

Professionalism and the Appraiser

by Allan Lannom - Chicago Office

The purpose of this article is to inform, educate, and hopefully, involve the valuation utilizing community with respect to the "professionalizing" of appraisals and appraisers. Below are the highlights of the landmark Federal Bill of 1989.

Prior to 1987, the appraisal industry was truly fragmented. There were literally dozens of organizations offering appraisal designations. In 1987, the industry united to form the Appraisal Foundation. This body was established to create two independent boards; the Standards Board and the Qualifications Board. The development of the Uniform Standards of Professional Appraisal Practice (USPAP) was the major task of the Standards Board. Determining education, experience and other appraiser requirements was the primary function of the Qualifications Board. The creation of the Appraisal Foundation was the formulation and passage of Title XI.

Congressman Doug Barnard (D. Georgia) authored legislation in the U.S. House of Representatives which required the state-by-state certification and/or licensing of real property appraisers. Specifically, the bill is Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). It is more commonly known as the "S&L Bailout Bill".

In summary, Title XI creates a nationwide certification and licensing program for real property appraisers involved in "federally related financial transactions". Licensing and certification are state functions overseen by the appraisal sub-committee of the Federal Financial Institutions Examination Council (FFIEC). These senior banking regulators are charged with four primary duties:

Monitoring the adequacy of state requirements for certification and licensing.

Monitoring the regulations of the banking agencies, the National Credit Union Administration and the RTC.

Monitoring certain activities of the Appraisal Foundation.

Maintaining a national registry of state certified and licensed appraisers

As of December 31, 1992, all the states had their certification and licensing boards in place and tens of thousands of appraisers have applied for and received state credentials.

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