



The American Guild of Appraisers

Guild #44 OPEIU / AFL-CIO

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7 December 8, 2017

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9 **FFIEC ASC**

10 Mr. James R. Park, Executive Director
11 1401 H. Street, N.W. Suite 760
12 Washington, DC 20005

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15 RE: Tristar Bank, Dickson, Tennessee-Appraiser Waivers Request 11/20/2017

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17

18 Dear R. Park

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20 The American Guild of Appraisers opposes the above referenced appraisal waiver request on
21 behalf of our appraisal members and our more than 13 million taxpayers, consumer members of our
22 parent unions.

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24 Tristar bank cites an absence of certified general real estate appraisers in their home office
25 county (Dickson) as the basis for asking for a waiver for all commercial appraisals performed in the
26 Nashville TN Metropolitan Statistical Area (MSA); which would also include residential.

27

28 First, their claim of there only being one certified General appraiser in Dickson County is false.
29 According to the ASC website, there are currently five Certified General appraisers inside Dickson
30 County itself, plus and additional 64 Tennessee Certified General Appraisers in Nashville. There are
31 another couple dozen CG appraisers listed in Nashville with out of state (assumed reciprocal)
32 licenses. Clearly the claim of appraisal shortage is unsupported hyperbole.

33

34 There are many factors other than appraisal shortage that may also account for loan
35 processing delays. The banks own internal inefficiencies may well be the primary reason. It took
36 about five minutes to find over 69 Certified General Appraisers in the area TriStar alleges to have a
37 shortage in. Perhaps their inability could be solved by simply giving them the online links to the ASC
38 websites Appraiser Registry.

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40 Tristar cites rising costs for commercial appraisals from 2013-2017. A 23% increase over a five
41 (5) year period is only an average of 4.6% per year increase. It is not unreasonably above inflation
42 and other typical increased costs of doing business. It hardly arises to the level of an unreasonable
43 burden.

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45 The Tristar CEO's letter goes on to opine as to reasons the alleged shortage exists, even
46 though he has no identified expertise in real estate appraisal to base that on. His assumptions are
47 unfounded and unsupportable.

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49 It is very likely that TriStar could find an adequate number of General Certified Appraisers in
50 their MSA market area reasonable and customary. Our experience across America is that the only
51 identifiable shortage has been a shortage of appraisers willing to provide USPAP compliant
52 professional appraisals for the same fees that were being charged in 1990-2010.
53

54 It is inappropriate to use a manufactured illusory shortage as a reason for waiving the minimal
55 accepted standards (USPAP) applied by trained (certified in fact) professionals to gain a business
56 advantage over their competitors that still comply fully with FIRREA without such waivers.
57

58 Requiring appraisers to meet the highest professional standards in an increasingly costly and
59 litigious profession, while granting their traditional, regulated clients waivers in which lower priced,
60 unqualified individuals lacking all appraisal competency can prepare evaluations (a typical
61 euphemism for substandard appraisals) is a threat to the continued ability of the appraisal profession
62 to overcome the very issues Mr. Williams cited. It is a process that is directly attributable to driving
63 appraisers into other professions or retirement.
64

65 Such waivers, if granted for such spurious reasons are more of a cause of the concerns Mr.
66 Williams expressed. Driving appraisers out of business will not lower costs, nor accelerate turnaround
67 times. Certainly, reinforcing public perceptions that real estate appraisal is a dying profession is a
68 more credible explanation for not attracting new talent than the fabricated fears that we purportedly
69 have, which discourage training. Low fees and increasingly unreasonable regulatory restrictions on
70 appraisers are why few reputable firms train new appraisers.
71

72 The quote "We have a senior banking officer who has taken all the necessary schooling but
73 has not had the opportunity to work with an appraiser to get the large number of appraisal samples
74 completed." Lacks credibility. If this executive has completed "all the necessary schooling..." then let
75 him take and pass the Tennessee State Examination for Certified General R.E. Appraisers as
76 evidence. Certainly, there are appraisers that would train a bank executive, so he can acquire
77 necessary experience and 'samples' in return for bank appraisal work.
78

79 The alternatives proposed to "...arrive at a better independent fair value on properties "is
80 telling. This bank CEO in stating outright that untrained appraiser "realtors" (as opposed to Realtors®)
81 can produce 'better fair values' than professional appraisers. Its doubtful he understands what he is
82 talking about if he doesn't understand the difference between a real estate agent; broker and a
83 Realtor®. Frankly, ASC can't tell what type of real estate talent they propose to base their 'fair values'
84 on.
85

86 Validation of value by a senior officer that is not an appraiser is no meaningful validation at all.
87 Will the officer also be 'validating' structural conditions, adequacy and code compliance?
88

89 Conditioning a waiver based on use of one specific vendor has the appearance of potential
90 impropriety. This is not a negative view of the identified vendor, but more of an interrogatory. Why is
91 this specific vendor being suggested to provide a 100% unregulated, national precedent setting
92 evaluation service in the State of Tennessee?
93

94 The Tennessee Real Estate Appraiser's Commission in their 11/21/2017 meeting addressed
95 this issue 1 hour and 56 minutes into their meeting. That's 01:56:00 into the recorded hearing, for
96 research reference.
97

98 The Tennessee Commissions grasp of the impact and discussion of possible detrimental
99 effects if such a waiver was granted is impressive. Among several other salient points, they also
100 noted that no state professional peer associations appeared to have been contacted for input on the
101 matter.
102

103 During the discussion, it was pointed out that Tennessee has 835 Certified General Appraisers
104 and 933 Certified Residential appraisers statewide.
105

106 The Commission (acting) Chairman correctly pointed out that rural areas are the very kind of
107 area where grater expertise, rather than limited experience is called for. Data availability is less, and
108 the complexity of assignments calls for greater skill and experience, rather than less.
109

110 The Commission summed up the discussion stating that they do not see such waivers as
111 being consistent with their obligations to protect the public trust. They noted that the waiver was not
112 only for small commercial loans, but was a waiver for all real estate appraisals.
113

114 A comment is noted where one Commission Member metaphorically pointed out that if an
115 appraiser stubs his toe during an appraisal he can be fined \$4,000; yet completely untrained non-
116 appraisers can be allowed to perform evaluations in lieu of an appraisal and the Commission has no
117 regulatory authority over them!
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119 The Chair was even more plainspoken indicating this type of waiver is an outright invitation for
120 fraud.
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122 We agree, and applaud the Commission for their candor, analysis and concerns about
123 protecting the public trust.
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125 Respectfully Submitted,
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