

# THE APPRAISER



Arkansas Appraiser Licensing and Certification Board

Fall 2015

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## Supervisor/Trainee Class has benefits and lessons learned

By Lee Gordon

As part of its January 2015 requirements, the Appraiser Qualifications Board (AQB) established a four-hour course to prepare appraiser supervisors and trainees for their relationship. After looking at the fragile and sometimes unsuccessful pairings of supervisors and trainees, the AQB concluded that a lack of information and preparation by both parties often contributed to difficulties and even failure. When one or both parties were not prepared and did not have clear information and expectations, the relationship suffered.

Now for the good news. The 2015 AQB requirement for training in advance of a supervisor/trainee relationship should improve the odds of a successful arrangement. New appraiser trainees and their supervisors are required to take this four hour training course, with the expectation that fewer mistakes and more good decisions will be made. With the proper advance training that this course provides, the odds for a successful partnership between the supervisor and trainee should improve.

In Arkansas, the Arkansas Appraiser Licensing and Certification Board (AALCB) has chosen to provide this training directly. Using the specific AQB course content outline, the AALCB staff has developed a PowerPoint presentation to assist in the delivery of this material. During 2015, the half-day supervisor/trainee course was presented four times in Little Rock and once in Fayetteville.

Over 150 Arkansans participated in this AQB mandated course during 2015. That total is considerably more than the Arkansas Appraiser board expected. However, this is also good news. Approximately half of the 150 participants were people preparing to be appraiser trainees. While we'd like to see more, this is an encouraging number of people who want to enter the appraiser field. As older appraisers retire, it is im-



portant to provide a steady flow of new appraisers who will, in time, develop the skills and experience to take the place of those who leave the field.

The other encouraging news to this story is that the supervisor/trainee class has received positive ratings from the participants. A high percentage of evaluation forms rank the class as either good or excellent. Written comments have consistently rated the course as "time well spent" and helpful in preparing both the supervisor and the trainee.

The AALCB staff sees a range of benefits to providing this class. Foremost is the opportunity to meet and develop a relationship with every person planning to become a State Registered appraiser. This course is required

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before a person's application for a State Registered credential can be approved. The class allows the AALCB staff to communicate directly with these State Registered candidates and to share with them information and guidance which will improve their prospects for success as a trainee and ultimately as a licensed or certified appraiser.

In the same way, the AALCB staff's direct communication with supervisors allows us to emphasize what is important for them to understand. Supervisors tell us that the class gives them more confidence in their responsibilities and more comfort in their relationship with the trainee. Further, we get to know these supervisors and understand the issues that are important to them. While our primary responsibility is to lead the class and share information, we do a lot of listening, too.

The AALCB will continue to serve as the provider for this supervisor/trainee class in 2016. The next AALCB supervisor/trainee class is scheduled for January 28. For registration information, please go to [www.arkansas.gov/aalcb](http://www.arkansas.gov/aalcb) or call the AALCB office at 501-296-1843.



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## INFO ON OUR NEXT SUPERVISOR/TRAINEE COURSE

Our next Supervisor/Trainee class will be January 28, 2016 from 9:00 am to 1:00 pm in the Basement Conference Room at the Main St. Mall Building in Little Rock, AR. The Registration form is on the website. We would be glad to have you join us!

# Data on U.S. Valuation Professionals

## A quick look

For the last decade there has been a focus on the demographics and related statistics regarding valuation professionals in the United States. The decline in total numbers and the gradual aging of this particular workforce have been frequent discussion topics at local, state, and national gatherings of those with ties to the real estate appraisal profession. The numbers in Arkansas roughly track the national trends.

The graphs below provide a partial picture of the information available and the trends identified regarding real estate professionals in the U.S.

## Real Estate Appraiser Population Trends

As of June 30, 2015, the number of active real estate appraisers in the U.S. stood at 78,500. The average annual rate of decrease is nearly 3.0 percent– a cumulative decline of 20 percent since 2007.

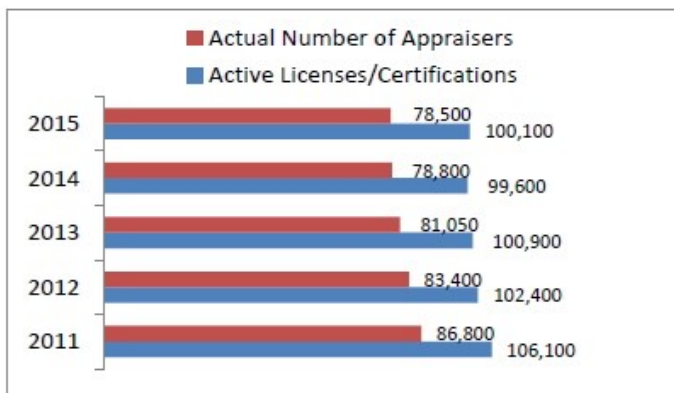


Figure 1 Total licenses/certifications and appraisers

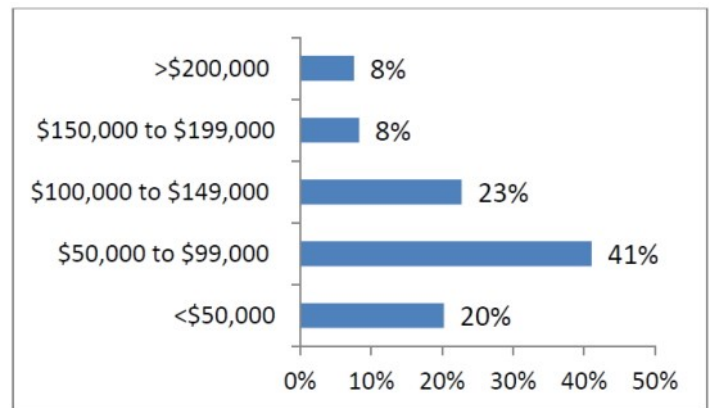


Figure 12 Annual incomes all valuation professionals

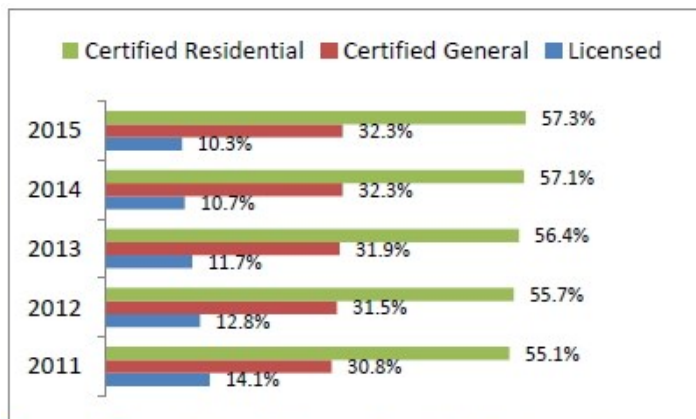


Figure 3 Proportions of licensed and certified appraisers

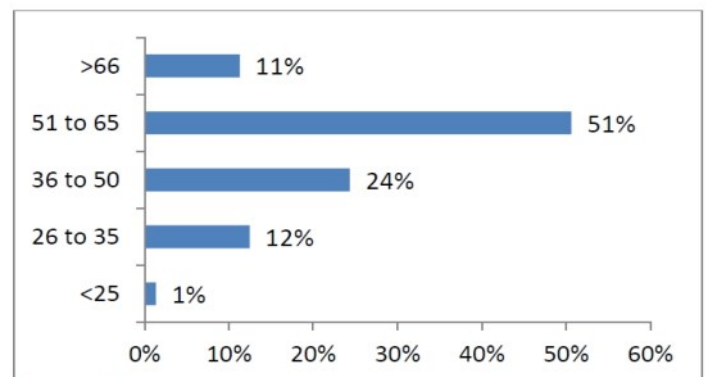


Figure 8 Age

SOURCE: Appraisal Institute “U.S. VALUATION PROFESSIONAL FACT SHEET” – June 2015

## *Uniform Standards of Professional Appraisal Practice*

2016-2017 Edition

by Diana Piechocki

If you haven't seen the Steve Martin movie "The Jerk," there is a scene about a new version of the telephone book being delivered. Steve Martin's character is so excited he exclaims, "The new phonebook is here, the new phonebook is here! Things are going to start happening to me now!" I can appreciate how he feels when a new edition of USPAP is issued.

The 2016-2017 Edition of USPAP is effective January 1, 2016 through December 31, 2017. Good news is once again the changes have been evolutionary, not revolutionary. One note of caution, the format of USPAP has changed for the 2016-2017 edition. For example, all Statements on Appraisal Standards have been retired. Don't be fooled into thinking these requirements have been changed; they probably have just been moved. I would encourage you to take the seven hour USPAP update sooner rather than later. There are several modifications in USPAP for the next two years. These include:

- Revisions to the Record Keeping Rule
- Revisions to Standard 3
- Revisions to the definition of "Assignment Results" and to the Confidentiality section of the Ethics Rule
- Changes to Reporting Standards
- Exposure time
- Retirement of all Statements on Appraisal Standards
- Revision of Advisory Opinion 7; and creation of Advisory Opinions 33, 34, 35 and 36.

In addition to these changes, there are always several new FAQs. One that I would suggest you take a moment to read is FAQ 274 found on page 341 of the 2016-2017 Edition of USPAP. This question concerns a common inadequacy found in the appraisal reports I review. The title is "Explaining the Exclusion of Approaches NEW."



The question:

The Comments to Standards Rules 2-2, 8-2, and 10-2 state that the exclusion of any of the three approaches to value "must be explained." In this context, what does "explained" mean? If for example, the cost approach is not developed:

- Is it sufficient to state that the cost approach was considered, but not developed?
- Is it sufficient to state that the appraiser does not consider the cost approach necessary for credible results, thus it has not been developed? If not, what should the appraiser do to comply with USPAP?

The response:

Simply stating that an approach was not developed does not meet the USPAP requirement to explain why it was not developed.

Stating that an approach was not necessary, without providing some basis for that opinion, also fails to meet the definition of "explain". The report must

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explain why an excluded approach is not necessary for credible results.

“Explained” is not a defined term in USPAP and therefore has no special meaning. The Merriam Webster dictionary definition of “explain” is “to give the reason for or cause of.”

The USPAP requirement to include an explanation for the exclusion of an approach to value from the analysis is necessary to provide the client and other intended users with insight into the appraiser’s decision as to why the analysis was not performed.

While it would be a good thing to go over the new FAQs as time allows, it may also be productive to revisit those questions you have referenced in the

past as a refresher and to see if changes in USPAP have affected the now current response.

“Explained” is not a defined term in USPAP and therefore has no special meaning. The Merriam Webster dictionary definition of “explain” is “to give the reason for or cause of.”

You might not be as excited as Steve Martin’s character or me, but it is important to take the time to understand your responsibilities under USPAP. Get the 2016-2017 USPAP book and take the seven hour USPAP update as soon as possible. Stay current on the changes you are required to follow.



**SAVE THE DATE!**

The 2016 “Day with Appraisers” seminar is scheduled for May 12th, 2016 at the Embassy Suites Hotel in Little Rock. Additional information on the seminar will be included in our Spring newsletter and will be posted to the AALCB website.



### **SL, CR and CG education due June 30, 2016**

The education cycle for SL, CR and CG appraisers is from June 1, 2014 to June 30, 2016. Your education must have been taken between those dates in order to count towards your renewal. You must have 28 hours in order to renew in 2016. We will send out notices around the middle of May and you will be able to renew at that time. If you have any questions please give us a call.



### **The 2016 State Registered renewals have begun**

The notices were sent out via regular mail on November 13, 2015. You must have 14 hours, taken in 2015, to renew your license by December 31. If you have turned your education into the board office you may renew online by going to our website, [www.arkansas.gov/alcb](http://www.arkansas.gov/alcb), and scrolling to the bottom of the page to the "Renew your license now" link. If you have any questions please don't hesitate to contact us.

**Arkansas Appraiser  
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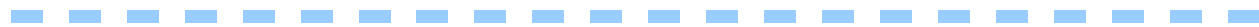
Lee Gordon, Executive Director  
  
Diana Piechocki, Chief Investigator  
  
Kelli Black, Executive Assistant

**AALCB All Active Registered, Licensed  
and Certified Appraisers**

License Type	
State Registered	160
State Licensed	45
Certified Residential	358
Certified General	397
Total: *does not include temporary	960

**Board Members**

Drew Vance, Chairman  
Pete Prutzman, Vice-Chair  
Thad Eckolls  
Tom Ferstl  
Brian Hester  
Cary Matthews  
Alex McIntosh  
Scott McKennon  
Shannon Mueller



**The Appraisal Foundation released the pass rate for licensed and certified credentials for the year 2014.**

The data below represent first-time test takers only.

**2014 National Uniform Licensing and Certification Examinations  
January 1, 2014 — December 31, 2014**

	# of Exams	# Passed	Pass Rate
State Licensed	447	236	53%
Certified Residential	1531	1033	67%
Certified General	652	415	64%
<b>TOTAL</b>	<b>2630</b>	<b>1684</b>	<b>64%</b>