

# THE OPINION OF THE COLLEGE ON

## Education for Appraisers

**Initiation, Chair responsibility,  
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This Opinion is concerned with educational opportunities available to practitioners and students in the emerging profession of appraising. The quality, relevance, scope, and acceptance of these proposals are of importance if the practice of appraisal is to achieve professional status.

The practice of appraising in the United States appears to have been first formally identified in the early 1900s.

There are now five major nationwide testing/certifying appraisal societies. In addition 20(c) national, regional, local groups also represent appraisal practitioners. The five major groups comprise an estimated 30,000 persons of whom perhaps 13,000 have been "certified" (in the absence of state supervision or regulation) by one of these organizations. It has been estimated that the membership of these organizations represents 25 percent of total number of persons who make appraisals in this country for private clients or government agencies. It follows there is a large, "non-organized" body of persons who practice appraising but are unaffiliated and participate in no formal, identifiable way in the development of appraisal practice or in the composition of appraisal literature.

### **Appraisal Education**

For many years, the major appraisal societies have prepared and conducted seminars, conferences and classes devoted to the principles of valuation and the practice of appraising.

Absence of academic stimulus and recognition virtually mandated the on-the-job, each-one-teach-one training systems introduced by appraisal societies and business and governmental organizations.

More than 100,000 "appraisal students" have enrolled in these trade and industry business "courses." Millions of dollars have been spent by the enrollees and by organizations sponsoring the enrollees.

Most of the courses have devoted attention exclusively to the appraisal of real estate. Few educational opportunities have been created for appraisers of personality in such fields as fine arts, antiques, residential contents, gems and jewelry and

classified specialties nor for appraisers in such disciplines as machinery and equipment, public utilities, and intangibles such as copyrights, franchises, and patents.

To date, no series of educational courses in the U.S.A. leads to an academically structured, presented, accredited degree in the disciplines of appraising or in valuation sciences.

## Concern with Education: Expressions From Researchers and Practitioners

The ineffectiveness of appraisal education has caused expressions of concern among researchers, appraisal societies, and practitioners.

Illustrative of this concern is a 1972 research paper conclusion: "To make use of current trends to shape appraisal into a form of activity accepted as 'professional', appraisers should consider the following recommended actions...

"Substitute professional education for most of the current reliance upon on-the-job apprenticeship." (See Hinds, Hewitt, and Kapplin, Georgia State University, "Strategy for Achieving Professionalism," *The Real Estate Appraiser*, May-June 1972.)

These researchers emphasize, "Experience, on-the-job training, reading, conferences, and short courses will not be sufficient. All recognized professions have found it necessary to substitute a program of formal education for previous reliance upon innumerable years of on-the-job experience."

Effectiveness of appraisal education, in terms of quality, has been the object of express commentary by this College. In "The Opinion of the College on Definitions, Concepts and Principles of Appraisal Practice" (See *Valuation*, vol. 22, no. 1), this body questioned the major concept of generally accepted appraisal "courses" and "texts" with this statement: "The so-called 'three approaches to value'—doctrine that requires that all three approaches be applied to any one property, regardless of its characteristics, and then that the three results be 'correlated' to reach a conclusion as to value—is economically unsound and produces unreliable results."

Individual practitioners are equally aware of the need to redefine educational responsibilities. An example: "Before we can attain the status of a profession, we must turn over to the universities all of the fundamental appraisal education." (See Bartlett, *The Appraiser*, April 1975, "The Occupational Status of the Appraiser: Pseudo-Professional or Professional.")

## Legal Status of Appraisal Practitioners

The educational content and media employed for years by appraisers has led to formal conclusions that appraising falls short of professionalism. Two statements suffice to demonstrate this aspect of the problem:

The Office of the Attorney General, State of California (see Opinion of E. J. Younger: No. CV 73/247; March 24, 1976), in concluding that "California state certified appraisers should not be considered professional employees," stated in part: "We are also advised that the accredited institutions of higher education in the state do

not offer a curriculum or prolonged course of study in the field of appraisal. Indeed, this is reflected by the fact that the training and experience requirements of the public employees make no reference to the existence of such a curriculum or prolonged course of study, nor even to a college or university specialization in appraisal. Upon juxtaposition of the knowledge, skills, and educational requirements of appraisers certified for appraisal for tax assessment purposes within the definition of 'professional employees' contained in Section 3507.3, it is our conclusion that such appraisers should not be considered 'professional employees' within the meaning of that statute."

A week later, the New York Supreme Court, App. Div. (see *Rosenbloom v. State Tax Commission*, 44 A.D. 2d 69) cited legal precedents that hold in that state's jurisdiction that "The term 'profession' implies 'knowledge of an advanced type in a given field of science or learning gained by a prolonged course of specialized instruction and study.'" Thus, the court held that the petitioner, a real estate appraiser (despite having some 24 years of appraisal experience, possessing a B.S. degree and participating in a series of appraisal trade courses) "is not engaged in the practice of a profession."

## Appraisal Education

It appears that virtually all appraisal organizations (with the notable exception of the American Society of Appraisers) visualize valuation as a single-discipline, trade-oriented activity. Thus, appraisers in the U.S.A. are almost exclusively preoccupied with the "real state industry," i.e., realty boards, condemnation commissions, banking, mortgage and savings and loan institutions, and government agencies. One result of domination by the realty orientation has been the mandatory "licensing" of appraisers reported in twelve states wherein some type of realty license is prerequisite to appraisal practice. Such preoccupation with appraisal of real property has materially constricted the potential of an emerging valuation profession.

It is clear that the public is concerned with many properties other than real estate. Its problems relate to machinery and equipment; intangibles such as bonds, copyrights, patents, franchises and licensing agreements; and personal properties such as fine arts, antiques, gems and jewelry, and household furnishings. "The practice of appraisal must embrace many 'new' valuation duties if it is to respond adequately to a multitude of community valuation needs" (see the *Bibliography of Appraisal Literature*, "Introduction," 1974). Hence, too, the warning that appraisers must "create a better image through gradual dissociation of appraisal from brokerage and through selection of a more descriptive name for the profession."

The American Society of Appraisers (ASA) has long advocated a wide-perspective, multidiscipline concept of valuation.

Further, those who receive professional designations from ASA have been required to meet basic academic criteria as a part of the qualifications process; each is required to have "a degree in engineering, law or business administration from a recognized institution of learning, or such other education, knowledge or experience as may be determined to be the equivalent of such professional education by the International Board of Examiners."

In a formal effort to face and solve the educational problems of quality, relevance, scope, and acceptance generated by the present system of trade, in-house education, which has had a debilitating if not toxic effect upon the emerging profession of appraising, it is now proposed by the society that all organizational energies and support be directed toward the establishment of an academically oriented Valuation Sciences Degree Program. To this end, the ASA International Board of Governors has adopted a series of resolutions authorizing creation of such an academic program. The ASA Educational Foundation has adopted supportive parallel resolutions.

The ASA Executive Committee has, in conjunction with representatives of colleges and universities, established "Guidelines for the Baccalaureate in Valuation Sciences" (see *Valuation*, vol. 22, no. 2).

A National Advisory Council including representatives from Northern Illinois University, Hartford University (Connecticut), Union for Experimenting Colleges and Universities, University of North Carolina, Positive Futures Inc., and the U.S. Department of Transportation has been formed (see Policy Statement 24-2; ASA).

Currently, the ASA professional education program constitutes the only major proposal in the U.S.A. to place educational instruction responsibility within academic parameters. Thus, matters of theory and interdisciplinary scope may be given fresh perspective with the assistance of third-party university media. Matters of practice will, of course, continue to be the responsibility of the appraisal organizations and the practitioners; integration of accepted practice norms within the academic structure will prove unique opportunity for synergistic effectiveness.

It is the mandated responsibility of the College of Fellows to explore fundamental principles on which sound appraisal practice should be based; it is our tradition to express the results of these explorations by formal, published Opinions of members.

In fulfillment of this responsibility, it is the consensus of this College that it is to the best interest of those who practice appraising that formal educational programs be pursued within academic parameters; that a specific degree designed for the specialty of appraising will best provide recognition for this emerging profession; and that such a degree must embrace the full spectrum of appraising in all its disciplines, concepts and functions.

Further, it is our consensus that the Valuation Sciences Degree Program now being established by the American Society of Appraisers in cooperation with university representatives will provide a basis for elevating appraisal to professional status.

*Editor's Addendum:* The American Society of Appraisers initiated nationwide contacts with academic institutions in 1974; meetings were held with 55 colleges/universities to discuss, plan, implement a Valuation Sciences Degree Program. Among major goals: professionalization of Appraisal Practice in the United States, via the medium of an academically offered degree program. First institutional participants included: Dyke College, Cleveland; Hofstra University, Hempstead, NY (Bacc. and Masters); The Lindenwood Colleges, St. Charles, MO (Bacc & Masters); Loretto Heights College, Denver; Skidmore College, Saratoga Springs, NY; Southwest Texas State University, San Marcos; Virginia Commonwealth University, Richmond.

ASA Headquarters maintains a research library. Included are the following thesis titles approved by the Valuation Sciences Degree Programs:

1. "An Examination of Appraisal Practice in the United States; History, Current Structure, Major Issues, Movement from Trade Status to Professionalism"; Dexter D. MacBride, 1979.
2. "Porcelain: A Appraisal B Buying C's Collection"; Josephine H. Thrasher, 1979.
3. "Business Valuations Relating to Corporate Liquidation"; Joseph H. Wildt, 1980.
4. "Appraisal, Property Tax and Mass Appraisal Unit Values"; Frank J. McSpaden, 1981.
5. "The Causes and Cures of Inflation"; W. D. Davis, 1981.
6. "Nineteenth Century American Painting: An Evolution in Value"; Marguerite P. Walker, 1981.
7. "A Value Concept and Methodology"; Patricia C. Soucy, 1982.
8. "A Real Estate Appraisal Manual: Step by Step Procedure"; Kenneth W. Voss, II, 1984.
9. "Study of Silver Judaica from the Seventeenth and Eighteenth Centuries and an Analysis of Its Current Auction Market Trends"; E. F. Markus, 1984.
10. "Discrimination in the Assessment Process—The Role of Professional Appraisal"; Christopher G. Sansone, 1986.
11. "Aesthetic and Authenticity Factors in Fair Market Value"; Anne G. Pullin, 1987.
12. "Analysis of Trends in the Antiquities Market through Graphic Portrayal and Sales Data Compilation"; Mary Holmes Carpenter, 1987.
13. "A Faster Way—A Recommendation to Machinery and Equipment Appraisers"; Gerald L. Huether, 1988.
14. "Apocalypse and Fortune-Digest", Lila Held, 1989.
15. "Guidelines for an Art Object Appraisal Used to Substantiate a Charitable Contribution Income Tax Deduction"; Corinne L. Richardson, 1987.
16. "Winning the Floating Crap Game"; Brian L. Thurn, 1989.
17. "Continental Ceramics at Auction: A Statistical Analysis of the Effects of Property Designations upon Final Sales Price"; Margaret Scott Wallace, 1989.
18. "The Independent Fee Appraiser: A Survey of the Appraisal Profession"; Roger P. Durkin, 1989.