



Appraisal Institute®

*Professionals Providing Real Estate Solutions*

KNOWLEDGE. | EXPERIENCE. | INTEGRITY.

# Valuer Licensing in the US, and Lessons to be Learned by Serbia

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TEGoVA 2017 Spring General Meeting

April 21, 2017

# What Will Be Discussed

- Licensing of U.S. valuers
- Challenges to profession
- Regulatory modernization

# Licensing Requirements and Challenges to Profession

- Certification/licensure required for “federally related transactions”
- Most federal agencies require appraiser licensure
- States oversee commerce/licensure activity
  - Most require licensure if offering opinions of value for compensation

# Challenges to the Profession

- Exceptions and loopholes from licensing
- Commoditization
- Standards “inflexibility”
- Licensure seen as constituting competency

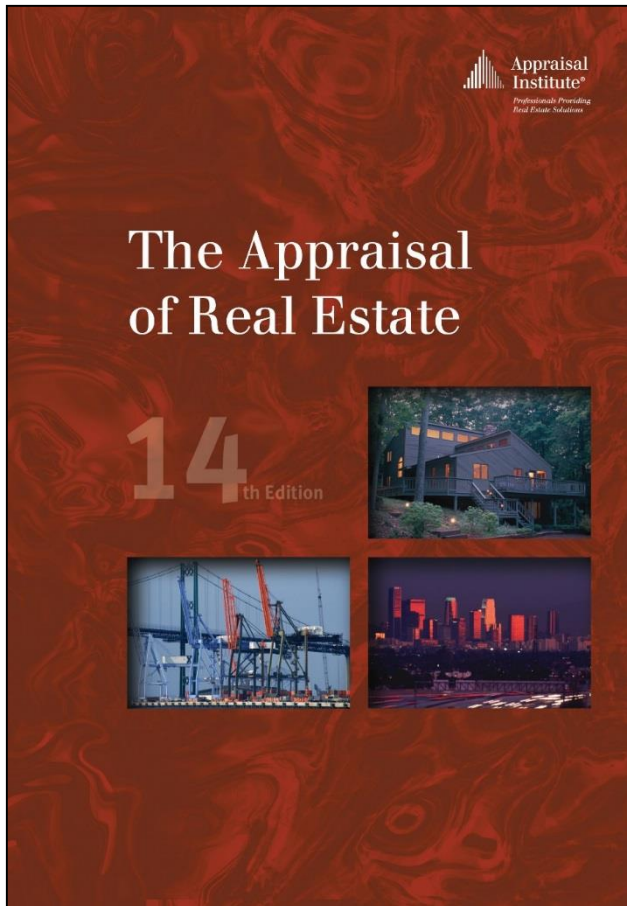


# Alternative Valuation Products

# Impact of Technology on Valuation

- Compete with automated valuation models
  - Portfolio
  - Low-risk transactions
  - Appraisal review, etc.
- Human judgment and reasoning
- Integrate AVMs

# Alternative Valuation Model



## automated valuation model (AVM)

Computer software that queries property and market data, analyzes comparable property and market information to assign a value or range of values to a particular property, or generates metrics applicable to assessing the credibility of valuation-related statements or conclusions.



# Broker Price Opinions

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- Developed by a real estate agent or broker
- Types:
  - Drive-by
  - Interior
- Could be legitimately used for:
  - Potential foreclosures
  - Real estate-owned assets

# Broker Price Opinions

- BPOs should not be used in lending decisions
  - Inherent conflict of interest
  - Largely unregulated
  - Undermines banking system
  - Increasing risk



# There's a Place for AVMs, But ...

- Appraisals more credible
- Unbiased and impartial
- Based on physical examination, current information
- Provide lender confidence

# Regulatory Modernization

November 2016:

Appraisal Institute testifies before U.S. Congress

- Seeks realignment of appraisal regulatory structure
- Valuation “choked” by rules and regulations
- Structure last updated in 1989



## Topics of interest:

- Regulatory framework
- Information systems
- Regulatory reforms
- Qualified appraisers

# Regulatory Modernization

- “Layering effect”
  - Background checks
  - Unappealing requirements
  - Renewal fees
  - Course requirements
  - Expensive mandates

**Big idea** – nationwide licensing platform or portal for license applications and renewals

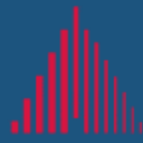




- U.S. regulatory structure impacts:
  - Practitioners
  - Clients
  - Appraisal firms
  - Consumers

# Conclusion

- Valuation market is global
- Appraisal Institute seeks to make appraisers competitive in all markets
- MAIs exempt from Serbian valuers' exam



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