



Training the Next Generation of Appraisers

***The S.T.A.R.T. Program - Standards
to Assure Responsible Training:***

**An Industry Solution to the Declining
Number of Appraisers Entering the Profession
and Practical Solutions for Change**

Standards To Assure Responsible Training

The goal of the appraiser trainee S.T.A.R.T. program is twofold:

First, that an appraisal produced in compliance with the standards of this program will have the same level of integrity and credibility as if the appraisal had been completed solely by the supervising appraiser.

Secondly, and every bit as important, is to provide a system that allows for trainees to be utilized within the appraisal process in a manner that is financially feasible for both the trainee and the employing entity.

Summary of why the S.T.A.R.T. program was developed

The residential real estate industry has undergone significant change in the past several years. Many of these changes were instituted in reaction to the housing market crash. All sectors of the industry experienced regulatory and legislative impacts; the appraisal industry was no exception. Some of these changes have produced unintended consequences that have contributed to the decline in the number of active residential appraisers, and simultaneously preventing a viable process in which to bring new appraisers into the profession, due to economic and logistical challenges.

The decline in the numbers of appraisers entering the profession can be attributed to many factors including, the economics involved in training, expanded qualifications and licensing requirements, and financial institutions unwillingness to allow trainee appraisers to perform services.

The most significant obstacle for many trainee appraisers is completing the 2,000 hours of required experience after the education component has been completed. This program does not challenge the requirement; in fact it supports a process for well educated, well trained appraisers to enter the business. The real impediment appears to be the lack of a process for the trainee appraiser to actually gain the practical experience to gain competency.

The solutions offered by this program are designed to assist trainees in attaining their experience levels and a long term plan for integration of the program into a replicable model that incorporates the Appraisal Qualifications Board proposed requirements for Trainees and Supervisors.

It is widely acknowledged that to implement these changes it will necessitate the cooperation and joint efforts of many entities, organizations, and individuals. An open minded approach to solving the very real problem before us will provide for assurances that the appraisal professional, the banking industry, and the public will be served by well educated, well trained, and highly competent professional appraisers.

S.T.A.R.T. Program Goals

In order to get clients comfortable with the participation of trainees on an assignment, they need to be assured that trainees are receiving proper supervision. This program has been developed as a protocol that defines the expectations and obligations of all parties participating in the development of the report when trainees are involved. This standard would require documentation and auditing of the parties to ensure clients that all proper and appropriate procedures are being followed.

The program is designed to fit the needs of all three constituents in the appraisal; the Trainee, the Supervisor/Mentor and the Client.

The Trainee:

- Will be allowed to progress throughout the training period to increasingly higher levels of performing an assignment with independence.
- Will have the opportunity for economic incentive to come into the profession.

The Supervisor/Mentor:

- Will have technical competency.
- Will have skills to train and mentor.
- Will have an economic incentive to take on a trainee.

The Client:

- Will be assured the assignment is completed competently/credibly.
- Will not have any economic disincentive to allow use of a trainee.

S.T.A.R.T. Program

The goal is to provide a uniform training program that would meet the needs set out above. The bullets below represent a high-level view of the content of the training program.

At a minimum, The Trainee and Supervising Appraiser will have met any regulatory requirements applicable to the jurisdiction in which the appraisals will be performed, in addition to any of the following requirements that might exceed said regulations.

If no regulatory requirements exist in the jurisdiction in which the appraisals will be conducted, the following will be the minimum requirements:

- Trainee to have completed and successfully passed a minimum 75 hours class room education including principles, procedures, and the 15-hour USPAP class.
- Supervisor and Trainee to acknowledge expectations and responsibilities of each party.
- Supervisor and Trainee agree that the S.T.A.R.T. standards will be used as the basis for skills development, including points at which the trainee will be tested for competency.
 - Training manual “chapters” will focus on field experiences that complement and enhance the previous classroom education.
 - Manual will use a “building blocks” approach, in which student will have to master selected areas before moving on to the next.
 - Process will be flexible enough to allow trainee to move through at a pace that is reasonable for their aptitude and availability of assignments.
As trainee passes periodic testing to ensure mastery of skills, they are allowed to perform that portion of the assignment with oversight/review, but will not necessarily require direct supervision (in the presence of supervisor).

The supervising appraiser will still be signing and taking full responsibility for all aspects of the assignment.

- Supervisor must accompany and instruct trainee during no less than 40 interior property appraisal assignments.
 - In order for appraiser to be “certified” as trained in a particular property type (SFR detached, Condominium or Attached, Manufactured and 2-4 unit) a minimum of 10 interior property appraisal assignments of that property type must have been completed with the supervisory appraiser.
- Before completion of training, to the extent possible given market dynamics, trainee will be expected to have been trained on and completed progressively more complex assignments, such as but not limited to, condominiums, 2- to 4-unit, atypical housing styles.
- Supervisor and trainee agree to be audited, at any time throughout the program, for compliance with program standards.

A supervisor and trainee will both sign a document of understanding setting forth and accepting the responsibilities of each, including the program requirements and expectations.

Clients will agree to accept reports completed by trainees enrolled in the S.T.A.R.T. program and agree that the trainee would be able to perform all areas of the assignment “on their own” (but under supervision) that they have been deemed competent by the supervisor as evidenced by field training and testing.

SUPERVISOR’S TRAINING RESPONSIBILITIES

It is the supervisor’s responsibility to insure that systematic training is provided to trainees. While both experienced appraisers and appraiser trainees will make mistakes, through the strict quality control procedures included within this program, the supervisor is responsible for minimizing errors before an appraisal reached the client.

Under the program, the Supervisor agrees to:

- 1. Consider the professional development of the Trainee to be their responsibility.**
2. Inspect a variety of property types, conditions, locales, value ranges, etc., *for as long as it takes* for the Trainee to be considered competent in the data gathering process that is the start of nearly every appraisal assignment;
 - a. Continue to inspect properties with the Trainee throughout the first 30 property inspections or until they are fully licensed.
 - b. Continue to do so as necessary based upon the complexity of the assignment.
 - c. show the Trainee how to appropriately and accurately measure and sketch the improvements, which are the subject of the assignment.
 - d. Show the Trainee how to professionally interact with the property owners in the gathering and giving of information.
3. Show the Trainee the differences in types of construction and materials used in different styles, age, and quality types of homes;
 - a. In addition to exposing the Trainee to different properties through the interior inspection process, also encourage the Trainee to become familiar with construction terms by reading, taking a class or walking with them through the local hardware store looking at various components of a property (windows, doors, paint, siding, roofing materials, flooring materials, etc), until they can understand the differences in quality, characteristics of construction (vaulted ceilings, superior mill work, multi-gabled roof lines, etc) *and how this impacts value*.
 - b. Help the Trainee understand and evaluate the condition of a property based upon the quality of the materials used in construction, and the maintenance it has or may not have received.
4. Explain the importance of a proper neighborhood description;
 - a. Help the Trainee understand the necessity of adequately and accurately describing the market area;
 - b. Help them understand how to confirm zoning and analyze the affects of a particular zoning classification on highest and best use;
 - c. Help them understand and accurately estimate the effective age of a property;
 - d. Help them recognize, accurately identify, and understand the effects of functional, physical and external obsolescence.

5. Teach the Trainee how to develop, document, and defend the Cost Approach;
 - a. How to extract, support and apply any necessary functional or external obsolescence that may exist.
 - b. Help them understand how to calculate and properly apply physical depreciation.
 - c. Show a Trainee how to support land value and instruct them in the understanding and application of cost manuals.
6. Teach the Trainee the process of selecting appropriate elements of comparison, understanding the neighborhood and market area prior to the selection of comparables;
 - a. Show them how and where to make searches for the information so that all properties that can/should be considered, are.
 - b. Help the Trainee understand why some properties are "better" than others in a comparison,
 - c. Show them how to verify each property with the proper due diligence required.
7. Teach a Trainee how to support and defend adjustments;
 - a. Show them how the adjustments are derived from the market and how this process is a continual process of research within the office for each element considered.
 - b. Help the Trainee understand the application of the adjustment, or perhaps the lack of an adjustment.
8. Help the Trainee analyze the data after adjustments have been made, and appropriately weight and consider all the information available, including perhaps, sales, listings or offers which were considered but not included in the report.
9. Help the trainee write pertinent, necessary, and understandable narrative to provide the reader and users of the report with a clear understanding of the processes, analysis and data gathering that took place;
 - a. Help the Trainee develop a final reconciliation that is clear, meaningful and supported.

The Supervising appraiser agrees to the "Ten R's" when taking on a trainee appraiser:

1. Responsibility

The supervising appraiser takes on full responsibility for a trainee appraiser's valuation reports by signing and certifying that the report is in compliance with the Uniform Standards of Professional Appraisal Practice.

2. Reliability

The information that is presented in a report must be accurate and dependable in order to provide a **valid** that they are correctly and properly collecting pertinent and factual data for analysis.

3. Research

It is the supervisor's responsibility to ensure that the trainee knows the various sources to gather data and that the data collected is reliable. The trainee should be exposed to any sources of research which would be considered by one's peers in the market place. This would include cost manuals, multiple listing services, public records and internet study.

4. Reason

The trainee must learn to reason independently, and to formulate reasonable conclusions based upon the analysis of the information gathered. The supervisor needs to directly guide then transition the trainee to an independent reasoning process.

5. Respect

Both parties in the training process (supervisor and trainee) require mutual respect to create a positive and meaningful learning environment. Questions about the appraisal process or differences in the presentation of information by the trainee should not be considered as "disrespect" but rather should be encouraged as a constructive thought process in the analysis of valuation and a tool for the supervisor to "re-think" old habits and consider innovative thinking. A supervisor has the unique opportunity to form a lasting relationship with their trainee as a mentor and friend. There should be a professional understanding and trust between the supervisor and trainee regarding the education that is taking place.

6. Routine

The trainee should be taught the basic routine of the appraisal process. There should be a consistency and regular pattern of data gathering, analysis and report writing. This enables predictability for both parties and an expectation of results.

7. Report Writing

A supervisor has the responsibility of reviewing and critiquing appraisal reports for accuracy; ease of reading and understanding; purpose; and ensuring that all addenda is both relevant and pertinent. It is the supervisor's responsibility that factual data is reliable and that analysis is both supported and documented. All necessary certification and limiting conditions should be up to date and applicable to the assignment.

8. Reflective

The competency of a supervisor is directly reflective on the appraisal industry as a whole. If the supervisor is lackadaisical in their responsibilities it has the potential to discredit appraisers in general. A good, conscientious supervisor not only helps produce a competent, ethical professional, but also creates a positive image of the appraisal profession.

9. Rounded

A well-rounded trainee is one that is rigorously supervised, and has many different experiences. A supervisor should expose a trainee to as many different property types, report formats, value ranges etc, as possible, with the understanding that each time a new or unique assignment is introduced, there is a responsibility to instruct and educate the trainee to ensure competency. Creating a well-rounded appraiser helps ensure reliability and validity to the client depending upon the analysis.

10. Reconciliation

The supervisor appraiser has the final responsibility to bring the trainee appraiser to a professional level which will enable them (the trainee) to demonstrate competency independently. A supervisor must be able to recognize the strengths and weaknesses of an apprentice throughout the training process and assist the trainee in self-reconciliation of future education needs and career paths within the appraisal industry.

At minimum, the training schedule shall include:

Note: Although the training schedule is presented in phases, exposure to skills included in both phases will occur simultaneously. The difference between the two phases is simply the ability of the trainee to complete property appraisal assignments without on-site supervision during the interior or exterior inspection after they have demonstrated mastery of Phase 1.

Phase 1

The Supervisor will accompany the trainee appraiser on a minimum of 40 interior appraisal assignments. The trainee will at first observe, and after gaining a level of understanding of the process, assist the supervisory appraiser. The trainee will become highly proficient at measuring the subject, sketching the subject, computing the GLA, and completing the interior inspection.

In order for appraiser to be “certified” as trained to competently inspect a property on their own for a particular property type (SFR detached, Condominium or Attached, Manufactured and 2-4 unit) a minimum of 10 interior appraisal assignments of that property type must have been completed with the supervisory appraiser.

SKILLS TO ACCOMPLISH:

- Subject property inspection routine
- Professional interaction and interviewing of property owner
- Take subject photos
- Accurately measure property¹ and calculate square footage
- Sketch subject exterior to scale
- Sketch subject interior
- Begin to recognize and identify all forms of obsolescence that may exist
- Begin to recognize and identify property characteristics that contribute to or detract from property value.

Once the above is accomplished, a trainee will be able to complete inspections on non-complex properties without the supervisor accompanying the trainee on the physical inspection.

Phase 2

- For the remainder of the trainee period, appraisal assignments will be given out when the current assignment is handed in, reviewed, and is acceptable.
 - Clear, descriptive photo's of all rooms of the subject, all sides of the dwelling, front and rear of subject yard, and all improvements must be taken by the trainee and reviewed by the supervisor.
- Supervisory appraiser will review all forms with the trainee. Topics covered will include, but are not limited, to: adjustments, forms, guidelines, USPAP regulations, and purpose of appraisal.

¹ Exterior measurements for detached properties or interior measurements for attached properties.

- Complete reports together on a variety of forms. Trainee to sit with supervisory appraiser for line-by-line review of the complete file (with MLS and county record data.)

SKILLS TO ACCOMPLISH:

- Preliminary comparable selection
- Line-by-line reading of the file before turning in to client
- Develop familiarity with MLS and the 1004MC.
- Develop report writing routine
- Prepare cost approach
- Final comparable selection
- Sales comparison adjustments
- Valuation analysis / Explanation of reasoning
- Final reconciliation
- Personal quality review before submitting report to the client to insure accuracy.

A trainee appraiser will not be given more assignments than can be completed with 90% accuracy or better.

Quality control during training:

The supervisor must assure that each appraisal is reviewed thoroughly during the full training period. Serious or repeated omissions must be covered in person by the supervisor, showing specific examples of the problem to be corrected.

Errors in comp selection or issues relating to value require immediate, focused attention by the supervisory appraiser. Real examples must be given to the trainee from specific appraisals and must be handled immediately. The supervisor will ask and answer questions in order to be assured that the trainee understands and will correct the problem.

Appraisal reports completed by Appraiser Trainees subject to the Supervisory Review and signature of an approved appraiser in accordance with the provisions below:

- To be eligible to complete appraisal work an Appraiser Trainee must complete the attached Appraiser Trainee application.
- The Appraiser Trainee shall be subject to direct supervision by an approved Supervising Appraiser who shall be state licensed or certified in the state in which the Appraiser Trainee will be practicing.
- **Appraiser Trainees must meet minimum standards for licensing as set by the state in which they will perform appraisals** (e.g. Trainee License, Registered License, and Provisional License). If the state in which the Appraiser Trainee will perform appraisals does not maintain a licensing standard, the Appraiser Trainee

must have completed, at a minimum, 75 hours of accredited education, including 15 hours of Uniform Standards of Professional Appraisal Practice and ethics education.

- A copy of the state license issued by the state in which the Appraiser Trainee intends to practice, or corresponding certificates of completed education must accompany the Appraiser Trainee documentation.
- Appraiser Trainees are prohibited from completing FHA appraisals and assignments limited by FIRREA transaction value restrictions.