about the requirement when I recently inquired.

Here's the scenario: I was asked by an attorney to review an appraisal report because she thought there were some obvious loose ends in the report. As I glanced at the front cover of the report, the transmittal letter and certification, I knew she was correct. The appraiser provided an out of state license number in his appraisal of a Massachusetts property. Then, the appraiser signed the cover letter with his name above a license number from another state and signed his certification page with no reference to either license. The appraiser will now have to explain these inconsistencies twice; first to the judge hearing the property valuation case, and then to the State Board as part of a complaint filed by his client who had to enter a trial with a shaky, impeachable appraisal.

I pieced together details that the appraiser was once licensed in Massachusetts, moved to another state, got a license there, and let his Massachusetts license expire. In this appraisal report, he confused state names and state license numbers. I looked at our state's website and saw his Certified General license expired three years ago. I wrote to the state's Division of Professional Licensure (DPL) and asked two questions: first, "Is the state's website current?", and second, "Do you need a license in Massachusetts to appraise a property in Massachusetts?" The responses were Yes and Yes.

The state responded that their Check A License website was up to date. Then the question became, do you need a license in Massachusetts?

One would think a license is mandatory, but it is not a current requirement. The state's website notes the importance of having a license: "Professional licensure assures that a license holder has met certain minimum requirements usually education, experience and examination for competent practice of that profession." The state also mentions licensing protects consumers, insures integrity, aids in business stability, and that an active license means we are professionals "in good standing." DPL also links readers to Chapter 112, Section 194 which informs appraisers of the penalties for illegal representation or practice. Included here is "any person acting or purporting to act as a state-certified general real estate appraiser, state-certified residential real estate appraiser or state-licensed real estate appraiser without first obtaining a certificate or license to practice under this chapter shall be guilty of a misdemeanor and upon conviction..."

DPL implies you must have a license. When told this language does not cover all appraisal situations, DPL's response was their staff cannot change their regulations. Mandatory licensing and all other changes require legislative action.

MBREA, and its Government Affairs Committee, is leading the charge to mandate licensing in Massachusetts. Here is what MBREA wants: all valuation work called an appraisal report and all work being performed by someone calling themselves an appraiser must be performed by a licensed appraiser.

MBREA's Government Affairs Committee chose to take this on four years ago. The first go round in legislative sessions spanning 2017-2018 resulted in positive action in the Senate. Legislative cycles required MBREA to start again, re-file the bill and gather new sponsors. State Senator Cynthia

Creem agreed to sponsor the bill for the 2019-2020 legislative session.

Co-sponsors in the Senate included Anne Gobi, Viriato deMacedo, Joseph Boncore, Dean Tram, Patrick O'Connor, and Rebecca Rausch. Co-sponsors in the House are Representative William Straus, Michael Brady, Angelo Puppolo, Jr., Mathew Muratone, David DeCoste, Bradford Hill, David Paul Linsky, Edward Coppinger, Nicholas Bodyga, Josh Cutler, Brian Ashe, Steven Ultrino, Kay Khan, Natalie Higgins, Kathleen LaNatra, Jerald Parisella, and David Rogers.

State senators and reps that signed on represent a strong mix of Democrats and Republicans from across the Commonwealth. MBREA members did a remarkable job canvassing the State House to gain sponsors by requesting all members seek out their legislators to gain support for Senate Bill 123.

The first hearing was held in May at the State House by the Joint Committee on Consumer Protection and Licensing. Steve Sousa and four appraisers spoke in favor of the bill. Two formerly licensed appraisers spoke against the bill. The appraisers focused on professionalism, extensive education, continuing education and the comparisons of hiring a licensed appraiser just as you would hire a licensed contractor, plumber, doctor and lawyer. The opposition argued there is no harm to the property owner or client for providing values without a license.

Arguments against mandatory licensing have a three prong approach: there is uncertainty as what is a federally-related transaction, the job is not difficult, and who cares (or knows) if the appraiser has a license? MBREA addresses each of those misleading reasons for avoiding a license by citing how professional licensure and adherence to standards differentiate a licensed and certified appraiser from non-professionals. For the homeowner, investor, judge and many more readers of our reports, the license is among the initial sources of confidence and trust in the appraiser. Knowing we have a license, assures the users of our professional services that we are competent, that we adhere to an entire system of education and training, and that they have recourse if there is a misunderstanding. As intended, maintaining a license adds to the public's trust.

Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) began a nationwide licensing program with rigid qualifications as one of the many steps to re-balancing banking, lending, underwriting, and restore professionalism in appraising. Licensing in itself required education and work experience. In the initial year of licensing, appraisers had to report their hours of work experience, education and be of fine character. Back then, I worked for Tony Trodella, one of the authors of licensing requirements and a state Board volunteer. I often saw Tony and his Board colleagues scrutinize stacks of licensing applications. Tony did not hesitate to request an appraiser to submit hard copies of appraisal reports to verify their work log. His goal was to license qualify applicants but only the qualified appraisers. Thirty something years later regulations have changed, been modified, relaxed and then made stricter, but all along the focus has been keeping professionalism as a vital voice in the valuation process. Without firm requirements and adherence to them, our profession is weakened and ultimately not respected among stakeholders.

Senate Bill 123 awaits its next hearing. MBREA contacted members of Committee on Consumer

Protection and Professional Licensure during the summer and in September to reiterate the reasons for passage and to maintain contact with key legislators. MBREA's Government Affairs Committee expects the bill to progress to the next level this fall, but encouragement and further explanation of the bill's importance are necessary. Appraisers can advise their reps and senators with a quick call, email or letter. Let's make sure everyone working on real estate valuations, evaluations, assessments, and opinions of value maintains the highest level of professionalism by getting a license, keeping it active, and staying current.

Allan Cohen is the chair of MBREA government affairs committee and owner of Allan S. Cohen Appraisal. Stephen Sousa is executive vice president of MBREA.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540