

## Burgos, Alexander N

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**Subject:** FW: [External] Proposed Rules Package - North Carolina Appraisal Board  
**Attachments:** RRC public comment.pdf

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**From:** Hall, Vanessa <[Vanessa.Hall@colliers.com](mailto:Vanessa.Hall@colliers.com)>  
**Sent:** Thursday, June 9, 2022 5:01 PM  
**To:** rrc.comments <[rrc.comments@oah.nc.gov](mailto:rrc.comments@oah.nc.gov)>; Duke, Lawrence <[lawrence.duke@oah.nc.gov](mailto:lawrence.duke@oah.nc.gov)>  
**Subject:** [External] Proposed Rules Package - North Carolina Appraisal Board

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Good afternoon.

Please see the attached letter in support of temporary adoption of the proposed rules.

Thank you,

**Vanessa Hall, MAI**

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North Carolina  
Chapter

June 9, 2022

North Carolina Rules Review Commission  
1711 New Hope Church Road  
Raleigh, NC 27609

RE: Support for the North Carolina Appraisal Board Proposed Rule Changes

Members of the Commission:

On behalf of the North Carolina Chapter of the Appraisal Institute, I am writing to strongly support the rule changes proposed by the North Carolina Appraisal Board. North Carolina is a wide and diverse state, and our Chapter consists of 419 members. The proposed rule changes would allow for us to better serve our membership as well as create new opportunities into the industry. We provided oral comments in support of the proposed rules during an NCAB hearing held on March 3, 2022, in addition to written comments submitted.

The rule changes would include the continuation of virtual learning, which has allowed for appraisers to quickly adjust to a fast-changing environment and receive education with little disruption to the license renewal process. The content, quality, and user experience were proven to be as good if not better than in-person class offerings and traditional learning platforms. It is not an exaggeration to say that appraisers had to travel many hours and even stay overnight on the other side of the state to attend in-person education events. This makes some offerings cost and time prohibitive, but the situation is eliminated with virtual education. Virtual learning allows us to provide education to a larger state-wide audience at a lower cost. The virtual learning format is a win-win for appraisers, for educators, and for the viability of our industry. It comes with numerous benefits for everyone, and it elevates our industry to a higher standard as it makes education delivery more accessible.

The proposed rules we support include a revision of the minimum CE classroom hours from 3.5 hours to 2 hours to be in line with The Appraisal Foundation (TAF) and the Appraisal Qualifications Board (AQB). This allows more flexibility in the education product we can provide.

We strongly support the rule changes affecting Supervisors and Trainees. They would help ease the burden on Supervisors by:

1. Lowering the required number of accompanied inspections from 50 to 25;
2. Removing the 50-mile requirement (for Supervisors to accompany Trainees on all inspections outside a 50-mile radius); and
3. The 75% minimum Trainee contribution requirement for credit would be removed.

We also strongly support the proposed rule change to provide the option of the Practical Applications of Real Estate Appraisal (PAREA). PAREA was incorporated into the Real Property Appraiser Qualification Criteria by the AQB in 2021. It is expected to create a more even opportunity field, removing some barriers to entry for new trainees. To continue to grow our industry and improve our industry, we need to address some of the issues including a lack of diversity in appraisers.

Therefore, we strongly urge the RRC to adopt the package of proposed rules as temporary rules pending completion of the requested legislative review. Thank you for your consideration.

A handwritten signature in blue ink, appearing to read "Vanessa M. Hall".

Vanessa M. Hall  
2022 NCAI President



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June 9, 2022

North Carolina Rules Review Commission  
1711 New Hope Church Road  
Raleigh, NC 27609

**RE: Support for North Carolina Appraisal Board Proposed Rules**

Members of the Commission:

On behalf of the over 16,000 members of the Appraisal Institute (AI), including 419 members in North Carolina, we are writing to strongly support the North Carolina Appraisal Board's (NCAB) package of proposed rules that will be considered at the June 16, 2022 meeting of the Rules Review Commission (RRC). We are aware that the RRC has received written requests for legislative review of some of the proposed rules. However, we urge the RRC to grant its approval to all of the rules in the package so that the rules for which no objections have been filed can go into effect immediately, while those for which objections have been filed undergo the required legislative review.

We support each of the proposed rules in the package and believe that each meets the requirements of G.S. § 150B-21.9 for statutory authority, necessity, and compliance with the Administrative Procedures Act.

Further, we would like to point out for the RRC why we support the proposed rules for which objections have been filed - 21 NCAC 57A.0201, .0405, .0407, .0601, .0604, and .0605 (hereinafter, the "proposed rules" or "proposed changes"). These rules adopt and implement the allowance for the use of the Practical Applications of Real Estate Appraisal (PAREA) as an alternative way to satisfy the appraisal experience requirements to obtain licensure or certification as a North Carolina Licensed Residential or Certified Residential Real Estate Appraiser.

**Background**

Under current North Carolina regulations, an aspiring appraiser must find a supervisor to work with for anywhere from six to eighteen months. However, many aspiring appraisers have encountered difficulty in finding a supervisor. History shows us that the inability to find a supervisor is one of the highest barriers to entry into the appraisal profession. This has resulted in a significant decline in the number of people interested in pursuing real estate appraisal as a career. Further, research has shown that the inability to find a supervisor disproportionately impacts people of color. As such, the supervisor/trainee model has contributed to the profession being 98% white.

PAREA was incorporated into the Real Property Appraiser Qualification Criteria (RPAQC) by the Appraiser Qualifications Board effective on January 1, 2021. PAREA provides another pathway for aspiring appraisers to fulfill their experience requirements to become an appraiser by taking advantage of innovative technology. PAREA is designed to offer practical experience in a virtual environment combining appraisal theory and methodology in real-world simulations. This experience can be provided through a wide range of online and virtual reality technologies. To meet the experience requirements for the Licensed Residential and the Certified Residential credential level, a participant can now choose between PAREA or the supervisor/trainee model.

### **Statutory Authority; Clear and Unambiguous**

In 2019, North Carolina enacted a law to adopt by reference all of the education, experience and examination requirements contained in the RPAQC. PAREA is part of the RPAQC. As such, AI believes that the proposed rules to adopt and implement PAREA are consistent with the requirements in G.S. §93E-1-6 for an aspiring appraiser to “successfully complete education, experience, and examination as required by The Appraisal Foundation’s Appraiser Qualifications Board.” Further, AI believes that the NCAB is well within its statutory authority, and may even have a statutory mandate, to promulgate rules that are reasonably necessary to implement, administer, and enforce the use of PAREA as a way to satisfy the AQB’s experience requirements. There is nothing in the proposed rules related to PAREA that is inconsistent with the North Carolina Appraiser’s Act. The proposed rules are clear and unambiguous.

### **Necessity**

The proposed changes to 21 NCAC 57A.0201, .0405, 0407, .0601, .0604, and .0605 are necessary to provide an alternative way for aspiring appraisers in North Carolina to overcome a significant barrier to entry into the appraisal profession. The proposed rules are also necessary to address the fact that people of color have a disproportionately more difficult time entering the appraisal profession. The proposed rules will help to make the profession look more demographically like North Carolina and will help to ensure the long-term viability of the appraisal profession.

### **Compliance with the North Carolina Administrative Procedures Act**

While we are not experts in its application, all indications are that the NCAB has fully complied with the Administrative Procedures Act during the rulemaking process on this package of proposed rules. The AI offered comments in support of the proposed rules package, including the proposed PAREA rules for which objections have been filed, during a rulemaking hearing that was held by the NCAB on March 3, 2022.

For these reasons, the Appraisal Institute believes that each of the NCAB’s proposed rules satisfy the standards for review contained in G.S. § 150B-21.9, and the proposed rules should be approved by the RRC.

AI Letter to the Rules Review Commission

June 9, 2022

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If the Commission has any questions or needs further information, please do not hesitate to contact the Scott DiBiasio, Manager of State and Industry Affairs at (202) 298-5593 or [sdibiasio@appraisalinstitute.org](mailto:sdibiasio@appraisalinstitute.org)

Regards,

Appraisal Institute

Cc: Mr. Lawrence Duke, Commission Counsel