

United States Senate
WASHINGTON, DC 20510

May 14, 2018

Mr. Adam Johnston
Chair of the Board of Trustees
The Appraisal Foundation
1155 15th St. NW
Suite 1111
Washington, DC 20005

Dear Mr. Johnston:

We are writing to express our concern with The Appraisal Foundation's (the Foundation) response to the shortage of real estate appraisers in the housing market, especially in rural and underserved areas. We fear that a decreasing number of appraisers and an increase in the average age of the appraisal community threatens the industry and the housing market as a whole. Therefore, it is important to make sure that the Foundation is fulfilling its congressionally-directed role and that all necessary avenues are being explored to address the appraiser shortage that many communities and states are facing.

The Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989 allows the Foundation to, "prescribe appropriate standards for the performance of real estate appraisals..." It is therefore vital that these standards strengthen the appraisal industry given its significant and important role in the US housing market.

We are concerned about the current trend in the appraisal industry: a lack of appraiser availability, an aging industry and significant barriers to entry. Furthermore, we are troubled that the Foundation does not share our concern about an appraiser shortage. On June 6, 2017, Mr. John Brennan, Director of Appraisal Issues at the Foundation, sent a letter to Ms. Maria Fernandez of the Federal Housing Finance Agency writing, "While we are aware that some markets experienced such issues (a shortage of appraisers) on a small scale, those very same markets have achieved an equilibrium and appraisals are now being performed in a timely manner, at a reasonable cost." The perceived diminishment of this problem is concerning, especially as individuals in South and North Dakota are struggling to acquire mortgage financing due to the lack of qualified appraisers serving their communities.

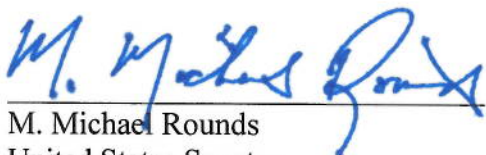
It is our understanding that the Appraiser Qualification Board (AQB) has recently voted to approve a fourth exposure draft outlining concepts that could ease the burden facing appraisers in our states. We appreciate the AQB's efforts and are encouraged by many of the proposed changes in the exposure draft.

While we appreciate the proposed changes made under the fourth exposure draft, we were discouraged that the AQB did not adopt a Practical Applications of Real Estate Appraisal (PAREA) program. The PAREA program would offer case study courses in a classroom that would allow a trainee to get experience hours while getting a qualifying education credit. In our states, it is extremely difficult for a trainee to find a supervisor willing to potentially train his competition. There should be an option for a trainee to build up experience hours without a supervisor. Therefore, we request that you provide answers to the following questions:

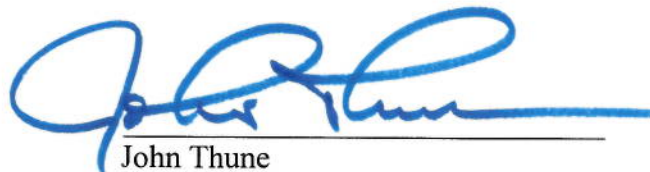
1. It appears that the PAREA program was removed from the fourth exposure draft due to concerns expressed by various commenters.
 - a. How many comments did the AQB receive regarding the PAREA program?
 - b. How many of these comments expressed concerns over the PAREA program?
2. The AQB voted to indefinitely delay its work on the PAREA concept while also promising that it would receive “their full attention going forward.”¹ When does the AQB intend to be finished with the PAREA project so that states can adopt it into their rules and appraiser trainees can benefit from it?
3. The fourth exposure draft notes that the PAREA concept will be developed separately and will require a more extensive time frame than other proposals. What is the development process that the AQB will go through when creating the PAREA?
4. The fourth exposure draft also states that, “This (development of the PAREA) will likely be accomplished in conjunction with subject matter experts with expertise in this type of endeavor.”² What subject matter experts does the AQB plan to work with in developing the PAREA?
5. Does the AQB intend to develop guidelines, criteria and framework for all private education providers to utilize in the development of courses that would satisfy PAREA requirements? If not, does the AQB intend to develop and deliver the courses itself or through a single provider chosen by the Foundation?

Thank you for your attention to our letter. We look forward to continuing to work with the Foundation to address this issue in our states.

Sincerely,



M. Michael Rounds
United States Senator



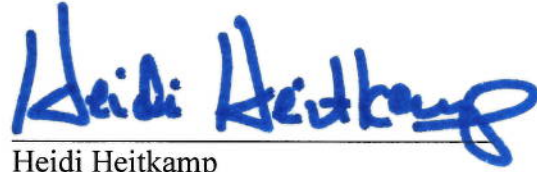
John Thune
United States Senator

¹ The Appraisal Foundation, Appraiser Qualifications Board, “Fourth Exposure Draft of Proposed Changes to the *Real Property Appraiser Qualification Criteria*,” November 1, 2017, Accessed January 9, 2018. Available at: <https://appraisalfoundation.sharefile.com/share/view/s7ce4c46184b47f9a?>

² Ibid



John Hoeven
United States Senator



Heidi Heitkamp
United States Senator