

President 's Letter—Sherry Bren

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I want to thank every one of the members of the Program Committee for all of their fine work putting together a great program for the 2012 AARO Fall Conference held in Washington, DC this past October. I have reviewed the evaluations and they reveal that our attendees felt great benefit from the program subject matter covering an array of topics which included fraud investigation and prevention, the future of the appraisal profession, ASC Policy Statements, grants, and criminal background investigation. The speakers and panelists were excellent – sharing their knowledge and insight for the current and future of appraiser regulation. The evaluations have also provided many great suggestions for program content for the upcoming Spring conference.

We all face many challenges in the months to come. I do not recall a time that has challenged us more except during the early 1990s with the initial implementation of the appraiser regulatory agencies. The leadership of AARO is committed to being responsive and proactive to these challenges and to do everything within our power to keep our membership informed of regulatory developments and to make decisions that are in the best interest of the appraiser regulatory officials.

I invite any member that has an interest in serving on a committee to please submit your name to me along with the committee that is of interest to you. There were a number of volunteers for committee work and they will be appointed. However, I encourage additional members to volunteer. Appointments may be made at any time during the year.

Please let take this opportunity to tell everyone how honored I am to be President of the Association of Appraiser Regulatory Officials. I have been involved in this association since the very first meeting. It has moved from a struggling association trying to define its mission and purpose to realizing its role as a highly respected and essential part of the entire appraiser regulatory system.

Feel free to reach out to me or any member of the Board of Directors for assistance, or if you have suggestions regarding the administration or operation of AARO. I look forward to working with all of my friends and colleagues in AARO in the coming year.

Sherry Bren, AARO President

AARO 's Mission:

To Improve the Administration and Enforcement of Real Estate Appraisal Laws in Member Jurisdictions through Communication, Research, Education, and Cooperation.

2012 Fall Conference Session Summaries

For those who could not actually make it to Washington DC, or for those who listened without taking notes, we are offering here recaps of most of the General Sessions. These summaries are by no means the equivalent of actually being there as we consistently hear the value of networking and the sharing that goes on long after each session has ended.

Many thanks to those who volunteered to write up these briefs.

Federal Updates

Presented by Jim Park, Executive Director ASC, David Bunton, President TAF, Carl Schults, Chair ASB, Rick Bumgardner, Chair AQB, and Jay Fishman, Vice Chair APB.

The ASC outlined the increased authority given them by the Dodd-Frank Act and outlined possible changes to policy statements. Common areas of non-compliance found in compliance reviews were outlined, and the ASC's priorities for 2013 were given.

The TAF gave an update on their activities and previewed one of the three new videos available at the E-Library. Copies of new pamphlets to assist borrowers in understanding their appraisal copies and for lenders to assist in their understanding USPAP were provided to attendees.

The ASB outlined changes to USPAP that are under consideration that include report options, record keeping, the competency provision, preamble, scope of work and definitions.

The AQB discussed implementation of background checks, college degree requirements, the 2015 exams, review reports, the supervisor-trainee program, practicum courses, work product review and other hot topics.

The APB, whose mission is to identify and issue opinions on Recognized Valuation Methods and Techniques addresses both real property and business valuation. Copies of Advisory #1 (Identification of Contributory Assets & Calculation of Economic Rents), Advisory #2 (Adjusting Comparable Sales for Seller Concessions), and Advisory #3 (Residential Appraising in a Declining Market) were available for attendees.

Investigations & Fraud Prevention

Michael Stolworthy, Director of Fraud Prevention for the Department of Housing and Urban Development Office of the Inspector General opened his presentation with an intriguing synopsis of the famous Isaac Toussie case (Mr. Toussie a New York real estate developer was convicted of fraudulently obtaining mortgages from the Department of Housing and Urban Development).

Speaker Stolworthy then discussed myriad US Government programs that have resulted from the housing crisis. He then covered a case he worked on whereby a single mortgage lender was responsible for 60 foreclosures in one area of a city. Mr. Stolworthy covered the background, mission, and authority of HUD then the history of FHA-HUD. He then explained the resurgence of FHA since the 2008 mortgage crisis (off the chart numbers and examples).

He went on to describe the FFETF which can best be reproduced by their website's information, "President Obama established the Financial Fraud Enforcement Task Force in November 2009 to hold accountable those who helped bring about the last financial crisis as well as those who would attempt to take advantage of the efforts at economic recovery.

The task force is improving efforts across the government and with state and local partners to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, recover proceeds for victims and address financial discrimination in the lending and financial markets.

With more than 20 federal agencies, 94 US Attorney Offices and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. The Task Force has established Financial Fraud Coordinators in every US Attorney's Office around the country to help make these broad mandates a reality on the ground.

Mr. Stolworthy spend the remainder of his time describing and giving examples of the trends in fraud schemes he and his agency are currently investigating (i.e. rescue, loan modification, reverse mortgages, eminent domain, REO, mortgage insurance fraud, sovereign citizen scams. He ended by detailing some of the elaborate schemes squatters has been using and how they have are evolving.

Peter Emerzian, Deputy Inspector General for Investigations from the Federal Housing Finance Agency described the creation of the FHFA, the various roles it plays, the agency's authority and mission.

Stolworthy also clarified the relationship the FHFA has with Fannie Mae and Freddie Mac and the roles of each of those Government Sponsored Enterprises. Those in attendance learned the FHFA directive is to prevent waste, fraud, and abuse through audits, evaluations, and investigations. It provides outreach to other law enforcement agencies, private groups, Congress, and taxpayers. Their top priority is simple...to fight mortgage fraud.

Mr Emerzian covered the stages and conditions where mortgage fraud can be found and/or is likely. He shared the current types of mortgage fraud, bogus builder bailouts, flipping, rescue scams, short sale/REO schemes, deed theft tactics, and fund theft plans. Mr. Emerzian detailed FHFA's progress in developing databases, systems, and ways of tracking the criminals deploying these schemes. He went on to give examples of successful investigations and indictments across all parts of the country. Then Mr. Emerzian went over the FHFAs plan of attack for the future. This plan is comprised of uncovering the fraud schemes so the public becomes aware and can recognize the schemes, to partner with more and more agencies working toward the same goal, and through publicizing their victories deter and discourage the schemers. Mr. Emerzian finished his presentation by detailing the famous \$ 2.9 Billion Lee Farkas case of 14 counts of fraud and conspiracy.

ASC Proposed Policy Statements

The purpose of this report is to provide you with an overview of the general session that discussed recently proposed ASC Policy Statements (what has changed, what has stayed the same, compliance reviews, and rating of the states). Ami Milne-Allen served as moderator of a panel that was comprised of the ASC General Counsel, the Appraisal & Regulatory Policy Managers, and the Regulatory Affairs Specialist, Claire M. Brooks.

As required by Title XI, the ASC monitors each State's Program for compliance with Title XI and the ASC Policy Statements. To remain in compliance with the Dodd-Frank Act, the ASC recently proposed revisions to the 10 current ASC Policy Statements.

Under the proposed revisions, the current 10 policy statements will be replaced with 8 policy statements. Portions of existing policy statements will be found under new numbers in the proposed statements. For example, proposed Policy Statement 3 will replace Statements 8 & 9 and proposed Policy Statement 7 will replace a large portion of existing Policy Statement 10.

Mr. Neal R. Fenochietti addressed proposed Policy Statement 5 regarding Reciprocity Requirements and proposed Policy Statement 2 that addressed Temporary Practice.

Ms. Jenny Howard Tidwell gave an overview of proposed Policy Statement 7 that addressed Enforcement & Complaint Processing. In proposed Statement 7, the benchmark for completion of all investigative cases remains 12 months in as does the existing exception of documenting extenuating circumstances.

Proposed Policy Statement 8 addresses new interim sanctions that can be imposed on states for non-compliance issues. Non-recognition of a state has never been enforced because of the extreme impact of removing a state from the National Registry. The interim sanctions will give the ASC alternatives to non-recognition.

Panel members also discussed the proposed Appendices that address Rating Criteria and Review Cycles for states. The new proposed Rating Criteria will be excellent, good, needs improvement, not satisfactory & poor. The rating

received by a state will determine the review cycle a state will receive. If a state receives a low rating, that state's review cycle will be more frequent than a state that earned a higher rating.

Possible ASC Grant Session

The following speakers presented with the assistance of PowerPoint on the ASC Grants outlined in Dodd Frank: Larry Disney, Fran Oreto, and Ami Milne-Allen.

Suggestions from the State Regulators in attendance on how to disperse the grants varied. The following are the suggestions and comments that were given:

- Universal complaint form with a tracking system from open to close
- Hotline that will direct complaints from one group to another, state agency, federal agency, lenders, and others
- A video on the ASC review process (using an actual review that's videotaped, or actors) for states to use for new board members and staff members
- A video on best practices Create a national clearing house for background checks and tracking appraisers
- Investigator training advanced
- Staff training
- Attorney training
- Universal experience log that can be downloaded and maintained in an excel type program
- or regulators (CE Audits, processing educational applications, licensure applications, background checks etc.)
- The National Registry to "house" copies of Final Consent Orders for all disciplinary actions taken by state Boards
- Reduce the registry fees

The grant money could go to a non-profit organization that could receive and verify each of the requirements for licensure and electronically submit the record to the state the individual would like to become licensed in? This would include the background check, a universal experience log, certificates of completion, and an official college transcript. The "non-profit organization" could oversee the vendors of the national exam and include passage of the exam in the record submitted to the state. The individual would just need to send the appropriate licensure application, fees, and two work product samples to the state and ask the

"non-profit organization" to transmit their record. The record could then be matched to the application and the license could be approved and issued. This process would free up the state Board's time so that it can focus on protecting the public by way of disciplinary matters.

Cover the travel expenses of AARO representatives that attend AQB, ASB, ASC, etc. meetings. Another idea, the grant money could be used to cover the registration and travel expenses of ONE representative (Board administrator or Board member) from each state to attend each of the AARO conferences.

Add supervisors and trainees to the National Registry

- Add when a licensee passed the AQB exam to the National Registry
 - It was suggested that States should be aware of what it would take administratively to apply for and retain a grant
 - To remember that these grants need to ultimately benefit appraisers since they are the ones who fund the grants through the National Registry fees
 - A suggestion to create training for supervisors and trainees through a program like the Appraisal Foundation's INV training
 - A centralized licensing system
 - Linking supervisors with their trainees on the National Registry.
- Standardize national forms

Fingerprinting and Background Checks

Moderator: Trenton Hogg, Wyoming
Panel: Sean Rhyner, Licensing Officer from Colorado
Hollis Glenn, Deputy Director, Colorado
Tim Doyle, Senior Vice President of the
Conference of State Bank Supervisors
Wayne Thorburn, PSI

- I. Sean Rhyner
Hollis Glenn

Colorado has a system to collect electronic fingerprints from appraisers, real estate brokers and AMC officers upon first registration. Licensees who had not previously been fingerprinted will also be fingerprinted on renewal.

Once fingerprints are in the system, the database will notify them if a licensee has had any arrest. The state must have legislation in place to do a national fingerprint check.

There are times when fingerprints are unable to be classified due to scars, age, etc. The system will try the prints two times, and if they are still no good, a name check will be performed.

When an applicant or licensee has a criminal history, it is presented to the Board for a preliminary advisory opinion. The burden is on an applicant to show that they should be licensed. It is more difficult when a licensee has a conviction as the burden in that case is on the Board. They are required to look at evidence of rehabilitation; they also have the burden of showing the person has not been rehabilitated.

One area states should consider is how to deal with deferred sentences, where the criminal conviction will be erased on certain conditions, such as if the person pays a fine or performs community service. Colorado considers the conviction erased once the terms of the deferred prosecution are met. Other states consider only the conviction and not what happens after.

Another area for consideration is how other states treat the same conviction. If a state knows about a conviction but grants the application anyway, must your state grant the application even though you otherwise would not?

Some laws state that any felony within 7 years; or any felony at any time that involves fraud, dishonesty, breach of trust or money laundering will be grounds for denial or revocation. One can argue that every felony involves dishonesty. It is important for each state to set up guidelines; for example, a state could deny or revoke for dishonesty that was part of a mortgage transaction.

There are several mitigating factors to consider when looking at an applicant's criminal history. Some of these are:

- Age of applicant when crime committed
- Length of time since crime
- Whether the act committed is no longer considered a crime
- Rehabilitation
- Letters of reference
- Current career

Some aggravating factors are:

- If the crime related to real estate transactions
- Financial crimes
- Restitution was not completed
- Failing to disclose the crime on the application
- If the crime involved dishonesty or breach of trust

States may have to walk a fine line between protecting the public trust and allowing the appraisal field to grow.

II. Tim Doyle

The National Mortgaging Licensing System (NMLS) is a licensing processing system for the states for mortgage loan originators. Applicants apply for a license through them; the NMLS maintains the records and processes the background checks. NMLS also collect and disburses agency fees. All of this is kept electronically in a national database.

NMLS accepts fingerprints and transmits them to the FBI for a national background check. 88 percent of the prints they collect are electronic and 12 percent are paper prints. They keep the prints on file so they can be used by any state. Tim did note that electronic prints are much better with fewer rejects.

For a national background check, most states check with the FBI. State and local police make arrests, and state courts convict. All of this is reported to each state agency, who then reports to the FBI.

For a national background check, the state agency is the authorized recipient. One problem with this system is that the information provided by each state to the FBI varies by state. Sometimes arrests are not reported in electronic form, so they are not entered into the state database. At this point only 16 states have an electronic connection with the FBI to submit fingerprints.

The NMLS check goes directly to the FBI as it is a channeler (authorized recipient of criminal records checks from the FBI). Once the prints are on file, the FBI database sends an email to a channeler, who can then send it to any state that previously requested fingerprints from the NMLS.

In order for a state agency to conduct a background check, the agency has to enroll with the state's authorized recipient of the check. Usually that is the state bureau of investi-

gation (SBI). Most often, state law will require some sort of legislative authority for the state agency to capture fingerprints and send them to the SBI for a background check. Fingerprints can be sent to the SBI from the agency or from an approved channeler, such as the NMLS.

Some issues have occurred with background checks. There is always the possibility of an error, even with fingerprints. A background check, and must be given if adverse action will be taken based on the check.

III. Wayne Thorburn

PSI was founded in 1946. It provides examinations and licensing services for many occupational and professional categories for states, including real estate brokers and appraisers. They administer the AQB examination in 19 jurisdictions.

PSI takes digital fingerprints at test centers in 16 states. States have found that the traditional card fingerprints were less reliable, and resulted in more frequent errors that required resubmission of fingerprint cards. This resulted in a longer average time for reporting the results of a background check. The benefit of electronic fingerprinting is that if the first try results in poor prints, they can be retaken on the spot. Once a good set of prints is obtained, states can get the results in about a week. If good prints cannot be obtained, they will “roll” a set of fingerprint cards. If those are not reliable, a name submission can be made for a background check.

To obtain electronic fingerprints, a candidate schedules an appointment online or by telephone. The proctor verifies the candidate’s identification, then electronically scans all fingers. A digital photo is also taken at the time of fingerprinting. The prints are sent to the candidate’s state law enforcement agency; the state then submits them to the FBI. The FBI sends the final results to the client application agency.

IV. Comments from Questions and Answer Session

One state reported that the FBI checks are now taking up to four months to get processed due to an overwhelming demand on their system. The NMLS contracts with vendors to do fingerprints. Civilian background checks have a lower priority with the FBI than those done for criminals.

Another state pointed out that some states, by law, cannot charge for background checks.

A question was raised as to whether an appraisal board can link with NMLS to get background checks. Tim responded that NMLS only does background checks with participating agencies and is not a vendor. They would have to ask the FBI whether they can add other agencies. The FBI requires either state or federal statutory authority for them to perform a background check.

NMLS keeps fingerprints on file for 3 years. They have found that people’s prints change over time. Other agencies keep them for up to 10 years.

Sometimes the FBI has only the arrest, but not the conviction or dismissal. The state has to go back to the state court or the applicant to find out what happened.

One state does the background check before an individual takes the pre-licensing classes. That way they can tell the person upfront if their criminal history will preclude them from becoming an appraiser so they don't take classes, exam, etc. Educators can be the first point of contact for a background check.

Each state has to decide its threshold for denying a license, preferably before a case comes before it

Round Robin Break-Outs

Moderators: Don Rodgers, North Carolina
Dave Campbell, North Dakota

I. Rick Baumgardner, Appraiser Qualifications Board

A. Education

Rick presented information regarding the 26 college degree programs that the AQB has approved. Some of these institutions are Texas A & M, the University of Denver, and Northern Iowa University. The AQB has fourteen other programs that have applied. All of the degree programs involve real estate and are aimed toward certified general appraisers. On line learning is a large part of these programs. There is a concern that there are many potential students, but not enough college degree programs in real estate to meet the demand.

The issue was raised about graduates from degree programs having to obtain their experience hours by becoming a trainee after graduation. Many graduates from Texas A & M, for example, are going into the agriculture business instead of real estate. College grads from approved schools get higher salaries and generally get jobs fairly quickly. When students give final presentations in these programs, employers from the financial world are in the audience. There is a concern that the appraisal profession will lose these students to the financial world, especially since they have to work under someone else's supervisor for such a long period of time, where their pay will be minimal.

Rick noted that those who completed a degree in real estate do better on the state exam than those who have a degree in other fields.

In order to qualify as equivalent education, the degree must have the words "real estate" in it. The question was raised if this makes sense, as appraisals are usually required for financing purposes. It would seem that a degree in finance should be approved as well, if it otherwise met the criteria for equivalency for appraiser qualifying education. Some schools are interested in a program for residential appraisers, especially some community colleges.

The AQB does not approve individual courses offered at schools: they only approve the degree. In doing so, they look at the examinations to make sure they test the material. The AQB will work with MBA programs as well as BA programs. They do not approve individual instructors. Of course, each state can approved a degree program in its state. The AQB will work with individual states if requested.

Rick pointed out that the appraisal industry is transitioning from a trade model to a professional model, which can't be accomplished overnight.

B. Experience

Rick also addressed the issue of gaining experience. One comment from the group was that basing experience on hours is not the way to go. The AQB and states should get outside of the box and start looking at actual experience. For example, appraisers who had worked for forestry service and only done one type of report had the requisite number of hours, but not a depth of experience, and does

not demonstrate ability to perform other types of appraisals.

Rick wondered if trainees should be encouraged or forced to rotate among supervisors to get a variety of experience. One member of the group indicated that his employer requires its appraisers to take examinations on each type of property to be able to appraise them. Being certified general does not mean that you are competent to do all types of property.

Some wondered if states should require a demonstration report that would include all three approaches to value, similar to the Appraisal Institute requirement. The AQB criteria allows up to 50% of an appraiser's experience to consist of demonstration appraisals. Some states do not allow that much, and some don't allow any.

C. The 2015 Criteria

Rick reported that only a couple of states are ready to go; most still need a statute or rule change. The group discussed background checks. Fingerprinting can be a logistical nightmare. The FBI and NCIC require certain steps to get a background check.

Some questions raised are:

1. What do you do if you find something?
2. How will each state deal with it? Will the same criminal conviction be treated the same in each state?
3. Should there be a matrix for the results of background checks?
4. How will the Appraisal Subcommittee look at a state's response to a background check?
5. Should background checks be done on each renewal as well? States are concerned that a background check is a snapshot in time, and that licensees do not report criminal convictions occurring after they are licensed. Many states ask its licensees on the renewal application whether they have ever been convicted of a crime.

The AQB does not specify what type of background report is required, so each state could do it differently. Some state laws only let occupational licensing boards ask for certain

information, and have time limits on how far back they can go.

II. Carl Shultz and Barry Shea – Appraisal Standards Board

A. Issues with the work file (the RECORD KEEPING RULE)

USPAP does not state what has to be in the work file. The Rule requires work files to be kept for a minimum of five years or two years after the resolution of a case where the appraiser has given testimony, and some appraisers destroy records as soon as they can. The minimum time is not a statute of limitations (the ASC “frowns upon” a statute of limitations for complaints), but it is difficult for a state to investigate a complaint if the work file has been destroyed. Many appraisers understand that destroying a work file could destroy a defense, but others think that they will be better off with no work file. Some instructors tell students to destroy work files as soon as possible. This is not so bad in residential appraising, but commercial or litigation appraisals may be needed for a longer period of time. States are free to have a longer record keeping requirement, and some do. Technology has improved to the point where storing filing does not take up much room

Carl reminded the group that there is a minimum rule for work file retention, but confidentiality last forever

B. Changes to USPAP for 2014-2015

1. Proposed Definition of “Assignment Results”

Appraisers commented to the ASB that the only assignment results should be the final value opinion. Regulators responded that assignments results should include market trends, values by the different approaches, and other conclusions. The ASB agrees with the regulators, and that is what is in the proposed definition.

There was a group discussion as to what would constitute assignment results. Condition of the subject property could be, depending on the scope of work. Divulging any information that is not public knowledge could be an assignment result, and would have to be kept confidential.

Some in the group expressed the concern that MLS does not always include all sales; in one area noted, only 35% of sales went through MLS. Appraisers share data with each

other, including condition of the subject property. If this definition is adopted, this type of information would be confidential and could not be shared. Assignment results may not be reflected in value, but information in these results could indicate risk factors for lenders.

2. Proposed Definition of “Report”

The proposed definition would state that a transmission of assignment results is not a report until it is signed and a certification attached. The group expressed its strong concern that this is inappropriate for residential appraisals. Clients could ask for “comp checks”, and appraisers could argue they did not transmit a report since there was no signature or certification.

3. Reporting options

Barry and Carl indicated that although the current proposal is to have only one type of report, the ASB is still considering whether this is a good idea. Some people have indicated that they still like the three report options. The ASB recognizes that some appraisers do not understand the difference between “summarize” and “describe”, which is why the self-contained reporting format may no longer be useful. Barry and Carl indicated that the current thinking is leading towards two reporting options, an appraisal report and a restricted use or user report.

Lenders want a valuation product that is something less than appraisal. Since appraisal travel, however, the ASB believes that there should be a minimum amount of data in an appraisal report. There currently is no difference in Standard 2 for appraisal done for mortgages, litigation, commercial properties, etc., therefore Standard 2 must address minimums for all types of appraisals. Some in the group suggested that the ASB consider different reporting options for federally related transactions, as opposed to all other assignment types. It was pointed out that in other countries standards do have separate reporting options. It was suggested to make the restricted use report as the floor, with the appraiser and client determining the additional amount of information needed in an appraisal amount.

An AMC representative stated that lenders have to give copies of all reports to the borrower, so if the appraiser changes the report, the change must go to the borrower as

well. The AMC also has to send copies of any reviews to the borrower. It is easier if the report has more detail in it.

III. John Brenan for the Appraisal Practices Board

The APB is not congressionally funded. It does not create new standards: it issues voluntary guidance on recognized valuation methods and techniques. The Board solicits individuals in pocket areas to work with them. They generate a draft report that is useful in marketplace. The second group deals with real property. The APB hopes to have a working group on personal property in the future.

To date, the APB has issued two valuation advisories. One is on adjusting for concessions and the other is on appraising in a declining market. They are valuation methods and techniques. The Board solicits individuals in pocket areas to work with them. They generate a draft, and then submit it to the public for comment. The guidance they issue is not mandated by federal law, but some states may decide to legislate its use. Others may use it in a disciplinary hearing to validate the standard of practice in a certain area.

Currently the APB has two groups. One is on valuation and financial reporting that is useful in the marketplace. The second group deals with real property. The APB hopes to have a working group on personal property in the future.

To date, the APB has issued two valuation advisories. One is on adjusting for concessions and the other is on appraising in a declining market. They are working on an advisory regarding identifying and selecting comparable properties. Another topic is the valuation of green buildings; what competencies are needed in order to appraise green buildings? A draft of an advisory on this issue should be out by the end of the year.

The next two panels for the APB will be on the valuation of residential green buildings and the valuation of commercial green buildings. The Appraisal Foundation is helping the U.S Department of Energy with the design of two databases that will provide data on sales of green buildings. John pointed out that green buildings are not a fad. Some cities have a "net zero" policy where commercial properties can't use any more energy than they produce. Some cities require that a building have a certain energy rating in order for the city to lease the building. There is a huge market in the retrofit of existing commercial buildings, and appraisers need guidance on appraising these types of properties.

An AMC representative stated that they consider this an emerging market, but there are still many questions. What is considered a green building? Who makes that determination? What level of certification must an appraiser have to appraise green buildings?

Two appraiser consultant experts from the U.S. Department of Energy are helping the APB with developing the necessary guidance to appraisers. They will develop guidelines to calculate the savings per month over the life of a loan for energy efficient items.

John asked the group about possible new topics for the APB. The valuation of intangible property was mentioned by several in the group. One such topic is conservation easements. Another is the valuation of a property where the ownership is less than fee simple. Valuation of mineral rights, or of a property that does not have its mineral rights, would be a timely topic.

Specific topics mentioned included:

Subdivision analysis (including absorption rates and discount rates)

Hypothetical conditions and extraordinary assumptions
Special assessments taxing transportation in the subject area

Depreciation and site value methods

Effective age

Appraising over improvements

Diminishing utility

Stigmatized properties

Historical properties

John asked states how they might use the advisories as they are issued. One response was to use them in a hearing when questioning an appraiser's methodology. Another was to use them as reference material if an appraiser calls with a question. They can be sent to property owners and the public to help them understand the reasoning behind an appraisal. States can provide links to the advisories on their websites. The advisories have citations, so readers can look to those references for further information. It was made clear that advisories are not best practices; they are recognized methods and techniques.

The APB will revisit each advisory opinion every few years to make sure it is still current. The group suggested that

instead of one book with the advisories, pamphlets for each individual advisory would be more useful.

Update from The Appraisal Foundation to AARO— submitted by Paula Douglas Seidel

The Appraisal Foundation held its annual Fall meeting of the Board of Trustees in Portland, Oregon on November 3, 2012. Below is a brief summary of that meeting.

State Regulator Relations

The Appraisal Foundation continues to have a good working relationship with state appraiser regulators and AARO.

We are continuing to make solid progress on State Appraiser Regulator Training. This is the fourth year of this joint program offered by the Foundation, AARO and the Appraisal Subcommittee in an effort to promote more consistency in enforcement among the states.

Over the past four years we have conducted a total of 12 course offerings attended by a total of over 400 investigators. 252 individuals from 52 states and territories have completed the Level I course and 166 individuals from 47 states and territories have gone on to complete the Level II course.

Report from the Strategic Plan Task Force

The Strategic Plan Task Force, established in 2011, was charged with considering The Appraisal Foundation's strategic direction as it moves into its next 25 years. The group met numerous times since its inception and the draft Strategic Plan was distributed to stakeholders in the Summer of 2012 for commentary.

The Board of Trustees adopted a number of sections to the plan on November 3 including a section devoted to interaction with State and Federal Regulators.

The Board of Trustees acknowledges the Strategic Plan Task Force for their service since 2011. Larry Disney served as the AARO representative on the Strategic Plan Task Force.

The Alliance on Valuation Education

One component of the Strategic Plan was the recommendation that the Foundation consider a partnership with its Sponsors in the development of consistent, quality education. The National Education Partnership Task Force was established to study the feasibility of and logistics associated with the creation of such a partnership. The Task Force concluded that a partnership is feasible and recommended consideration of the creation of a separate organization known as the **Alliance for Valuation Education**. With the conceptual approval of the Board of Trustees, the Task Force is fine tuning the details on the establishment and management of the partnership.

This Alliance would be a collaborative voluntary effort, between The Appraisal Foundation and its Sponsoring Organizations to develop quality and consistent education for valuation professionals. It is envisioned that the Alliance for Valuation Education will be constituted in 2013.

The Alliance would be:

- A separate 501(c)(3) corporation
- Governed by a seven member Board of Directors
- Composed of TAF and its Sponsoring Organizations in good standing
- Strictly voluntary
- A course *developer*, not a course *provider*
A course *wholesaler*, not a course *retailer*

The Alliance would not be:

- part of The Appraisal Foundation
- a Sponsor competitor (courses will enhance the Sponsor catalogues not compete with them.)
a course provider (courses will be presented by the Sponsors and will be available to all other valuation education providers.)

eLibrary

The Appraisal Foundation website is home to an eLibrary of free informational videos and training sessions. Three new videos have been added to the Foundation's eLibrary this Fall:

The Appraisal Practices Board: Its Role and Function
Understanding the State Appraiser Regulatory System
AQB Update: Real Property Appraiser Qualifications

The AARO Officers and Directors for 2012-2013:

President; Sherry Bren, South Dakota
President-Elect: Larry Disney, Kentucky
Vice-President: Nikole Avers, Tennessee
Secretary: Maria Brown, Idaho
Treasurer: Dave Campbell, North Dakota
Immediate Past President: Don Rodgers, North Carolina

Directors at Large:

Bob Keith, OR	Leslie North, MS
Toni Bright, IA	Patti Fisher, OK
Tom Lewis, NC	Joe Ibach, ND
Trenton Hogg, WY*	Ami Milne-Allen, VT
Douglas Oldmixon, TX	Vanessa Beauchamp, MO

Alternate Directors:

Fran Oreto, FL	Mike McGee, MS
Kelli Black, AR	Anne Petit, OH
Mark Mrnak, TX	

*At press time, Trenton Hogg has resigned from the board due to a new opportunity in the private sector.



Back Row, from L-R: M. McGee, T. Bright, L. Disney
Front Row, from L-R: L. North, S. Bren, A. Milne-Allen, N. Avers, M. Brown, F. Oreto, V. Beauchamp, D. Campbell, A. Petit
(Not pictured: B. Keith, T. Lewis, J. Ibach, D. Oldmixon, M. Mrnak, K. Black, T. Hogg)

Future Conferences

Spring 2013– April 27-29 at the Austin Omni Hotel
Fall 2013– October 12-15 at the Westin DC City Center



Join us in Texas in April! Austin offers outstanding live music, great food of all types and an energetic night life, whether your preference is dancing the 2 step or touring museums. And for those who have room in their luggage–great shopping!

Of course AARO will have another packed agenda of current and relevant topics for the appraiser regulator. Learning, networking and fun, what are you waiting for?

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