

## **REAL ESTATE APPRAISER ADVISORY COMMITTEE**

Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii

### MINUTES OF MEETING

Date: August 17, 2022

Time: 10:00 a.m.

In-Person Meeting Location: Queen Liliuokalani Conference Room  
HRH King Kalakaua Building  
335 Merchant Street, First Floor  
Honolulu, Hawaii 96813

Virtual Participation: Virtual Videoconference Meeting – Zoom Webinar  
(use link below)  
<https://dcca-hawaii-gov.zoom.us/j/96522207761>

Present: Shelly H. Tanaka, Industry Member, Chairperson  
Fernando Benavente, Industry Member, Vice Chairperson  
Aimee Yamamoto, Industry Member  
Lars B. Larson, Public Member  
Brian Brennan, Financial Institution Member  
James Paige, Deputy Attorney General (“DAG”)  
Sherman Takao, Executive Officer  
Ahlani K. Quiogue, Licensing Administrator  
Candace Ito, Supervising Executive Officer  
Shelley Choy, Program Specialist  
Leanne Abe, Secretary  
Mia Hoang, Technical Support  
Johnny Li, Technical Support

Excused: None.

Zoom Webinar Mr. Brad Swinney, Chairperson, Appraiser Qualifications Board (“AQB”)

Guest(s): Mr. Scott DiBiasio, Manager of State and Industry Affairs, Appraisal Institute  
Ms. Valerie Scott, Member, Appraiser Qualifications Board (“AQB”)

Agenda: The agenda for this meeting was posted to the State electronic calendar as required by Hawaii Revised Statutes (“HRS”) section 92-7(b).

A brief video was played to explain procedures for this virtual meeting and how members of the public can participate and interact with the Committee during the meeting.

Call to Order: There being a quorum present, the meeting was called to order at 10:06 a.m. by Chairperson Tanaka.

Chairperson Tanaka proceeded with roll call of members. All Committee members were present and alone in their off-site locations.

Election of the Vice Chairperson: The floor was opened for the election of the Vice Chairperson. Chairperson Tanaka nominated Mr. Fernando Benavente as the Vice Chairperson.

It was moved by Chair Tanaka, seconded by Mr. Larson, and unanimously carried to elect Mr. Benavente as the Committee's Vice Chairperson.

Approval of the June 1, 2022, Meeting Minutes: Chairperson Tanaka asked if any members of the public would like to provide oral testimony on this agenda item. There were none.

After discussion, it was moved by Chairperson Tanaka, seconded by Vice Chairperson Benavente, and unanimously carried to approve the June 1, 2022, meeting minutes as circulated.

New Business: A. Presentation by Brad Swinney of the Appraiser Qualification Board (AQB) on Practical Applications of Real Estate Appraisal (PAREA)

By way of background, at its April 6, 2022, meeting, the Committee voted to form a Permitted Interaction Group ("PIG") to consider: (1) review and discuss incorporating PAREA into the Program; and (2) consider amending HRS chapter 466K and HAR chapter 16-114. The PIG must still present its recommendations to the Committee upon its completion of its research and findings.

As part of its research, Chairperson Tanaka invited Mr. Brad Swinney, Chairperson, AQB, and Mr. Scott DiBiasio, Manager of State and Industry Affairs, Appraisal Institute, to the meeting to present information regarding PAREA.

Mr. Swinney presented his PowerPoint presentation of PAREA, including, among other things, the following:

- PAREA is:
  - An alternative to the traditional Supervisor-Trainee model.
  - Available for Licensed Residential and Certified Residential.
  - Can provide up to 100% experience credit: counts towards residential portion of the 3,000 hrs. for CG.
  - Approved by the AQB.
- PAREA is NOT:
  - Intended to provide “competency”, but provides “minimum qualifications.
  - Intended to be “partially” adopted, but states may choose to do so.
- Participants must:
  - Complete all QE prior to entering a program
    - 150 hours of QE for Licensed
    - 200 hours of QE for Certified
  - Be periodically mentored.
  - Produce USPAP-compliant appraisals.
  - Complete the PAREA program in its entirety before earning the completion certificate. No partial credit.
  - Still pass the national licensing exam.
- Providers must:
  - Offer training on all topics.
  - Ensure participants produce USPAP compliant appraisal reports.
  - Provide an adequate number of Mentors.
  - Provide participants access to data, research, MLS, environmental info, etc.
  - Determine type of acceptable training methods
    - Computer based Learning, video gaming, video tutorial, Virtual Assistant, Virtual Reality Training.

- Ensure their program is accepted in the state.

Regarding access to data, Vice Chairperson Benavente asked Mr. Swinney whether it is MLS for the specific state that the participant is attempting to obtain licensure or generic information.

Mr. Swinney stated that this information is not specific to the state a participant is attempting to obtain licensure. He went on to say that the program's intent is for states to recognize the PAREA certificates to meet the experience requirements.

The PAREA is attempting to address the lack of supervisors available to prospective licensees.

Vice Chairperson Benavente queried whether the AQB sets the cost for the course or does the provider.

Mr. Swinney advised the Committee that the providers set the costs for participation. Additionally, the provider is responsible for notifying the participant upfront of all costs associated.

Mr. Swinney summarized several additional slides, including the: modules; examples of content in PAREA; USPAP Compliant Reports; and updates to PAREA.

Vice Chairperson Benavente asked whether there is a time limit to complete the courses.

In response to this question, Mr. Swinney indicated that this timeline is typically set by the provider. There are participants who would like to complete the course quickly and there are some that take more time because of other commitments.

Mr. Swinney advised the Committee that several states have adopted PAREA, including: 7 states that have fully adopted PAREA; 2 states that partially adopted PAREA; 13 states that are in the rulemaking/legislation process; 11 states adopted PAREA by reference of criteria; and 19 states discussing PAREA. Mr. Swinney clarified that Hawaii is not included in these numbers.

Vice Chairperson Benavente asked whether each state will have to adopt PAREA.

Mr. Swinney answered in the negative, and clarified that the best way to use PAREA is for the state to adopt the guidelines established by the AQB. The AQB is encouraging states to adopt PAREA, but not requiring it.

For the public's convenience and information, attached to these minutes is the slideshow presentation by Mr. Swinney.

Chairperson Tanaka thanked Mr. Swinney for his presentation, and again recognized Mr. DiBiasio for his invaluable assistance to the group in identifying other areas of our rules that might need updating. She went on to say that the goal is to review the information and recommendations provided by Mr. Swinney and Mr. DiBiasio, along with any feedback from the public and other committee members, and hopefully have a recommendation for this committee later this year.

Chairperson Tanaka asked if any members of the public would like to provide oral testimony on the following agenda item. There were none.

Licensing:

A. Review of Applications:

- (i) Kayla-Al Gum-Lan Nalani Garces  
(Certified Residential Appraiser)
- (ii) Alison Leigh Reed  
(Certified Residential Appraiser)

Chairperson Tanaka advised the Committee members that Ms. Yamamoto reviewed the application of Ms. Garces and she reviewed the application for Ms. Reed. Three random sample reports were provided for each applicant and each applicant appears to meet the qualifications for licensure.

Discussion followed. It was moved by Chairperson Tanaka, seconded by Vice Chairperson Benavente, and unanimously carried to approve the applications of Ms. Garces and Ms. Reed for Certified Residential Appraiser licenses.

B. Review of Courses

After discussion, it was moved by Chairperson Tanaka, seconded by Mr. Larson, and unanimously carried to ratify the approval of the following renewed and/or CAP approved courses:

**Course Provider: Appraisal Institute**

<u>Index #:</u>	<u>Course Title &amp; Approved Hours</u>
22-249	Online General Appraiser Sales Comparison Approach 30 QE w/exam 30 CE w/exam 27 CE w/o exam
22-250	Online Basic Appraisal Principles 30 QE w/exam 30 CE w/exam 28 CE w/o exam
22-251	Online Understanding and Appraising Residential REOs 4 CE
22-252	Litigation Appraising: Specialized Topics & Applications 22.5 CE w/exam 21.5 CE w/o exam
22-254	Online Basic Appraisal Procedures 30 QE w/exam 30 CE w/exam 28 CE w/o exam
22-255	Real Estate Finance, Statistics, and Valuation Modeling Approach [synchronous] 15 QE w/exam 15 CE w/exam 14 CE w/o exam

**Course Provider: McKissock, LP**

Index #:      Course Title & Approved Hours

- 22-260 Live Webinar: Responding to a Reconsideration of Value (ROV)  
3 CE
- 22-264 Live Webinar: Appraising Complex and Stigmatized Residential Properties  
7 CE

After discussion, it was moved by Chairperson Tanaka, seconded by Mr. Larson, and unanimously carried to approve the following courses, based on the initial review and recommendations by Chairperson Tanaka and Vice Chairperson Benavente:

**Course Provider: Appraisal Institute**

Index #: Course Title & Approved Hours

- 22-253 Online Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications  
15 CE w/exam  
14 CE w/o exam

**Course Provider: Appraiser eLearning LLC**

Index #: Course Title & Approved Hours

- 22-256 2022 Appraisal Summit – Day 1  
7 CE
- 22-257 2022 Appraisal Summit – Day 2  
7 CE
- 22-258 Critique – Anatomy of a Review  
7 CE
- 22-259 Appraising Limited Market Properties  
4 CE

**Course Provider: Alltera Group, LLC**

Index #: Course Title & Approved Hours

- 22-261 Valuation Expo 2022: 2022 Keynote Vegas  
7 CE

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22-262 Valuation Expo 2022: 2022 Gold Standard Vegas  
7 CE

**Course Provider: American Continuing Education Institute  
d.b.a. Calypso Continuing Education**

Index #: Course Title & Approved Hours

22-263 Appraising Manufactured Homes in America  
7 CE

Announcements: None.

Next Meeting: Wednesday, October 5, 2022  
10:00 a.m.

In-Person: King Kalakaua Conference Room  
HRH King Kalakaua Building  
335 Merchant Street, First Floor  
Honolulu, Hawaii 96813

Adjournment: There being no further business to discuss at this time, the meeting  
adjourned at 11:09 a.m.

Taken and recorded by:

/s/ Leanne Abe

\_\_\_\_\_  
Leanne Abe  
Secretary

Reviewed and Approved by:

/s/ Ahlani K. Quiogue

\_\_\_\_\_  
Ahlani K. Quiogue  
Licensing Administrator

AKQ:la

9/15/22



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Minutes approved as is.

Minutes approved with changes. See Minutes of \_\_\_\_\_.



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# Practical Applications of Real Estate Appraisal PAREA

The Appraisal Foundation

# Agenda

- Evolution of PAREA
- What is PAREA?
- Updates & When to Expect First Program
- FAQs
- Your Questions

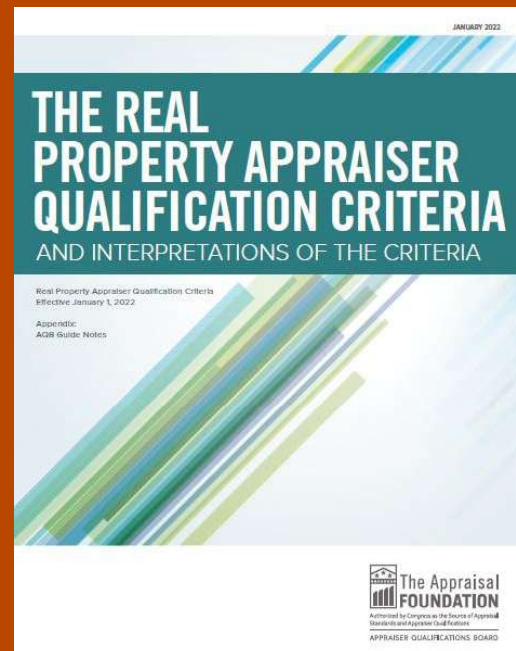
# Evolution

- History of the apprentice model



- PAREA Becomes Effective January 1, 2021

# What is PAREA?



## PAREA is

- An alternative to the traditional Supervisor-Trainee model
- Available for Licensed Residential and Certified Residential
- Can provide up to 100% of experience credit
  - Counts toward Residential portion of the 3000 hrs. for CG
- Approved by the AQB

## PAREA is NOT:

- Not intended to provide “competency”, but it provides “minimum qualifications”
- Not intended to be “partially” adopted, but states may choose to do so

## Participants must:

- Complete all QE prior to entering a program
  - 150 hours of QE for Licensed
  - 200 hours of QE for Certified
- Be periodically mentored
- Produce USPAP-compliant appraisals
- Complete the PAREA program in its entirety before earning the completion certificate. No partial credit.
- Still pass the national licensing exam



## Providers must:

- Offer training on all topics
- Ensure participants produce USPAP compliant appraisal reports
- Provide an adequate number of Mentors
- Provide participants access to data, research, MLS, environmental info, etc.
- Determine type of acceptable training methods
  - Computer based Learning, video gaming, video tutorial, Virtual Assistant, Virtual Reality Training
- Ensure their program is accepted in the state

## Designed as “Modules”

- PAREA has two modules
  - Licensed Residential
  - Certified Residential
- Modules contain lists of required content
  - May be taken out of order
- Modules are the content which must be included in the providers’ development of exercises, examples, simulations, case studies, and applications.

# Example of Content in PAREA

## LICENSED MODULE

- |   |   |
|---|---|
| I. General Considerations and Responsibilities  | VI. Subject Site Inspection                       |
| II. Problem Identification                      | VII. Subject Property Improvements Section        |
| III. Review I and II With Mentor                | VIII. Measuring the Subject Property Improvements |
| IV. Property Identification and Inspection...   | IX. Sketch Completion                             |
| V. Verification of Neighborhood and Market Area | X. Review Sections IV thru IX with Mentor         |

*Etc.*

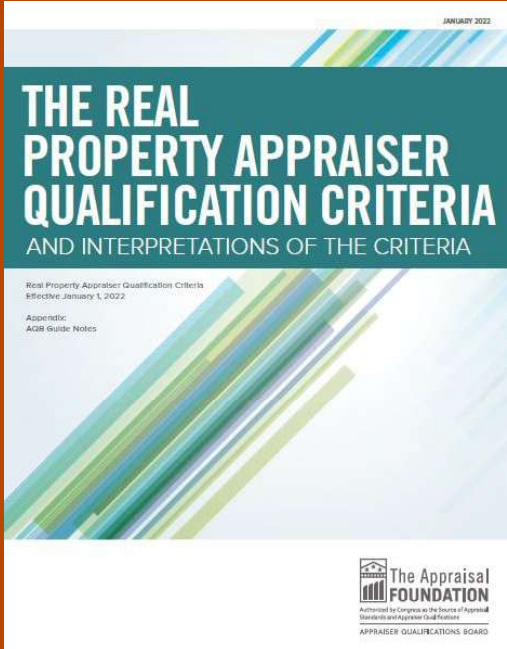
# USPAP Compliant Reports

- USPAP Compliant Appraisal Reports
  - Represent a variety of appraisal assignments
  - Participants will be required to produce a specific number
  - The reports will be produced to serve as a final evaluation of the participants comprehension of PAREA training.

## A new pathway for aspiring appraisers

- PAREA directly addresses the difficulty aspiring appraisers face in finding a supervisor.
- We want the appraisal profession to reflect the population of the United States.
- Our hope is that PAREA opens up the profession to a diverse new generation of appraisers.

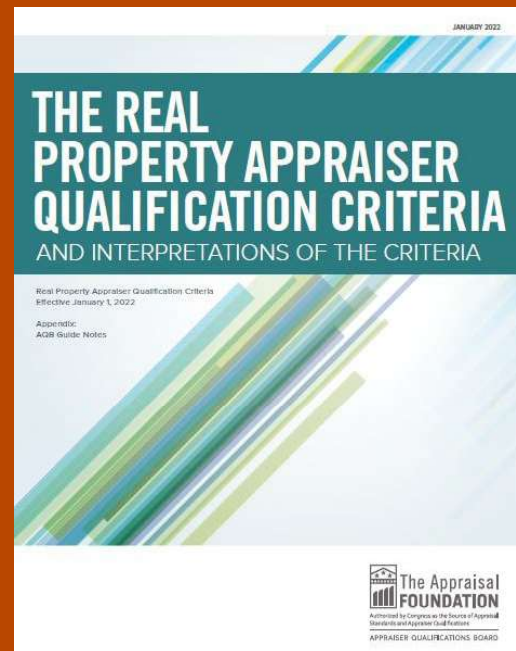
# Updates on PAREA



## Updates on PAREA:

- Seven concept reviews submitted to date
- AQB expects to see a first draft of a program submitted sometime this year.
- Over 1,800 interested in PAREA
- Pathways to Success Conditional Grant awarded to Appraisal Institute in collaboration with the National Society of Real Estate Appraisers

# Frequently asked questions from state regulators





## How many states have adopted PAREA?

- **31** states that have, one way or another, indicated that completion of PAREA will be acceptable.
  - **Fully Adopted:** Colorado, District of Columbia, Louisiana, Maine, Montana, Ohio, and Oklahoma (7)
  - **Partially Adopted:** California and Kansas (2)
    - *California adopted up to 50% for LR, 50% for CR, 25% for CG experience hours, but hopes to fully adopt PAREA in the near future.*
    - *Kansas – 50% Based upon the practicum allowance in a previous version of the Criteria*
  - **Rulemaking/Legislation in Progress for full adoption:** Florida, Idaho, Iowa, Kentucky, Louisiana, Nebraska, New Hampshire, New Mexico, North Carolina, Pennsylvania, South Dakota, Utah, and Washington (13)
  - **Adoption by Reference of the *Criteria* (may also be captured in another category):** Arizona, District of Columbia, Louisiana, Michigan, Minnesota, Mississippi, Montana, New Jersey, North Carolina, North Dakota, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, and Vermont. (11 – 5 other states have *Criteria* plus have made other indications of PAREA acceptance)
  - **Discussing PAREA:** Alabama, Alaska, Arkansas, Connecticut, Delaware, Georgia, Hawaii, Illinois, Indiana, Maryland, Massachusetts, Missouri, Nevada, New York, Oregon, Virginia, West Virginia, Wisconsin, and Wyoming. (19)

# How much experience can be gained by PAREA?

Certification Type	Education	Experience	Exam
Licensed Residential	150 hours	1000 hours under a Supervisor in 6 months <b>OR</b> PAREA can replace up to 100% of the required experience hours	Yes
Certified Residential	200 hours	1500 Hours under a Supervisor in 12 months <b>OR</b> PAREA can replace up to 100% of the required experience hours	Yes
Certified General	300 hours	3000 Hours under a Supervisor in 18 months <b>OR</b> PAREA can replace up to 50% of the required experience hours	Yes

# How do I know that a PAREA Program will be high-quality without seeing it?

- Providers must follow the *Criteria*, *PAREA Implementation Policies*, and be sure they meet the PAREA Minimum Content Requirements for *Licensed Residential* and/or *Certified Residential* Classifications.
- The AQB will personally be reviewing each program to ensure that minimum standards are met.

## Do states need to approve PAREA programs themselves?

- The AQB will approve PAREA programs, but it is up to each individual state to adopt PAREA as an alternative pathway, and to accept the AQB's approval of PAREA programs.

## Do Mentors need to be licensed in individual states?

- No. There is not a geographical competency requirement within PAREA, so Mentors do not need to be licensed in the states where they are mentoring participants.

## How will the PAREA program benefit states?

- Having participants go through a structured, AQB-approved program assures consistent and accurate training (something that is not always the result of some individual supervisor/trainee arrangements).
- With a state's full acceptance of PAREA experience, the need to review appraisal logs and appraisal work samples could be eliminated.
- Ensures the participant has experience writing USPAP compliant appraisal reports.
- Ensures the reports the participants demonstrate their own work product skills, rather than their supervisors.

## How will the PAREA program benefit states?

- Participants are required to demonstrate mastery of each topic area before moving forward in the program. Thus, the emphasis is proficiency, not hours.
- PAREA will provide the participant opportunities to apply the complete appraisal process in the development of an appraisal report.
- The program is specifically designed to NOT provide competency for all types of specific appraisal problems. This is true of the existing licensing system today. As receiving an appraisal credential does not make one competent to perform all types of assignments. Just as it is now, all credentialed appraisers can gain competency before completing assignments, but they do not have to demonstrate competency before they are issued a credential.

# Questions?

The Foundation is here to help you with any questions you have or to provide you with the materials you need to fully understand PAREA:

Aida Dedajic  
aida@appraisalfoundation.org  
(202) 624-3058



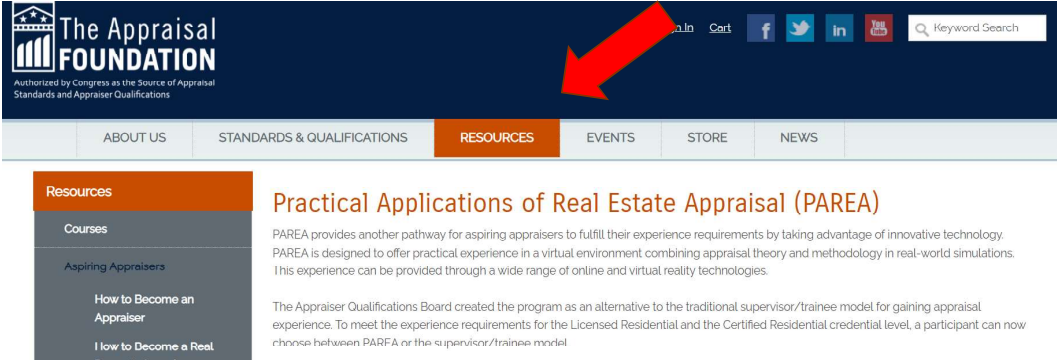
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# Stay Informed

- Extensive information available on our PAREA webpage:



The screenshot shows the website header with the logo and navigation menu. The 'RESOURCES' menu item is highlighted in orange. Below the menu, the 'Resources' section is expanded, showing a list of links: 'Courses', 'Aspiring Appraisers', 'How to Become an Appraiser', and 'How to Become a Real Estate Appraiser'. The main content area features the title 'Practical Applications of Real Estate Appraisal (PAREA)' and a description of the program.

**Resources**

- Courses
- Aspiring Appraisers
- How to Become an Appraiser
- How to Become a Real Estate Appraiser

### Practical Applications of Real Estate Appraisal (PAREA)

PAREA provides another pathway for aspiring appraisers to fulfill their experience requirements 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.

The Appraiser Qualifications Board created the program as an alternative to the traditional supervisor/trainee model for gaining appraisal experience. 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.

- Sign up for PAREA updates

# THANK YOU

The Foundation is here to help you with any questions you have or to provide you with the materials you need to fully understand PAREA:

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(202) 624-3058



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