



Good morning Chairman Reitzel and Board members, my name is Pam Melton, I am the Director of Political & External Communications for NC REALTORS®. Thank you for the opportunity to provide comments about the potential adoption of PAREA. North Carolina REALTORS® Appraisal Section recognizes that the lack of supervisors, and the lack of diversity in the appraisal profession needs to be addressed. We are committed to working with you to improve these issues and to make sure that any proposed rule changes are implemented with a goal of protecting the public.

We have concerns with the haste involved in adopting PAREA, especially prior to having any programs in the system developed. We also don't want NC to be the testing ground for PAREA as I think we all recognize that it will be a work in progress.

North Carolina REALTORS® Appraisal Section would like to propose having a stakeholder group consisting of industry professionals who can help ensure that PAREA adheres to guidelines and to provide meaningful feedback to the Appraisal Board to share with AQB with the intent of them working to improve the program.

We also recommend that the Appraisal Board have oversight measures in place to protect the public and to monitor whether PAREA participants are receiving adequate training. Specifics about the Stakeholder Group and Oversight program will be provided in my written comments.

PAREA Stakeholder Group

- A stakeholder group appointed with members independent of the NC Appraisal Board to develop PAREA as it is being implemented in the state.
- This group should help shape the program by providing recommendations that will be sent to Appraisal Qualifications Board.
- The group will ensure that the program adheres to reasonable licensing guidelines.
- The stakeholder group should have members from the following appraisal trade groups:
 - NC REALTORS® Appraisal Section, NCPAC, NCREAA and NCAI.

PAREA Oversight

- The NC Appraisal Board should conduct a yearly review of PAREA to ensure the program is operating properly and in the best interest of the public and participants are producing credible appraisal reports.
- PAREA program administrators will provide yearly report to the Appraisal Board.
- The Appraisal Board will provide an overview of the report during their Board meeting.
 - These reports will be made available upon request.
- In order to implement PAREA in NC, the NC Appraisal will request that any reports generated through the PAREA program be made available to the NC Appraisal Board so that they can provide a public update via a Board meeting.

Thank you for your time and North Carolina REALTORS® Appraisal Section looks forward to working with the North Carolina Appraisal Board to bring meaningful changes to the appraisal profession.

Good morning and thank you Chairman Reitzel and Board members for allowing this time for public input on the proposed rules.

My name is Peter Gallo and I am the 2022 Chair of the North Carolina Realtors Appraisal Section. While Pam Melton, our staff Director has detailed our specific recommendations, I would like to give some overall comments on the North Carolina Appraisal Board's adoption of the Appraisal Qualification Board's Practical Applications of Real Estate Appraisal (PAREA) and its proposed rules.

There are several concerns that the adoption of PAREA attempt to address, but will these proposed rules potentially create unintended consequences?

There is no doubt that the PAREA initiative, carefully implemented, could provide a structured, more consistent path toward an appraisal credential in North Carolina. In providing this alternate path, it could also allow opportunities for encouragement of a wider and more diverse pool of applicants to achieve a credential.

Viewing the adoption of PAREA and the rules currently proposed in the most optimistic light could certainly achieve the intent of the AQB and this Board.

Our concern is that there are significant unknowns when it comes to PAREA. There has yet to be a final program even produced, much less approved by the AQB.

Adoption of PAREA by North Carolina and the promulgation of these rule changes are also not happening in a vacuum:

The markets across our State are becoming more complex with stresses on our national, state and local economies, the likes of which have never before been seen.

There are also mounting accusations of unreliable valuations, unsupported opinions, BIASED opinions, and a basic lack of competency.

Will adopting PAREA help or further hurt what the appraisal profession is currently facing?

PAREA, if implemented in North Carolina as proposed, along with the other proposed rule changes, would allow a newly certified residential appraiser to hang a shingle and begin to operate as a fully functional practitioner without any real experience.

While the issues of opportunity and diversity might have been overcome, will it account for all of the other possibilities that an unexperienced, unsupervised, but fully credentialed appraiser will present to the Public?

Will this practitioner be prepared to operate in a wildly fluctuating market from the North Carolina mountains to the North Carolina beaches? Will they be more or less competent to accept assignments and alternative products that their clients will need cheaper and faster? Will they be providing reliable valuations, credible opinions, and a high level of competency? PAREA is a path to achieve a minimum qualification. Yet the proposed rules would not restrict a PAREA produced residential practitioner from performing any residential assignment under any conditions.

PAREA can actually be a great tool to achieve many things, when implemented in a fashion that brings out the best of what it has to offer, in a way that was intended. But there will need to be oversight.

Yes, we do have a problem with supervisors. We also have a problem with access to the profession.

But there are also many other issues that cannot be ignored. Will these proposed rules and North Carolina's adoption of PAREA make things better or worse? We are concerned with what our North Carolina homeowners, home buyers and sellers will be faced with. Appraisers are supposed to bring confidence to the market. Is that what PAREA, along these proposed rules, will bring?

We certainly support alternatives and new opportunities, and with our suggestions, we hope that these possibilities will be realized in North Carolina.

I want to be clear that we support all of you and the oftentimes-difficult decisions and responsibilities that you, as a Board, face. The North Carolina Realtors® and our Appraisal Section are here for you and will be at your side in your efforts to tackle these difficult issues.

Thank you.