



THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications*

**Background
and Recent Activities of
THE APPRAISAL FOUNDATION**

**Prepared for the
*American Association of State Highway
and Transportation Officials***

May 2012





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Overview

- **Mission and Background**
- **Foundation Structure**
- **Recent Activities**



An Overview of
The Appraisal Foundation



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Mission

The Appraisal Foundation was founded to foster professionalism in valuation by promoting professional appraisal standards and appraiser qualifications.



An Overview of
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Mission

The Foundation is **NOT**:

- A government agency or regulatory board;
- Created by Congress;
- An appraisal trade organization that offers designations.

The Foundation IS:

- A non-profit educational organization;
- Founded by 8 national appraisal organizations;
- Created to foster professionalism in appraising.





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Mission

What Makes The Appraisal Foundation Unique

- A private sector entity that was given specific authority by the U.S. Congress.
- Very unusual delegation of governmental authority
- Best Analogy: The Financial Accounting Foundation and the Financial Accounting Standards Board (FASB)





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Mission

Congressional Authority

- All individuals seeking a state license or certificate must meet the appraiser qualifications established by the Foundation.
- The examinations used by the states to license and certify appraisers must be developed or approved by the Foundation.
- The ethical and performance standards an appraiser must follow (USPAP) are those promulgated by the Foundation.





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Mission

Two Important Principles of the Foundation

1. Transparency of Operations
 - Open Meetings/Public Interviews
2. Maintaining the Public Trust
 - Fair, Impartial and Objective Resource





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Foundation Structure

The Appraisal Foundation is the parent organization for:

- Four Boards
- Three Advisory Councils

In addition, the Foundation is sponsored by 13 non-profit trade associations.





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Foundation Structure

Board of Trustees

The governing body of The Appraisal Foundation.

Appraisal Standards Board (ASB)

Sets minimum performance and ethical standards (USPAP)

Appraiser Qualifications Board (AQB)

Sets minimum experience, education and examination requirements

Appraisal Practices Board (APB)

Provides voluntary guidance on methods and techniques





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Foundation Structure

Over 100 non-profit organizations, corporations and government agencies are involved with TAF's Advisory Councils:

- The Industry Advisory Council (IAC): for-profit entities providing a voice from the market-place
- The Appraisal Foundation Advisory Council (TAFAC): non-profit organizations and government agencies
- The International Valuation Council (IVC): associations based outside of the United States.



Foundation Structure



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Appraisal Sponsors

- American Society of Appraisers
- American Society of Farm Managers & Rural Appraisers
- Appraisers Association of America
- Instituto de Evaluadores de Puerto Rico
- International Association of Assessing Officers
- International Right of Way Association
- Massachusetts Board of Real Estate Appraisers
- National Association of Independent Fee Appraisers
- North Carolina Professional Appraisers' Coalition



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Affiliate Sponsors

- American Bankers Association
- Farm Credit Council
- National Association of Realtors

International Sponsor

- Royal Institution of Chartered Surveyors





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Foundation Structure

- **12 Full Time Staff Members**
- **Annual Budget of \$5 Million**
 - **Publications (54%)**
 - **Federal Grant (33%)**
 - **Programs (5%)**
 - **Sponsorship/Membership Fees (4%)**
 - **Miscellaneous (4%)**



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Board of Trustees

26 Member Governing Body of The Foundation

Primary Responsibilities:

- Appoint members to the independent boards
- Secure funding for Foundation operations
- Provide oversight of all Foundation boards and advisory councils





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Independent Boards

**The Foundation is home to 3 independent
Boards: the APB, AQB and ASB.**

- Composed of from 5-7 appraisers
- Minimum of 10 years of experience
- Very open and transparent interview and selection process
- Receive a stipend for work





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Independent Boards

Each of the Foundation's Three Boards:

- Conducts periodic public meetings each year around the country
- Exposes for public comment, work being contemplated for adoption
- Posts comment letters on our website
- Hosts a public forum with each public meeting





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AQB

Appraiser Qualifications Board (AQB)

Responsible for establishing minimum requirements for:

- **Qualifying Education**
- **Experience**
- **Examination**
- **Continuing Education**



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AQB

Congressional Authority

Authority under Title XI of FIRREA to:

- Set the minimum state certification requirements for real property appraisers (experience, education and continuing education).
- All state certified appraisers must pass the National Uniform Appraiser Examination issued or endorsed by the AQB.





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AQB

New Criteria Effective January 1, 2012 Includes:

- **Bachelors degree requirement for the State Certified Residential and State Certified General levels.**
- **Associates Degree or 30 college credit hours for the State Licensed classification.**





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AQB

New Criteria Effective January 1, 2012 Includes:

- **Mandatory background checks**
- **Experience AND education become prerequisites to sit for the exam**
- **Specific criteria for Trainees and Supervisory Appraisers (per Dodd-Frank).**





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ASB

Appraisal Standards Board (ASB)

Writes and interprets the generally recognized standards for the appraisal profession, the *Uniform Standards of Professional Appraisal Practice (USPAP)*.





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ASB

Congressional Authority of the ASB

Title XI of FIRREA requires that all appraisals performed in conjunction with federally related transactions comply with the generally accepted standards (USPAP) promulgated by the ASB.





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ASB

The Uniform Standards of Professional Appraisal Practice (USPAP) contains standards for:

Real Property

Mass Appraisal

Personal Property

Business Valuation

Major Themes of USPAP Include:

Ethical Conduct

Disclosure

Competency

Documentation





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ASB

In Addition to the Standards, USPAP contains guidance:

- **32 Advisory Opinions**
- **Over 200 Frequently Asked Questions
(FAQs)**





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ASB

CURRENT AGENDA FOR THE ASB

- **More specificity about communicating with the client (i.e. When does an assignment commence; communication during an assignment and when does an assignment end).**
- **Review and, if appropriate, revise the current three reporting options.**
- **What constitutes a draft report?**





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APB

APPRAISAL PRACTICES BOARD (APB)

- Newly created independent board of the Foundation.
- Established to provide voluntary guidance to appraisers from all valuation disciplines on valuation methods and techniques, particularly on emerging issues.
- We are filling a void. The majority of real estate appraisers do not belong to a professional appraisal society. *Where do they get guidance for their practice?*





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APB

APPRAISAL PRACTICES BOARD (APB)

- Subject Matter Expert (SME) panels are selected to address a specific issue
- Panels provide a draft to the APB, which then edits and publicly exposes the document prior to adoption





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APB

The first two topics selected for the issuance of guidance:

- Residential Appraising in Declining Real Estate Markets
- Adjusting Comparable Sales for Seller Concessions

2012 APB Topics

- Identifying Comparable Properties
- Appraising Green Buildings
- Contingent Consideration for Business Valuation





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Other Initiatives

- Working with State Regulators on State Appraiser Investigator Training and other topics of interests to States
- MOU with the U.S. Department of Energy on the Valuation of Green Buildings
- *Symposium on Alternative Valuation Products* later this year, probably in June/July.
- Establishment of free video eLibrary





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Communications

Communicating with the Foundation and its Boards
is easy:

- Internet: www.appraisalfoundation.org
- Phone: 202.347.7722
- Fax: 202.347.7727
- Address: 1155 15th Street NW, Suite 1111
Washington, DC 20005

