

Appraisal Institute®

Professionals Providing Real Estate Solutions®

Issues Affecting the Appraisal Community

Jefferson L. Sherman, MAI, AI-GRS
2018 Appraisal Institute Vice President

Ohio Coalition of Appraisal Professionals Summer Seminar
June 19, 2018

Today's Highlights

- Industry changes
- Appraiser population trends
- Legislative and regulatory changes
- Adaptation

Industry Changes

Changing Forces

- Digital mortgages
- User needs & touch points

Appraiser Population Trends

U.S. Appraiser Population

- Last 5 years: about 2% annual decrease
- Primary reasons
 - Retirements
 - Fewer new entrants
 - Economic factors
 - Competing technology
 - Government regulation

Accessibility Issues

- Inaccessibility in some markets
- Over-regulation creates problems
- Improving attractiveness of profession

Regulatory & Legislative Changes

Appraisal Threshold Levels

- Paperwork Reduction Act review
- Agencies' final rule
 - Commercial
 - Residential
 - Business

CRE Threshold Increase

- Expected but confounding
- Increased risk
- Evaluations
- Significant concerns

“Don’t believe everything you read
on the internet.”

Abraham Lincoln

- Required where appraisals exempt
- Interagency Guidelines qualifications requirements
- USPAP requirements exceed
- Exemption from USPAP

GSE Appraisal Waivers

- Loan purchases and refinances
- “Race to the bottom”

- FHFA should prevent implementation
- Higher risk for first-purchase loans
- Economic recovery imperiled

- S. 2155: banking regulation relief
- Signed into law May 24
- Rollback of Dodd-Frank rules
- AI led efforts to revise bill
 - Allowance vs. exemption
 - Clarifying provisions
 - Rulemaking issues

Other Federal Legislation

- H.R. 3221
 - Higher Priced Mortgage Loans, USPAP Exemption
- H.R. 3561
 - VA Hybrid appraisals

Temporary Waiver Requests

- Oklahoma request withdrawn
- ASC denied Tennessee request
 - No shortage in market
 - Public comments show opposition
 - Only TriStar affected
 - Lack of urgency

Adaptation

- Staying current
- Technology integration
- Service industry – talk with your clients
- Diversification of skills, services

Modernizing Appraisal Regulatory Structure

- Trend shows need for change
- Last update in 1989
- Effect on appraiser population
- Appraisers choked by regulation

- “Layering effect” of regulation
 - Background checks
 - Supervisor, trainee requirements
 - License renewal fees
 - Course requirements
 - Mandates to purchase rules

Appraisal Reform Vision

- Modernize appraisal oversight
- Improve enforcement
- Enhance appraisal quality

Recommendations for Change

- Appraisal Institute suggestions
 - Multi-state licensure
 - NMLS example

- GAIN NEW SKILLS
- RAISE YOUR GAME

- **“ABSENT QUALITY, WE WILL BE IRRELEVANT”**

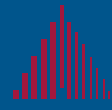
- **Jeff Sherman, OCAP, June 19, 2018.**

- My challenge to you is to **CHASE EXCELLENCE.**

By doing so, you accomplish two things:

1. You **raise the value of your services,** and
2. You **raise the value and sustainability of OUR profession.**

If you do these things, **YOU WILL SUCCEED AND SO WILL WE!!!!**



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- Newest Book: Valuation by Comparison,

Forms & USPAP referenced throughout the book.

Numerous case studies.

Focuses Sales Comparison Approach when data is limited.

Discusses alternative methods and logic including: current listings, pending sales, expired listings and historical market activity of subject and the comps.

(\$40/\$50)

CLASSES:

Introduction to Green Buildings: Principles & Concepts (Oct. 24)
and
Case Studies in Appraising Green Residential Buildings (Oct. 25)

Instructor: Sandra Adomatis, SRA