



Appraisal Institute®

Professionals Providing Real Estate Solutions



TEGoVA

Valuation Qualifications in North America

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Basic Obligations of U.S. Appraisers

Basic Obligations of Appraisers



- Impartial and unbiased
- Required to be independent, objective
- No advocacy, no contingent compensation
- Loss of license or civil/criminal penalties

Type of Services Provided

- Support for Real Estate Lending Decisions
 - Origination
 - Refinance
 - Foreclosure
- Review Services
- Litigation Support
- Property Tax
- Corporate Accounting/Portfolio Valuation
- Consulting and Advisory

Federal Legislation Financial Institution Reform, Recovery and Enforcement Act of 1989

FIRREA

- Landmark Federal Legislation passed in 1989
- Passed in Response to a Banking Crisis at the time
- Reformed the Banking Regulatory Structure in the U.S.
- Provided a Means to Manage and Dispose of Foreclosed Real Estate Assets
- Established Appraiser Licensing for the first time
- Gave Authority to The Appraisal Foundation to set Qualifications and Standards for Appraisers Nationwide

Appraisal Regulatory Compliance

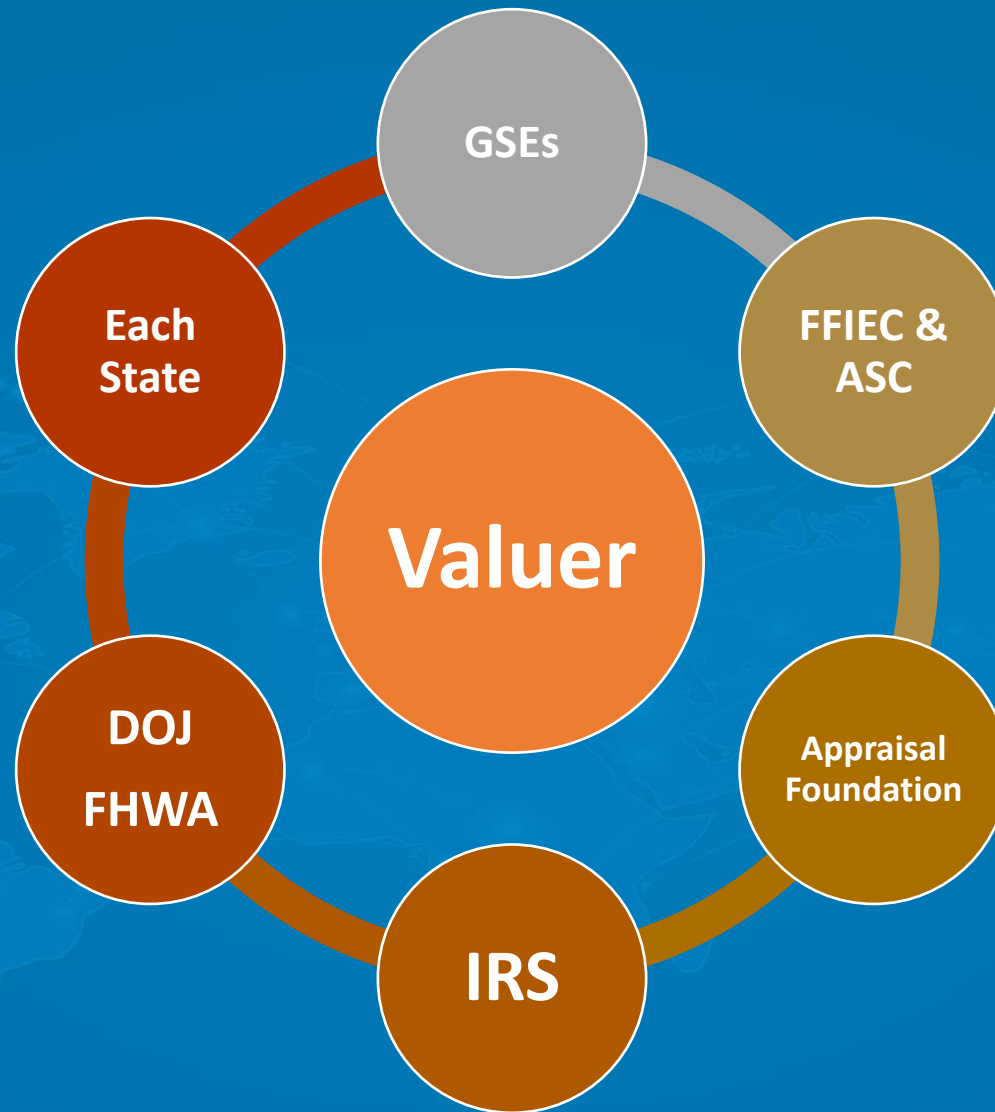


Appraisal Regulatory Compliance



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The Service Defines the Rules

Client + Intended Use

Law or
Regulation
Used

Standards

Customary
Practices



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State Regulations

Minimum Legal Requirements to be an Appraiser

Licensed Trainee

- Basic Educational Courses
- Sponsor

Certified Residential

- Defined Residential Focused Curriculum
- Experience Requirement
- Work Review
- Testing

Certified Commercial

- Defined Commercial Curriculum
- Experience Requirement
- Work Review
- Testing

- Licensing administered by each State
- Requirements may vary by State
- Appraisal Institute requirements exceed minimums

Federal Dodd-Frank Legislation (2010)



Highlights of the Dodd-Frank Act



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- Massive financial system reform legislation passed in 2010
- Passed in response to financial crisis of 2008
- Intended to decrease risks in financial system
- Many new government agencies
- Shifted power and responsibilities among financial industry regulators

Dodd-Frank & the Rise of AMCs



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Appraisal Management Companies:

- An intermediary between valuer and credit department
- Concept is to reduce pressure
- Cost Plus model
- Flat Fee model

Government Sponsored Entities



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- Federal National Mortgage Association (Fannie Mae)
 - Formed 1938
 - Private entity, but with government guarantee
 - Purpose is to buy loans to increase liquidity
 - Packages the loans into marketable securities
 - Placed into conservatorship after 2008 financial crisis
- Federal Home Loan Mortgage Corporation (Freddie Mac) (1970)
- Others



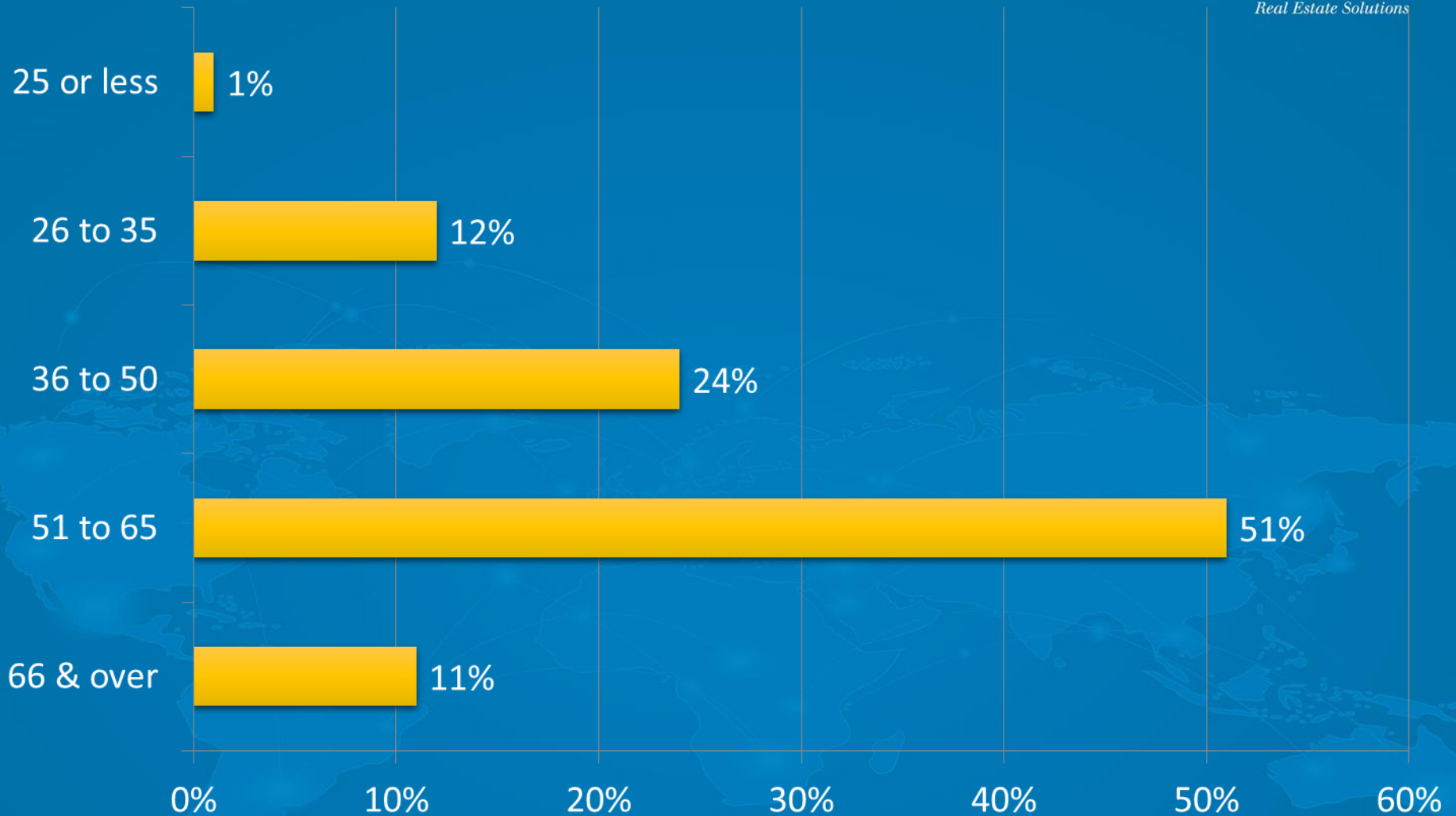
Characteristics and Trends in the U.S. Appraiser Population

Age of U.S. Valuation Professionals



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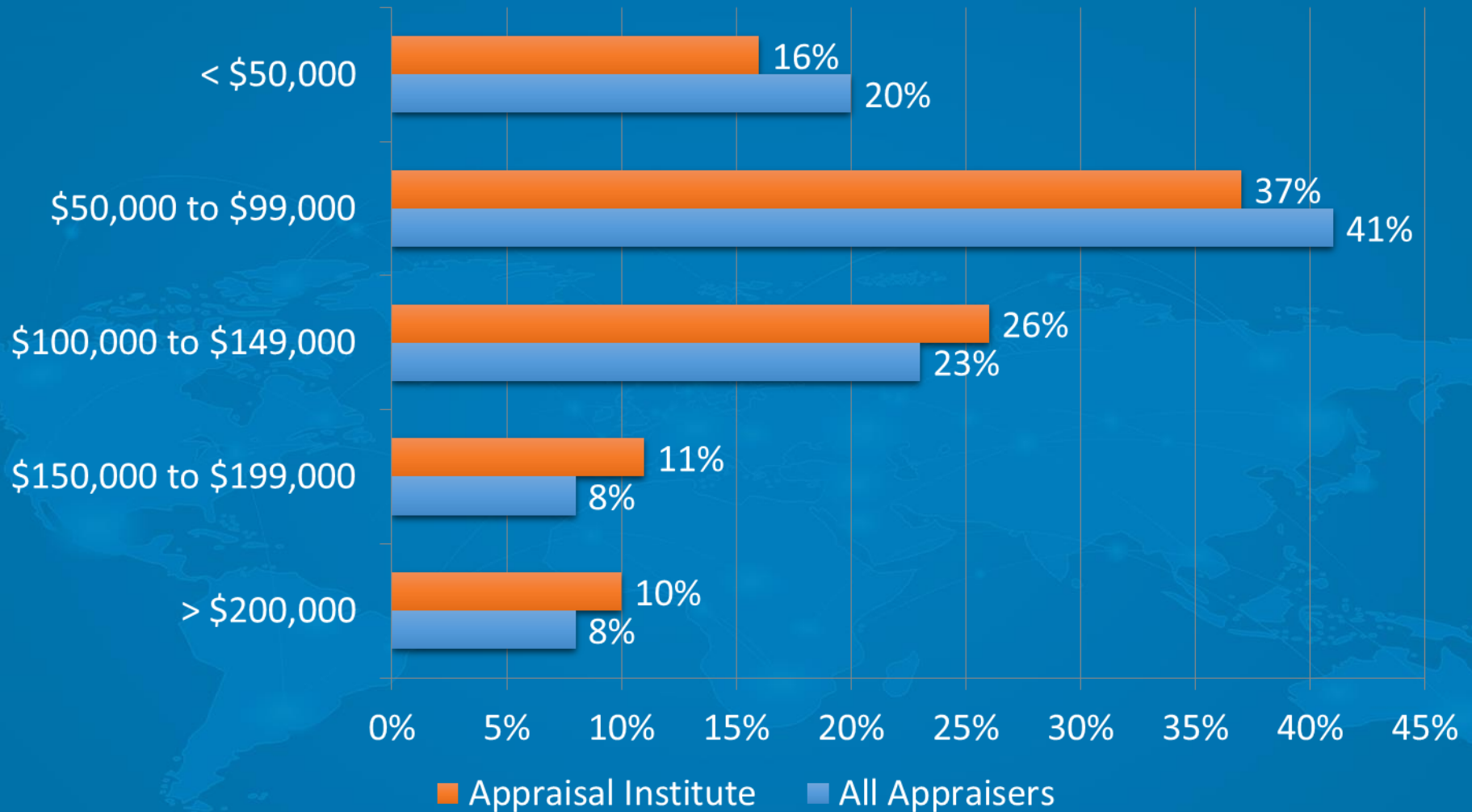
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Annual Incomes, U.S. Appraisers and AI Members



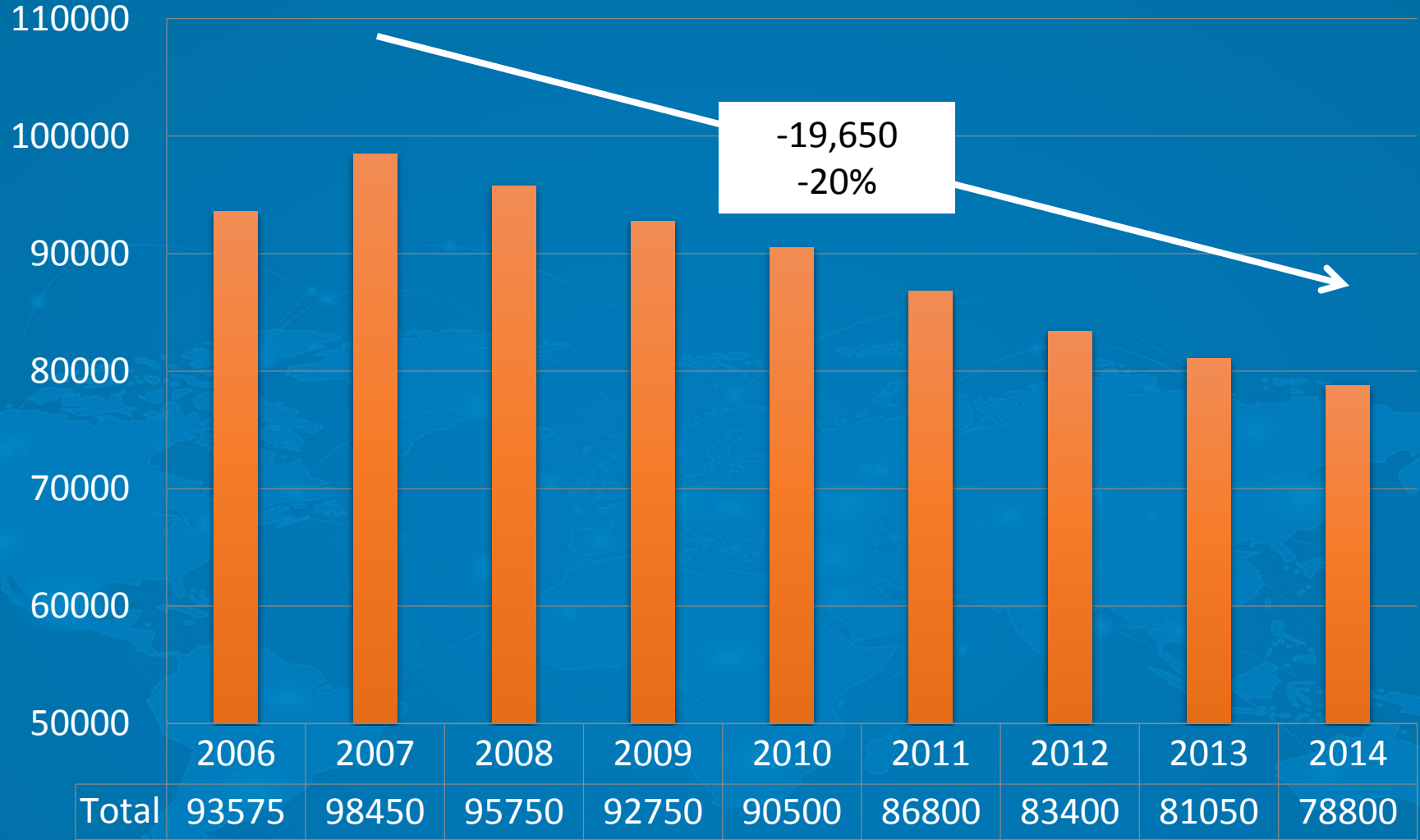
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U.S. Active Real Estate Appraisers



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Questions?

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