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FHA bans licensed appraisers as soon as November 1st

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A few weeks ago, the FHA announced that it would no longer place licensed appraisers on its roster for appraisal assignments. This came as a prelude to implementation of the Housing and Economic Recovery Act of 2008 passed by Congress and signed by President Bush into law on July 30th.

The next step is for the FHA to announce when licensed appraisers, some of whom have been included on the FHA roster for years, will be kicked off. In some states it will happen as soon as November 1st, while in other states licensed appraisers will be granted a reprieve until September 30th, 2009. As I sit and write this article, the Mortgagee Letter letting us know the fate of N.E. licensed appraisers has not been issued.

The route to move from licensed to certified residential is well defined. First, to qualify as a certified residential appraiser a person must hold an Associate's degree or higher or 21 semester credit hours in six specific courses. Next, a licensed appraiser needs to complete an additional 50 hours of qualifying (primary) education. This education is to be completed in a classroom setting and consists of statistics, modeling and finance, advanced residential applications and case studies, and an additional 20 hours of qualifying education. (MBREA hosts a 20-hour course titled, "Mastering Unique & Complex Property Appraisal"). Once the education is completed, and assuming the 2,500 hours of experience is in hand, the appraiser then sits for the still new national exam.

None of this sounds too onerous, but it is time consuming and expensive, and, for a licensed appraiser lacking college credit, more than a bit daunting. Especially if you are licensed in a state facing the November 1st deadline and will be, for all practical purposes, lacking an income.

It's estimated there are about 250 licensed appraisers in Mass. who are currently on the FHA roster. We have talked with some and received emails from others since this news broke. Most say that FHA appraisals make up all of their work. All are concerned about their future.

In some ways this feels like piling on the residential appraisal profession. Little nips and tucks - changes in supervision, lenders banning trainees, and the HVCC - seem to be placing the future of residential appraisers solely into the hands of certified appraisers and providing little incentive for a new generation of appraisers. Increasing the professional standards of our profession is a welcome change as long as the bar to entry is at a reasonable height to encourage qualified individuals to start the process.

Did Congress truly intend to wreak havoc on so many individuals? We would like to think not. The

interesting aspect of this is how a provision as potentially devastating as this seemingly went through Congress without a word of objection from national appraisal organizations. In fairness, the MBREA missed it too, but we do not have the benefit of a fulltime lobbyist residing in Washington, D.C.

The MBREA's leadership will be discussing what action we should take if Mass. is a state with a November 1st deadline. Any turnaround to this measure apparently will quite literally require an act of Congress. Meanwhile, let us know what you think about this situation by emailing Steve Sousa at steve@mbrea.org. Your opinion counts and will be helpful to us as we formulate our plans.

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