

A Few Misconceptions on Appraisal Education

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Not all appraisal education is equal, nor is it sound. Some, by the way, is downright dangerous. As people who evaluate property on a fairly sophisticated basis, appraisers need to judge and critique any educational material that is being offered to them from various sources in the same way they do personal property. Either it is substantial or inconsequential, subject to scrutiny, interrogation, and consensus. That is the basis of the ISA education system—tested and tempered but subject to constant improvement and lucidity.

Appraisal education is not an end to itself, but a flowing part of the overall process of valuation enlightenment and understanding. Although the passing of courses, review of reports, and accumulation of professional development points serves to document and obtain accreditation or certification within ISA or other organizations, the procurement of an official designation does not insure credibility, accurateness, or a report written to a “higher” standard.

Certified Reports

One is accredited or certified in terms of membership level, not in the performance of any specific task given to a client. None of our reports are actually “certified” or “accredited” as such, but carry the statement that they are done by a certain level of member. So to with USPAP, no report is ever “certified,” as if it conveys the official stamp of an appraisal monarch. Reports are done by people, often holding various distinguished designations and credentials, but they have not, in themselves, been graded, tested, or “approved” by any higher board. Any sense of certification is solely in the fact that they contain a section titled “certification” which offers declarations of disclosure and are signed, nothing more.

Unified Body of Knowledge

Another misconception is the notion that all rules, regulations, and procedures regarding the valuing of personal property are clear, precise, and codified. Unfortunately, not true. Much of the information relied upon in the Core Course manual has been gleaned from various IRS publications, industry guidelines, and legal cases ferreted out through circumstance, rather than an exhaustive diligent manner. That’s not to discount the data, but to suggest that there may be more to be uncovered than currently promulgated, and that every legal possibility may provide the next precedent in appraisal methodology.

Take the intended use (function) of divorce. Each state controls the definition of value used to divide communal property, often using terminology that is unclear, unique, and undefined. New Jersey, for example, uses a concept found in court documents called the “present market value” of items, a term similar to fair market value, but not equivalent. Look that up in your manual. (You won’t find it.)

Certainly there are more functions or intended uses for appraisals than ever listed in any text. It is the appraiser's job to match the use with their objective and then to justify the type and definition of value and produce a credible result. Some of this may be a matter of professional choice, using the scope of work necessary to develop a reliable and defensible result.

No Need for Further Education

Many appraisers have the perception that once courses have been taken and passed, the need for further education in the appraisal field is both unnecessary and burdensome. How far from the truth! According to USPAP and the ISA Ethical Code, it is not sufficient for appraisers to simply maintain their skills, knowledge, and level of expertise they possess when they became appraisers, it is imperative that each appraiser continuously improve their skills to remain proficient in this profession. That is why ISA requires requalification in all levels of designation every five years.

Requalification is not the process of repetitive testing on material learned many years ago. It is the introduction, enlargement, and refinement of constantly changing and developing standards as they affect us today. To that end, every appraiser must make a commitment to keep abreast of these changes and schedule their plans accordingly. This includes USPAP, the ISA Requalification Course, webinars, conference attendance, classes on specialty studies, and participation in local chapters. Going it alone, like the Lone Ranger, is not a substitute, no matter how good you "shoot."

Proposed Changes

To that end, we are investigating changes in the requalification process, making it easier and less costly to receive information, attend class, and maintain proficiency and knowledge on a continual basis. One of the proposals we are submitting to the ISA board is to change the current 2.5 day course with a final exam to a 2 day course without an exam. (One may challenge taking the course by passing a proctored exam, but this would be given without study guides.) The course would spend a day reviewing standard appraisal methodology and then provide recent updates. The final portion of class would concentrate on emerging issues, networking, and sharing of ideas.

In addition, an Advanced Report Writing Class would be offered as an elective (without exam). It would cover technological aids, optional report formats, and appraisal reviews. Combined with specialized webinars, improved Forum postings, and a healthy newsletter with "meaty" dialogue, these changes should keep our members up to date without major misconceptions about appraisal education.