

TO: Wayne Miller, Chair Appraiser Qualifications Board

RE: Comments to Alternative Track to the Experience Requirements in the Real Property Appraisal Qualifications Criteria

Date: October 16, 2015

From: Rick Langdon, Chief Residential Appraiser Wells Fargo

We cannot address the Appraisers qualification criteria, specifically the appraisal experience requirements, without looking at the current state.

Wells Fargo decided three years ago to establish an appraisal training program. It took most of two years to set up job codes, establish funding, identify basic education providers, develop a tracking and monitoring process, and create a supervision program to establish the field experience. When we posted 10 appraisal trainee positions across the county, we had over 1500 applicants apply. The trainees that we hired have now been in their new position for 4 months.

In preparation for this meeting, I interviewed those trainees, and here were the takeaways:

1. Little to no job awareness.
 - a. Most of the 1500 applicants, including 7 out of the 10 we hired, were not aware of the appraisal profession. Most applied to this job because of Wells Fargo, the starting pay, and the benefits.
2. Online course for basic requirements are preferred over in person training.
 - a. We have sent the trainees to in person classes and online classes for the basic education requirements. Most agree that online was more efficient than the in person class room, and just as informative. Some trainees felt that the training included too many stories, and we have found that some of the information presented was wrong and would conflict with USPAP and Appraisal text books. We also found that both online and in person training lack information regarding how to use big data in today's single family valuation.
3. Limited outlets to establish field experience.
 - a. One trainee we hired had at one point contacted 40 appraisers to help obtain her field experience, and all of them turned her down. A small bank contacted 30 appraisers to train two trainees, with the offer of paying them \$1500 per month until they were residential certified. They all turned them down.
4. Pay incentive is low compared to other alternatives available to the candidate.
 - a. I asked each one of our trainees if they would have perused the appraisal profession if their pay incentive was 20% to 40% less. Most would not have, and instead would have pursued a career closer to their education. Two of our hires did have their trainee

license and tried working on a fee split with an appraiser; both had to take a second job. One had to quit and go back to software sales.

5. Available field instruction/training is subpar to what this profession requires.
 - a. We have found that, although an appraiser may have taken the required supervisor training, it does not guarantee that the trainee will get the kind of exposure that will allow them to develop into the appraiser this profession needs.

Current state suggests that we will not attract the kind of talent that this profession needs to develop the next generation of appraisers.

In the information provided we were asked to look an alternative path to establish the required field appraisal experience. We believe that it is time to consider several of the suggestions provided.

1. A small percent of the training could be allowed for those in the suggested parallel professions. We would have to establish guidelines to determine how much of the professional experience would qualify. We would also have to verify that the individual's knowledge and experience were acceptable substitutes.
2. A practicum course is something that needs to be perused. Technology today should allow this course to be effective. However, it should only be a percentage of the overall required hours needed. We have created a live practicum course in our current training program. This part of our course uses a process we call "field application with text book support". In other words, what we demonstrate in the field we support with information from the textbook.
3. If we include the right parallel professions and a strong practicum course, we could lower the required actual field experience. Whatever total number of hours we require for the field appraisal experience, the actual field time should be at least 50% to 60%.

We do support the 4 year degree requirement that we have today. However, if we continue to struggle with attracting the new generation appraiser we could suggest a focused 2 year degree. For the residential certified license, a 2 year degree in Real Estate, Real Estate Finance, Finance, or Real Estate Development would be a sufficient alternative.

What we do not have a solution for is the field experience. There appear to be only a few Banks, AMC's and a handful of independent appraisers that are currently willing to provide field experience. The issues appear to be found in few areas:

1. Current college students have a more established internship program in their chosen degree, which prepares them to be successful. This internship process allows for better pay opportunities for the recent graduate.
2. Someone established in a career would generally have to take a considerable pay cut while establishing the field requirement. Most tenure workers cannot afford the time and loss of income.
3. Independent appraisers training their replacements

Outside of our in-house solution that we have established, we are not sure how to resolve this situation. **It is possible that if we take action to allow parallel professions, establish a practicum course, and reduce the total number of hours required, then more Banks, AMC's, and independent appraisers will take on the field training that is required.**

If anyone on the AQB would like to discuss our in-house training program, we would be happy to share our success and our ongoing process to improve this program.