



THE ICAP SURVEY

Should there be
Alternatives to
fulfilling the
Appraisal
Experience?

The Illinois Coalition of Appraisal Professionals

In response to an Appraiser Qualifications Board (AQB) Concept Paper The Illinois Coalition of Appraisal Professionals (ICAP) conducted an on-line study October 5, through October 10, 2015 to help answer the question, “should there be alternatives to fulfilling the appraisal experience?” The results of the survey are not necessarily the opinion of ICAP or its Board of Directors. Attached are the results of that study.



A political action group
for the appraisal
profession in Illinois



The Illinois Coalition of Appraisal Professionals

10/16/2015

80%

80 % of respondents
say that there is not an
appraiser shortage

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41%

41% of the respondents
are not training a future
appraiser because it is not
financially feasible

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47%

47% of the respondents
say that fees are the
largest barrier to entry
into the appraisal

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ICAP asked, “Should there be alternatives to fulfilling the appraisal experience?”

The requirements for entry into the appraisal profession should be only those requirements that are necessary to have some reasonable assurance that the appraiser is competent and qualified to protect and insure the public’s trust.

The minimum requirement for state licensure:

- Should be sufficient, and
- Should not be a barrier to entry into the profession.

The majority of the respondents expressed that the experience requirement should not be removed; however, the majority of the survey respondents do feel that some of the appraisal experience could include non-appraisal experience.

As indicated in ICAP’s survey, the vast majority of the respondents do not consider there to be an oversupply of appraisers. In fact, the recent declines of residential appraisers indicate an oversupply of residential appraisers as the current fees are not enough to keep and attract new appraisers to the industry.

The study further indicates that the largest barrier to entry into the appraisal profession isn’t the education requirement or the experience requirement, but inadequate fees.



**ICAP was
established in 1994 to
be a unified voice for
Real Estate
Appraisers in our
State.**

**ICAP works to
promote the
appraisal profession
and its image to the
general public and to
users of appraisal
services.**



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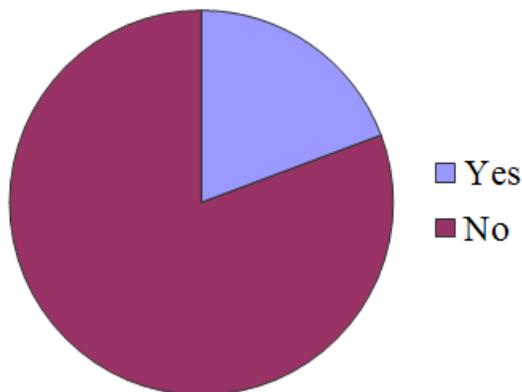
The AQB establishes the *minimum* education, experience, and examination requirements for real property appraisers to obtain a state license or certification.

Undersupply of Appraisers?

There is much discussion as to whether or not there is an undersupply of appraisers and whether or not there should be alternatives to fulfilling the appraisal experience component of the criteria in lieu of the traditional supervisor/trainee model currently in place.

Of the 273 respondents in ICAP's survey, 80% said that there is not a lack of certified appraisers in their market.

Is there a lack of certified appraisers in your area?



The survey went on to ask the valuation professionals, "If they are not training a future appraiser, why not?" By an overwhelming margin, the main reason appraisers are not training a future appraiser is because it is not financially feasible.

About the Survey Sample

The survey represents mostly responses from Illinois Appraisers (70%). 274 real estate valuation professionals completed the survey. A significant majority (78%) of the survey work at an appraisal service firm with 79% currently working in the residential field. 81% of respondents reported an affiliation with a professional organization.

Market Dynamics

The supply of appraisers varies with population, housing density, and market activity. For example, Cook County (Illinois's most populated county) features one appraiser for every 3/4 of a mile, while the 35 southernmost counties in Illinois have one appraiser for every 111 square miles. It's important to note that a national change in the appraisal experience requirement would affect both the rural parts of Illinois along with the oversupplied more densely populated parts of the state.

Conclusion

As the appraiser population decreases due to age attrition, new opportunities will become available, making the profession more attractive for both new and existing appraisers. However, as long as Appraisal Management Companies (AMC's) continue to maximize profits by finding the lowest cost appraisal without regard to qualifications, experience, or professional record, the appraisal profession will continue to diminish both in quantity and quality, regardless of any change to the education and experience requirements.

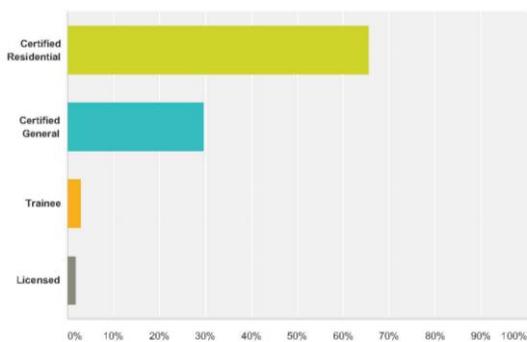
Recommendation

Under the current system, it is not apparent to the consumer, and often the lender, how much compensation the appraiser receives. This creates issues with ethics and transparency. ICAP recommends a model where the AMC's fee is itemized, disclosed, not taken from the appraiser, and one where the lender pays the appraiser a full customary and reasonable fee along with any AMC cost (if necessary).

The current model of broadcasting appraisal orders to secure the quickest and lowest fee appraiser in place of the most qualified undermines consumer's well-being, creditor's safety and soundness, and contributes to the erosion of the appraisal profession. The results of ICAP's survey are as follows:

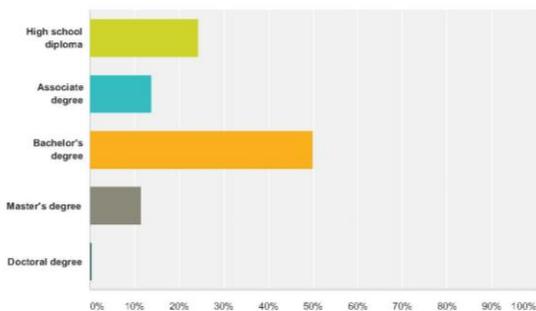
Q1 What license do you hold?

Answered: 273 Skipped: 1



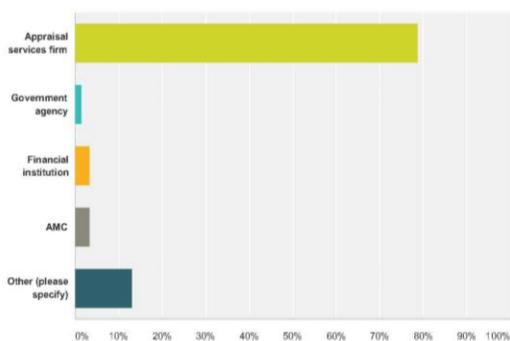
Q4 What is the highest level of education you have completed?

Answered: 268 Skipped: 6



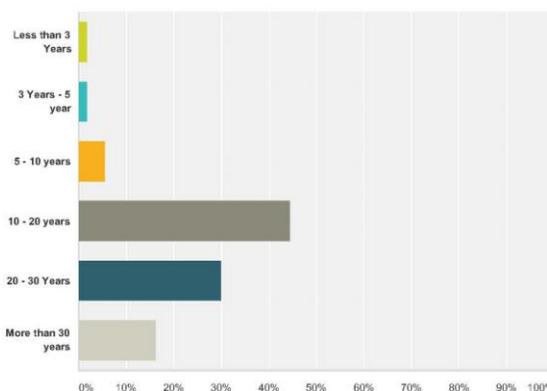
Q3 What type of firm do you work at?

Answered: 273 Skipped: 1



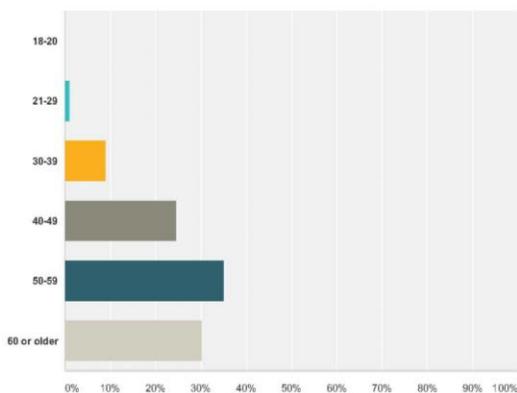
Q7 How long have you been a real estate appraiser?

Answered: 270 Skipped: 4



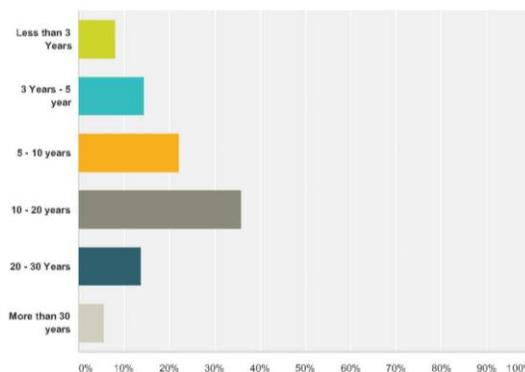
Q6 What is your age?

Answered: 268 Skipped: 6



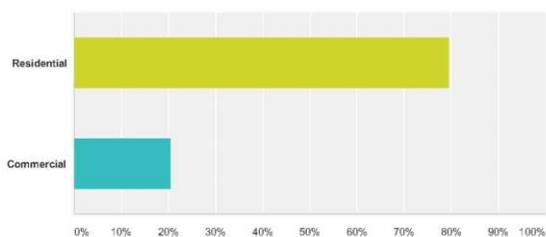
Q8 How much longer do you plan on being real estate appraiser?

Answered: 270 Skipped: 4



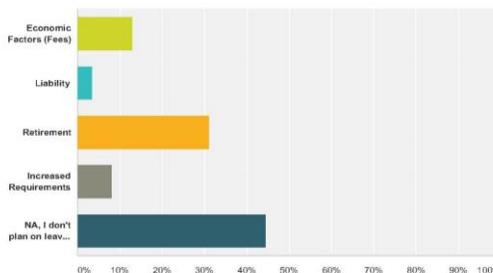
Q2 What is your main area of practice?

Answered: 273 Skipped: 1



Q9 If you are planing on leaving the profession what is the main reason ?

Answered: 261 Skipped: 13





ABOUT ICAP

www.ICAPWEB.com

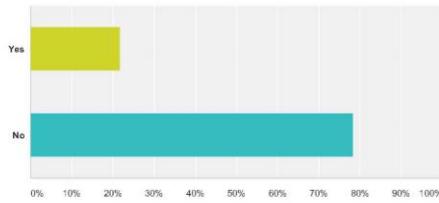
With over 1,400 members ICAP is one of the nation's oldest and largest coalitions of professional appraisers. ICAP was established in 1994 to be a unified voice for Real Estate Appraisers in the State of Illinois.

Its ICAP's purpose to represent the interests of members in government affairs by monitoring, proposing, supporting or opposing laws, regulations, rules, and/or proposals that affect the appraisal profession at the local, State and National levels.

ICAP works to promote the appraisal profession and its image to the general public and to users of appraisal services. ICAP initiates discussion and analysis of issues affecting professional appraisers and monitors political action with the intent to influence legislation, regulation and public opinion toward the appraisal profession.

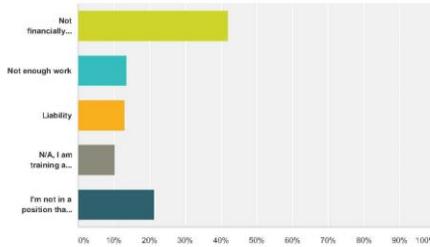
Q10 Are you training a future appraiser ?

Answered: 271 Skipped: 3



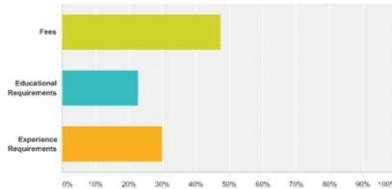
Q11 If you are not training a future appraiser, why not?

Answered: 215 Skipped: 59



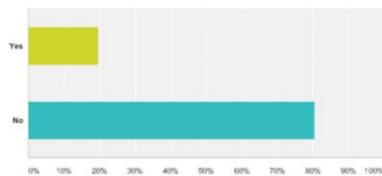
Q12 Out of the following what is the largest barrier to entry into the appraisal profession ?

Answered: 272 Skipped: 2



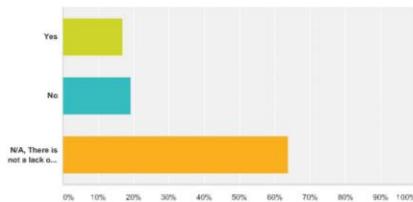
Q13 Is there a lack of certified appraisers in your area?

Answered: 270 Skipped: 4



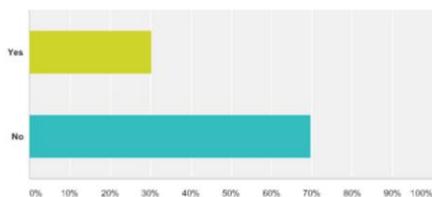
Q14 If there is a lack of certified appraisers can it be addressed by altering the experience requirements?

Answered: 255 Skipped: 9



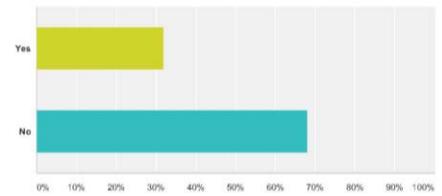
Q15 The Certified Residential experience requirement is 2,500 hours in not less than 24 months. Should this minimum time frame be shortened?

Answered: 268 Skipped: 6



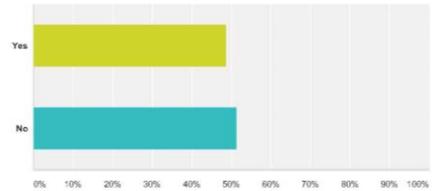
Q16 The Certified General experience requirement is 3,000 hours in not less than 30 months. Should this minimum time frame be shortened?

Answered: 273 Skipped: 1



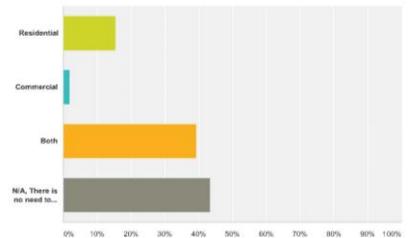
Q17 Is there a need for an alternative track for obtaining appraisal experience in lieu of the traditional supervisor/trainee model currently in place?

Answered: 273 Skipped: 1



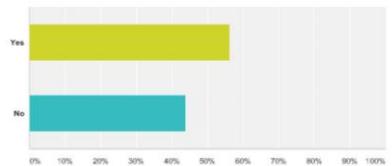
Q18 If there is a need to alter the appraisal experience path (# of supervised hours required), is it for all classifications, or just the residential classification?

Answered: 272 Skipped: 2



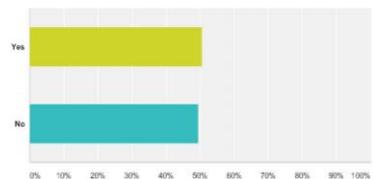
Q19 Can there be practical alternatives for some (or all) of the appraisal experience requirements to include non-appraisal experience?

Answered: 272 Skipped: 2



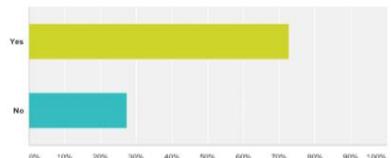
Q20 Should degrees in certain disciplines (real estate, finance, ect.) allow someone to have less experience as a trainee before becoming certified?

Answered: 273 Skipped: 1



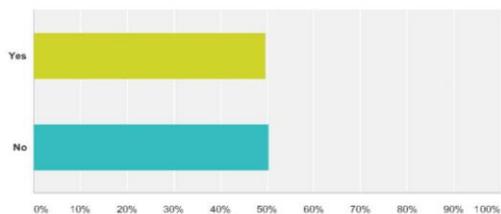
Q21 Should a certain number of years as a licensed/trainee appraiser allow someone without a four year degree the opportunity to upgrade?

Answered: 274 Skipped: 0



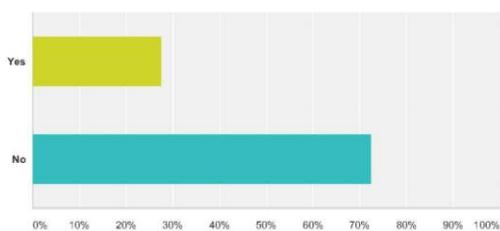
Q24 Is post-credentialing appraisal experience a good idea? Should applicants for a credential be able to complete education, pass an examination and receive a credential, then be required to obtain post-credentialing appraisal experience?

Answered: 264 Skipped: 10



Q25 Could a multi-day, multi-part “super-exam” be implemented as a substitute for experience?

Answered: 269 Skipped: 5



Q27 Do you belong to a professional organization; if not, why not ?

Answered: 263 Skipped: 11

