

2023 National Nominating Committee Public Questionnaire Responses

Michael J. Acquaro-Mignogna
MAI, SRA, AI-GRS



Candidate for
2024 Appraisal Institute Vice President



Question 1

Why do you want to be president of the Appraisal Institute? What unique experience, leadership style, attributes, and qualities do you bring to the position?

As always, the dedicated members of the National Nominating Committee have a difficult task ahead of them. This year's candidates for 2024 Vice President, no doubt, have a strong desire to give back to the organization that has given them so much, professionally, and personally. Each of us will have a long list of qualifications that support his or her selection by the NNC and election by the Board of Directors to serve on the Executive Committee.

But no one among this year's candidates has the level of experience on the national Board of Directors that I have. In fact, only two members of the current Board of Directors have the continuous years of service on the Board that I have, and they are both current officers. Region VI elected me to serve as its Third Director for 2016, and so I served as Vice Chair and then Chair of Region VI from 2017 through 2020. I was humbled and grateful for the trust placed in me by my fellow Board members when they elected me to 2020-21 and 2022-23 terms on the Audit Committee.

I was even more honored to have my fellow Audit Committee members elect me to the positions of Vice Chair (2021) and Chair (2022). Although I took myself out of the running for these positions for this year, circumstances changed and I willingly accepted the Vice Chair position once again for 2023.

The role of the Audit Committee is somewhat unique in the Appraisal Institute. In addition to being responsible for the many aspects of having the AI's financials audited, the committee, per its Policies & Procedures mission statement, "assists the Appraisal Institute in achieving its mission by assessing and advising on operational and reputational risk to the organization as set forth in the Appraisal Institute Bylaws." Because of this, I've always considered serving on the Audit Committee to be a difficult but rewarding responsibility, interacting more frequently with the Executive Committee and senior staff, and often wading into and solving thorny issues.

My Board and Audit Committee experience are highlighted above as the qualifications necessary for successful officer service. In addition, my two years at LDAC and my many years with the Coalition of Pennsylvania Real Estate Appraisers have given me invaluable experience with legislative issues and lobbying efforts. These followed years of service with the Philadelphia Metropolitan Chapter. I've been a fee appraiser my entire career, and I'm particularly proud to have contributed to the training of over a dozen appraisers who are currently Designated Members of the Appraisal Institute. More are on the way.

My experience on the Board has taught me that there is only so much a single Board member can accomplish. Knowing that there is more to be done to keep our organization moving forward in a positive direction at this critical juncture in our history is what motivates me to continue on to the officer roles. The hard work and dedication of the Strategic Planning Committee notwithstanding, it was a concerted effort by the Board of Directors in 2021 to bring our Strategic Plan to an actionable conclusion. I was proud to be a part of that effort as a member of the Board, where days-long meetings and extra hours were devoted just to developing and completing the final version of the Strategic Plan. Leading its continued implementation and evolution: This is why I want to be on the Executive Committee and AI President in 2026.

Personally, I've always been a hard worker, eager to research various issues much like solving an appraisal problem, and reserving judgment on an issue until all sides of the argument have been presented. I'm dedicated and committed: just ask my business partner of 17 years, my wife of 37 years, or my best friend of 50+ years. And I show my appreciation for what others have done for me. My last name is hyphenated because as soon as I was legally able to do so, I added my stepfather's name to my given last name as a thank-you for the huge role he had in raising me.

I've always sought out leadership positions, despite having been younger than all my classmates in grade school and high school. These include being president of various student groups in high school, and at Penn, the first-ever student conductor of a musical for a group that until then had only hired professional directors. My leadership resolve was tested early when, just two weeks before opening night of that musical, I had to fire the professional pianist and conduct the remaining rehearsals and the performances from the piano. I also conducted the University Wind Ensemble as a student in three concerts; the only student conductor before that was my conducting teacher who had that honor when he was a student at Penn. At home I led the "stop the stoplight" effort in my neighborhood and am now serving as president of our local community group.

Motivations to seek election to officer service at this time? While I'm still "younger than average" for the Appraisal Institute, my two sons are grown. Nick graduated from UNC and is working in Tampa, and Matthew will be getting married soon. I'd like to give the AI my undivided attention before Marisa and I enter the grandparent phase of our lives.

In his highly praised book *Love Your Enemies*, columnist and Harvard professor Arthur C. Brooks discusses the difference between authoritative leaders and authoritarian leaders. "Authoritative leaders inspire a can-do spirit and enthusiasm for an organization's work because they ensure that no one feels muzzled or left behind," writes Brooks. "By letting every person know how their role helps accomplish the organization's mission, an authoritative leader empowers and motivates [them] to become creative problem solvers." Communicating effectively, being goal oriented, and doing what needs to be done are all qualities of an effective leader.



Consistency is also a key, but no matter how great the effort, sometimes strategies just do not work: versatility is required, too. I have all these qualities and have exhibited them throughout my professional career and personal relationships. I welcome the opportunity to bring these qualities to a leadership position on the Executive Committee.

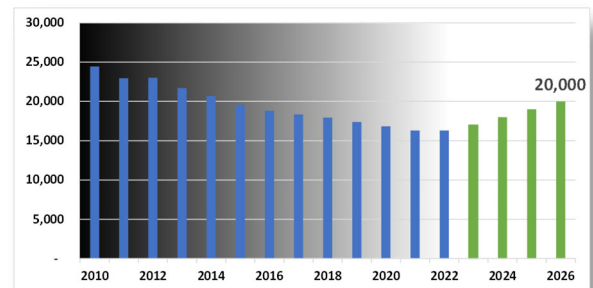
Question 2

What are three goals you would like to accomplish during your term as president, a safely achievable goal, a reasonable goal, and a challenging goal?

Safely Achievable: 20,000+ Appraisal Institute Professionals

With “Develop a plan to recruit and retain AI professionals” being a key element of our current Strategic Plan, a safely achievable goal would be to reverse the declining number of Appraisal Institute professionals and return to the $\pm 20,000$ -member level we experienced in early 2015.

The recent changes to the Candidate for Designation program should facilitate candidates getting designated. Recruitment efforts should be aligned with the Appraiser Diversity efforts, and outreach should be made to AI PAREA participants to encourage AI affiliation. An improved website will help to implement New Member Model recommendations, and recruiting student affiliates from the University Relations Committee pilot-program schools has already shown promising results. Continue our outreach efforts that have resulted in a current 97+% retention rate of dues-paying professionals. With these strategies, and without lowering our educational standards, returning to the 20,000-member mark or higher by the end of 2026 is a safely achievable goal.



Reasonable: Enhance the Perception of the Appraisal Institute

It is frustrating to see a property owner file a tax assessment appeal with an “expert” appraisal report, only to see a much higher valuation in the appraisal commissioned by the taxing authority. Newspaper articles about huge tax breaks for conservation easement donations that seemingly far exceed reasonable property values are just as maddening. The judge in a bankruptcy case in which I testified remarked at the beginning of the trial that he did not think he would be able to rely on either MAI because our conclusions were so far apart. I have occasion to review many appraisal reports in a litigation context, and sometimes all you can do is shake your head in frustration.

In the final *President’s Message* of his 2020 year as President of the Appraisal Institute, Jefferson Sherman, MAI, AI-GRS, wrote “Absent quality, we will be irrelevant.” It was a phrase I heard him repeat many times throughout the year, and he is absolutely right. Those who heard my discussion topic at the 2019 joint regional meeting in Orlando, where the “Mini LDAC” conversation centered on report quality and our internal peer review process, know of my concern for the reputation of our designations. Just as then-President Sherman asked each AI professional to improve the quality of their work product, my goal would be the same.

We must maintain the strength of our educational offerings, our designations, and our internal review and counseling processes. I would advocate for an expansion of the required Business, Practices and Ethics course to include a presentation of the *Common Errors and Issues* publication,

which presents some of the errors most often noted by the Appraisal Institute's experience and professional practice screeners. I would encourage members to take the *Inconsistency: It's Hiding in Plain Sight* seminars, which focus on issues that negatively impact the credibility of appraisal reports. I would advocate for the development of a new seminar that looks at actual (redacted) appraisal reports that have been submitted for peer review, so that participants can critique and learn from them.

I would also initiate a top-to-bottom review of our demonstration of knowledge and experience review requirements, to ensure that Candidates for Designation are being evaluated fairly and consistently regardless of their location or the assigned AI reviewer or grader. This would guarantee that all newly Designated Members have attained the same level of ethical standards and expertise worthy of the MAI, SRA, AI-GRS and AI-RRS designations.

Achieving this reasonable goal would not only protect and improve the value of Appraisal Institute affiliation, but also enhance our reputation for high ethical standards and increase the public perception of the AI.

Challenging: AI the Leader in Addressing Appraisal Bias

The issue of appraisal bias is discussed in greater detail in Question 8. As an officer of the Appraisal Institute, I would advocate zealously for our members and the appraisal profession, making sure that appraisers are treated fairly in the discussions about this topic and the AI is an integral part of future solutions.

With AI PAREA providing an experience alternative to aspiring appraisers who may have difficulty finding supervisors combined with our ADI and DE&I efforts, a more diverse AI is on the horizon. A consistent message with legislators, regulators and media outlets has allowed us a seat at the table to craft reasonable solutions, protect consumers, and demonstrate our leadership position in the appraisal profession. At the same time, promoting the work of our Bias Research Solutions Project Team and helping the public understand what appraisers actually do (and don't do) has enabled us once again to lead the way in defense of appraisers.

In the context of an achievable goal, albeit a challenging one, the Appraisal Institute must amplify its efforts as the organization that is leading the way in solving the issues associated with alleged appraisal bias and demonstrating that we are doing everything we can to train and equip our members with the tools and knowledge to disrupt unconscious appraisal bias. It is a difficult conversation to have across the country, but it is one that I am prepared to have as an officer of the Appraisal Institute.

Question 3

What are your top five initiatives for your presidency? Describe the initiatives and rank them in order of importance. How does each initiative address the challenges facing the Appraisal Institute in the coming five years? Which, if any, of your initiatives deviate from the strategic plan?

It is too early to know what initiatives might be necessary in 2026. Working on and implementing the initiatives I've outlined would start immediately with my service on the Executive Committee. In order of priority, they are presented below.

Appraisal Video Series

At the top of the priority list, a high-quality video series showing what appraisers do, particularly residential appraisers, and how they do it, is needed. Engaging and telling a story, the videos follow appraisers and trainees from their office, in the car, to the property, doing their inspection and research and photographing comps. To address allegations of appraisal bias (see Question 8) the series would show a variety of appraisers and trainees, from all walks of life and with varying personal characteristics. The same house would be shown with bare walls, then decorated in different ways; unoccupied, then occupied by a variety of individuals, couples and families. Because we know it's the property that matters, not what the people who own it, occupy it, sell it or buy it look like. That message needs to be broadly delivered to educate the public, and it should certainly highlight the educational differences that make AI designated appraisers better than those who are merely licensed or certified.

In addition to appearing on our various social media platforms, these videos should be shown at every opportunity - regional meetings, CLP, LDAC, chapter events, educational offerings, collaborative events with other organizations and client groups, conference booths, and at University Relations Committee (URC) meet-and-greets. Encourage our members to show the videos at non-appraiser events, like REALTOR events, when they're explaining what appraisers do and how AI designated appraisers are better at it.

Website Link

Our website homepage needs a clear and direct link dealing with the challenging issue of bias (see also Question 8). Something along the lines of "Click here if you think your property was valued incorrectly as a result of appraiser bias." Then, gather as much information about the appraisal report as possible, if not a copy of the report itself. Rather than opening the floodgates to frivolous allegations, I suspect we will find that the overwhelming majority of allegations do not involve AI-affiliated appraisers. This would be excellent information to share with the public to show the "designated difference" we're always promoting. And to the extent an allegation involves one of our own members, it's an excellent opportunity to show that we're serious about addressing this issue wherever and whenever it occurs.

Diversity Committee

Establish the current Diversity Panel as a national committee so that the Board can receive regular reports on initiatives and progress, and so visitors to our website see that we are emphasizing DE&I on par with the organization's other committees. As it is, the Diversity Panel reports only to the Executive Committee, as all panels do. Additional details on this specific topic are addressed in Question 6.

Membership Committee

In line with the Strategic Plan (“Develop a plan to recruit and retain AI professionals”), I would strongly advocate for an overarching Membership Committee that reports directly to the Board of Directors. Those on the Membership Committee would be the Chairs and Vice Chairs of the Women’s Initiative Committee, the University Relations Committee, the Strategic Planning Committee, along with the recently created Residential Appraiser Committee and a to-be-created Diversity Committee. This is similar to other cross-committee assignments that already exist (e.g., the Chair of the Professional Practice Appeals Panel is on the Professional Standards and Guidance Committee, the Education Committee and PSGC each have members on the Body of Knowledge Committee, the University Relations Committee has a DE&I workgroup, etc.). All the committees whose Chairs and Vice Chairs would comprise the Membership Committee provide worthwhile insight into recruiting and retaining AI professionals, but a better organizational structure needs to be in place so that efforts are coordinated and not duplicated. The Membership Committee would ultimately be the “recruit and retain” committee, but it would also be important in the coordinated effort to diversify the appraisal profession and the AI.



Increase Organizational Communication

A successful future for the Appraisal Institute will only be realized with cooperation, open communication and transparency between our 66 chapters, 10 regions and the national headquarters in Chicago. My initiative would advocate for more joint regional meetings, for a greater sharing of constructive ideas and problem-solving and for greater national officer participation; more board meetings outside of Chicago, for more governance transparency and to enable membership throughout the country a chance to engage meaningfully with leadership; and additional funding where needed, to let chapters engage with national leadership on their home turf.

Challenges and Strategic Plan

None of the above initiatives deviate from the Strategic Plan. The first three address the timely issues of DE&I and bias, while the video series and website link also address enhanced social media and website communications. Recruitment and retention of members is first and foremost the goal of a Membership Committee, while increased organizational communication would allow all levels of the organization to be engaged in suitable and complementary activities that allow the AI to realize the goals outlined in our Strategic Plan.

Question 4

Who do you see as the target market for new members of the Appraisal Institute, and what strategies are needed to attract those new members? How do you propose to grow membership in a lasting way that extends beyond your term as president?

There are several groups that represent a target market for the Appraisal Institute’s efforts to attract new members. Non-affiliated residential appraisers need to understand all that the AI does for them in the regulation space, and how affiliating with the AI will give them a stronger voice in addressing appraisal bias. Real estate agents who discover that their analytical skills are superior to their sales skills can appreciate the more predictable income available with the appraisal

profession. I would focus on groups such as the Women's Council of Realtors, local Boards of Realtors and the CCIMs to explain how a real estate appraisal career fits their skill sets. Second-career individuals (military, early retirees, etc.) also present opportunities.

But to grow membership in a lasting way requires a focus on students as they begin searching for a career path. LDAC participants routinely indicate that recruiting at 4-year colleges and universities as well as community colleges is crucial. Region VI had for years focused on this effort. In 2020 the National Board of Directors elevated the University Relations Panel to national committee status so that it reports directly to the Board. The purpose of the URC is to provide ideas and expertise on how to establish and maintain relationships with universities, colleges and community colleges; recommend programs to provide networking opportunities, mentorships and career outreach programs for students; encourage establishing and strengthening of Appraisal Institute affiliations with schools that have real estate and valuation-related programs; and provide ideas and expertise on how to increase Appraisal Institute presence and advance Appraisal Institute education with universities, colleges and community colleges. The University Relations Committee has done a terrific job so far, and the opportunities for additional success are great.

Close and frequent officer collaboration with the URC is essential. As the URC's pilot program expands nationwide, I would accompany our college ambassadors on their school visits as much as



possible, encouraging students interested in real estate to become student affiliates and consider appraisal as a profession. Focus on those schools where students can earn both credit toward their degrees and state qualifying education credit for state licensure. Promoting our new *Real Estate Analyst* professional development program will also have a lasting impact. Even when students choose a different real estate career, exposure to the Appraisal Institute early on allows them to see our educational offerings and the value of our designations. Then in the future, they know who to turn to when they need appraisal or consulting services.

With chapters as the natural vehicle, I would expand on the URC's college outreach efforts to high school students. Develop a consistent message that chapters can use when their members visit high school Career Days, focusing on their local colleges and universities with certified programs that build in most of the necessary credit towards the requirements in the AQB's Appraiser Qualifications Criteria as part of their real estate related degrees.

AI PAREA presents us with an excellent opportunity to grow the number of residential appraisers in the profession and affiliated with the Appraisal Institute (more on this in Question 10). We need to stay in close touch with, and keep mentoring, our ADI scholarship recipients and future AI PAREA participants so that they continue to appreciate the AI's body of knowledge, our educational offerings, and our commitment to growing the profession. The ongoing process of modernizing our technology, social media and communication platforms needs to appeal to a younger demographic so that they get information in the formats they're most comfortable with (the recent launch of our Instagram page is to be applauded). The Admissions department's newly implemented outreach policy to new AI professionals is already showing results and should be expanded to these individuals as well. Assisting aspiring appraisers through the licensing and certification process will ultimately grow membership in a lasting way.

Question 5

What are the top three organizations with whom the Appraisal Institute should partner, and why?

Last year the Appraisal Institute rejoined The Appraisal Foundation as an Appraisal Sponsor. The relationship was strengthened further after the Appraisal Institute received from TAF a half million-dollar Pathways to Success grant to create a Practical Applications of Real Estate Appraisal program (AI PAREA). We've also partnered with the National Urban League, Freddie Mac and Fannie Mae to create the Appraiser Diversity Initiative. Over 450 scholarships have been awarded, more than 70 participants have completed their trainee requirements, and nearly 50 scholarship recipients are working in the appraisal profession. Additional worthwhile partnerships are discussed as follows.

American Real Estate Society (ARES)

The American Real Estate Society is an association of "real estate thought leaders," according to its website. Members are from academia and the real estate profession, from the US and abroad. The objectives of the ARES are "to encourage research and promote education in real estate, improve communication and exchange of information in real estate and allied matters among college/university faculty and practicing professionals, and facilitate the association of academic, practicing professional, and research persons in the area of real estate."

The Appraisal Institute typically sends representatives to ARES' conferences, and at the end of March URC Chairman Ryan Zink and Director Richard Wolf will have attended their Spring conference. As I note in Question 4, focusing on college and university students as they begin searching for a career path is the optimal method of growing membership in a lasting way. The main purpose of attending the ARES conference is to develop relationships with university directors of real estate programs throughout the country, expanding on the effort of the URC to inform students about the appraisal profession. I would like to see a partnership with ARES that results in collaborations on the body of appraisal knowledge, joint conference presentations, jointly sponsored student events, and similar ideas. As we redesign our annual conference, we need to consider how best to include ARES and university students.

National Community Reinvestment Coalition (NCRC)

According to its website, the National Community Reinvestment Coalition and its member organizations "create opportunities for people to build wealth [by working] with community leaders, policymakers and financial institutions to champion fairness and end discrimination in lending, housing and business."

In October, the NCRC published the results of a study they conducted earlier in 2022, called *Faulty Foundations: Mystery-Shopper Testing In Home Appraisals Exposes Racial Bias Undermining Black Wealth*. For the study, NCRC recruited several interracial couples in the Baltimore area, and appraisers were randomly selected to appraise their residential properties. Two appraisals of each property were performed, one in which the White homeowner was present and the other in which the Black homeowner was present. In each instance, décor was modified to represent the race of the homeowner meeting the appraiser.

The study had two goals: to determine whether race affected how the appraisers dealt with the homeowners, and to determine whether the homeowner's race affected the value conclusions. NCRC reported that the interactions between the appraisers and the Black homeowners were less

professional than they were with the White homeowners. They also reported that despite a precise 50/50 split on which group received higher valuations, the White homeowners' individual valuations were higher on average. The report acknowledges that, ideally, more neighborhoods could be studied, and a greater mix of race/gender combinations could be included.

Interestingly, the report does not indicate whether any of the appraisers are affiliated with professional organizations such as the Appraisal Institute. Therefore, it would be worthwhile to partner with the NCRC to devise and conduct additional studies that examine this very issue. I am convinced that the Appraisal Institute's SRA Designated Members, Candidates and Practicing Affiliates are better trained and adhere to higher ethical ideals than non-affiliated residential appraisers, and the results would demonstrate this. As noted in my answer to Question 2, it is imperative that the Appraisal Institute comes to be known not only as the organization that leads the way in solving the issues associated with appraisal bias, but as the organization with higher educational and ethical ideals that all serious residential appraisers should want to be associated.

Other Appraisal Organizations

The appraisal profession remains fragmented among various professional associations and groups, and this is one of the key drivers of change in the appraisal world. It is important that we work with other appraisal organizations that have goals like ours. There is more we can do together, and more effectively, than we can do separately.



For this third “organization” with which we should partner, I argue that there is a three-way tie with the American Society of Farm Managers and Rural Appraisers (ASFMRA), the American Society of Appraisers (ASA) and the International Right of Way Association (IRWA). With some membership overlap, all four of our organizations have similar educational offerings. Our members also have largely overlapping client bases, and legislative/lobbying concerns, so we should be working together to unify the profession.

I would start by seeking to plan joint conferences with these groups and look to creating a unified education delivery platform that we all could use to disseminate our bodies of knowledge. Continuing to duplicate our educational efforts while for-profit ventures take our students (and education revenues) away from us makes little sense.

Question 6

Which of the Appraisal Institute's Diversity, Equity, and Inclusion programs do you consider the strongest or most effective? Which have the greatest room for improvement? How would you fine-tune the most effective programs, and overhaul those in need of improvement?

Organizations can only improve their Diversity, Equity and Inclusion initiatives if they take the first step of prioritizing DE&I as a key organizational strategy. On this front the Appraisal Institute is on the right path.

The idea of promoting DE&I extends throughout the AI, starting with our mission statement and continuing with two of the four goals of our Strategic Plan and the following Diversity Statement, which the Board of Directors adopted in August 2021:

The Appraisal Institute empowers individuals and nurtures an environment that inspires and encourages diversity, equity and inclusion.

There are several actions we are already taking to get the Appraisal Institute community to look more like the national community, which is becoming more diverse every day. These include the *Appraiser Diversity Initiative*, which seeks to increase diversity throughout the appraisal profession. With ADI, we're collaborating with Fannie Mae, Freddie Mac and the National Urban League. JPMorgan Chase's \$3 million commitment to ADI to support appraiser trainee education and attract a more diverse pool of new entrants into the profession was enhanced by another \$1 million commitment from Flagstar Bank in early March. The ADI has had great success so far in recruiting aspiring appraisers who are now benefiting from AI qualifying education courses, materials and textbooks. All these items, as well as mentoring and coaching, are included in their scholarship awards (450+ scholarships so far). While continually seeking additional sponsors for ADI scholarship funds, the next step in fine-tuning this strongest component of our DE&I efforts would be to allow the scholarship to cover costs associated with the AI PAREA experience alternative program.

Also, the Appraisal Institute Education and Relief Foundation has two scholarships focused on diversity initiatives:

- The Minorities and Women Course Scholarship, for minorities and women candidates for designation who are active in appraising and need financial assistance to take AI courses leading to designations, and
- The Minorities and Women Education Scholarship, for minorities and women students pursuing academic degrees, or with demonstrated interest, in real estate valuation.

The collaborative efforts of the Women's Initiative Committee and the Residential Appraiser Committee, together with AI PAREA, will result in a more diverse and inclusive Appraisal Institute. So will the efforts of the URC. In a recent report, the American Council on Education notes that $\pm 45\%$ of undergraduate students on college campuses identify as people of color, representing a gain of $\pm 30\%$ over two decades. Therefore, a strong and supported effort by the URC to attract college and university students to the appraisal profession will also result in an Appraisal Institute that is more reflective of the communities where our members serve their clients.



Perhaps most importantly, the Board of Directors approved a formal DE&I action plan this past August. The plan gave us data-driven recommendations aligned with the AI's strategic objectives and provided us important tools to guide our actions in the near term and to formulate long-term DE&I initiatives. So far, progress is surpassing the goals, with more ADI workshops, more scholarships awarded, more industry sponsors enlisted, and more university outreach events held than were anticipated for 2022.

While we continue to implement the action plan, there are additional steps that can be taken to improve and reinforce our commitment to DE&I:

- Consider hiring a Chief Diversity Officer, as was brought up frequently at the most recent LDAC sessions. It would be someone with specific training and knowledge who can oversee and manage the implementation of the Appraisal Institute's DE&I action plan.
- Establish the Diversity Panel as a national committee (see Question 3) so that the Board can receive regular reports on initiatives and progress, and so visitors to our website see that we are emphasizing DE&I on par with the organization's other committees. As with all panels, the Diversity Panel reports only to the Executive Committee.
- In the interim, the names of the Diversity Panel members must be posted to the AI website, as I've suggested in the past. Any member with a question or concern about our DE&I efforts cannot contact *No records to display*, which is the message the website provides when details on national committees and panels are sought.
- Incorporate diversity and inclusion training into the annual Chapter Leadership Program and periodically at regional or joint regional meetings. Remind and encourage chapter leaders at the CLP to seek out future leaders that reflect the diversity of their local areas.
- Provide a complete list of the numerous chapter- and region-sponsored scholarships that foster DE&I ideals on both the AI and the AIERF websites. Include a brief description and contact information, making it easier for potential recipients to find all relevant opportunities for assistance.
- Where our DE&I efforts intersect with the goal of improving technology and communications, improve the ADI landing pages with more detail and videos showing a more diverse population of appraisers and participants; assist trainees in finding supervisors using the improved *Find an Appraiser* functionality.
- Add DE&I efforts and awareness information to the Business Practices and Ethics seminar.
- Consider an at-large Board of Directors position nominated by the National Nominating Committee and elected by the Board (similar to the international Director position, but from one of the regions). The election of Board Members by individual regions may not always result in under-represented groups participating at this level of leadership, and this way the Board could self-correct if necessary. Prior Board experience is critical to successful service on the Executive Committee, as noted in my answer to Question 1, so this could open an appropriate path for more diversity at the Executive Committee level once sufficient Board experience was attained.

Naturally, we must continue to participate in meetings and listening sessions with the PAVE Task Force and agency staff, as well as expected future federal taskforces that will extend the process. We must also continue to engage vigorously with congressional oversight offices when legislative or regulatory action is anticipated.

The goals and performance measures of the various aspects of the DE&I plan must be reviewed and discussed by leadership on a regular basis. Adjustments should be made as necessary. The results of the strategies put in place should then be communicated to all levels of the organization. Built into the current Strategic Plan are measurable metrics and key performance indicators (KPIs) gauging progress in the four key overarching goals from the implementation of our five strategies. As a result, leadership can and will be held accountable for progress and successful results in our DE&I initiatives, or for the lack thereof.

Question 7

If you were responsible to write a new mission statement and set of core values for the Appraisal Institute, what would the mission and values be and why? Describe each value and how it applies to the Appraisal Institute.

The Appraisal Institute's core values were succinctly laid out in 2021 with the adoption of our Strategic Plan:

The Appraisal Institute is:

- *dedicated to excellence, professionalism, ethics and integrity;*
- *committed to leadership and innovation;*
- *devoted to an inclusive and welcoming community.*

The terms *excellence* and *professionalism* apply perfectly to all those affiliated with the Appraisal Institute. The same with *ethics* and *integrity*, given the Code of Professional Ethics we strive to abide by. We are committed to *leading* the profession, whether that involves working for the benefit of all appraisal professionals or *innovating* the profession with our constantly evolving educational offerings and body of knowledge.

I was honored to be serving on the Board of Directors when these core values were codified with the development of our Strategic Plan. If I were charged with writing a new set of core values, I would hope that I could come up with such a list that describes exactly what the Appraisal Institute represents. But as it stands, I wouldn't change a word.



Out of those core values came our mission statement:

Our mission is to empower valuation professionals through community, credentialing, education, body of knowledge and ethical standards.

The existing mission statement nicely sums up how to live up to our core values. While the word *empower* can seem overused these days, it is appropriate here. Through community, credentialing, education, body of knowledge and ethical standards, the Appraisal Institute's professionals can assert themselves as leaders in the valuation space.

As with our set of core values, I wouldn't change a word of the mission statement. I would, however, rearrange them to align more precisely with the core values. Excellence, professionalism, ethics and integrity connote the professionalism of our members. After all, what sets us apart are the stringent requirements to achieve the MAI, SRA, AI-GRS and AI-RRS designations, and they are only achieved with our designation education. Leadership and innovation refer to our educational curriculum and our body of knowledge, as I noted above. Lastly, the core values talk of an inclusive and welcoming community. Anchoring the statement with *community* gives that word the same weight as it has in the original. So if I were charged with devising a new mission statement, it would be:

Our mission is to empower valuation professionals through credentialing, education, ethical standards, body of knowledge and community.

Question 8

How is actual or alleged bias affecting the appraisal profession today?

Every day it seems as though another story about alleged racial bias in residential appraisals hits online news services, television or the print media. Just since the beginning of March, the following stories have appeared:

- Racial bias often creeps into home appraisals (Georgia Public Broadcasting Network Online)
- Racial bias in home appraising prompts changes in the industry (Iowa Public Radio)
- Home Appraisal Bias Could Soon Be a Thing of the Past; Here's Why (MSN Money/the Motley Fool)
- Marin City couple settles appraisal bias lawsuit (Valuation Review)
- Addressing Bias in Appraisal Standards (Realtor.com)
- Racism and the lack of diversity in the appraisal business (Brick Underground)
- Landlord files federal complaint claiming his property was undervalued due to racial discrimination (WCPO-TV Online)

The focus with actual consumers' stories is typically on gaps between sale prices and appraised values, or appraised values and the values expected for a mortgage refinance. *Our America: Lowballed* is an ABC documentary released in January that looks into "homeowners' claims of racism in the appraisal industry and highlights people hoping to make changes." Even a recent episode of *The Equalizer* on CBS addressed the issue, albeit clumsily. Studies conclude that appraisers undervalue properties in neighborhoods of color, and firsthand testimonials tell of people having to "whitewash" their homes to get an accurate valuation.

A year ago, the Biden administration released the Property Appraisal and Valuation Equity (PAVE) Action Plan, to "advance equity in the home appraisal process." Right before the deadline for this questionnaire, HUD announced a \$54 million award to 182 fair housing organizations across the country. Included among eligible activities for the funding are testing for appraisal bias (see Question 5), enforcement activities, and educating local communities on the issue.

The appraisal profession is clearly under a microscope.

Appraisers are trained to be unbiased and to analyze data and let that data drive our valuations to supported conclusions, so these studies are difficult to accept, and the stories are difficult to hear.

Every appraisal report we produce certifies that our analyses, opinions and conclusions are impartial and unbiased, and that we have no bias with respect to the parties involved with the assignment. These allegations cut to the heart of who we are as real estate appraisers, and many appraisers disagree on how prevalent bias might be or whether it even exists at all. But it is easy to criticize an appraisal, as it is an opinion and not a fact.



We must recognize that the studies being discussed vary in the methodologies used to reach their conclusions. Some use actual appraisal data, while others benchmark values against computer modeling, AVMs, online "valuation" tools like Zillow, or simply the list price of a nearby property or a homeowner's expectations. Understanding the data and the methodologies that underpin these studies is crucial. What are the benchmarks used to determine the "real" values in the studies? A panel of dedicated and diverse AI Designated Member volunteers has reviewed seven of these studies and presented their assessments to the Board of Directors, and their findings have been made available to AI's membership so that a broader discussion is possible.

We also must recognize the role the media plays. Often, in-depth interviews with the Executive Committee are reduced to one or two sentences taken out of context, so a full picture is not presented. Newspaper headlines emphasize lower valuations in some neighborhoods, when a more accurate headline would refer to lower sale prices. The alternative example would suggest home prices are the result of a greater real estate ecosystem and policy history, whereas the actual headlines emphasize the valuation aspect. Sale prices and historical development trends need to make up a larger part of the conversation, not just appraisals and valuations.

We need to continue to press for more of the underlying data and appraisal reports that are the foundation of these studies and anecdotal stories. When a low appraisal is replaced by a much higher valuation, an allegation can be made that the difference is based on the characteristics of the occupants. However, it is possible that the first appraiser was unfamiliar with the market area, outside of their abilities given the complexity of the assignment, or just flat out incompetent. Perhaps the first appraisal was a drive-by and the second appraisal incorporated a full interior inspection (or vice versa). Without seeing the two appraisal reports side by side in these situations, we simply cannot know the answers to these questions and suggest meaningful solutions.

On the other side of the equation, it is nearly impossible for an industry that is $\pm 70\%$ male and overwhelmingly white to argue that there is no unconscious bias at play. The certification in our appraisal reports notwithstanding, real estate appraisers, like all human beings, are not immune to unconscious bias. And unfortunately, we have seen examples of behavior that severely undercuts the assertion that appraisers have no bias whatsoever. While our diversity efforts (Question 6) have been making strides in creating an appraisal profession that more closely reflects the communities we serve, dismissing and denying these allegations in the face of recent academic research is not an option. Those affected by these issues deserve to be validated and have their stories told, so that a full picture is presented; consumers must never feel that their race or other characteristics influenced an appraisal of their property.

Where there are issues with studies or allegations, I would be forthright in examining the entire picture. Where there are issues with bad appraisal practice, I would be forthright in acknowledging what they are and supporting appropriate educational upgrades.

Too many appraisers have expressed dismay and disappointment that the Appraisal Institute doesn't "have their backs." My goal as an officer would be to advocate zealously for our professionals and the appraisal industry, making sure that appraisers are treated fairly in the discussions about this topic. We must push back on the media, regulators, legislators, and academics who imply that long-standing value differences between neighborhoods are solely the fault of practicing appraisers. At the same time, we must push back on appraisers who think that the profession is infallible and there is no need for additional education or diversity in our ranks.

***"If you accept the call to leadership,
you must be willing to be
misunderstood, criticized, opposed,
accused, and even rejected."***

Braque Talley, PhD
Alabama A&M University

Ultimately, allegations of bias in real estate appraisals have given the Appraisal Institute the opportunity to educate the public on exactly what appraisers do and do not do. To show how ignoring a property's location and

abandoning the Sales Comparison Approach will provide less reliable market value appraisals. To show how the Appraisal Institute has been taking the lead in addressing and solving these issues even though our Designated Members only comprise a small component of residential practitioners overall. To discuss the more extensive education and experience requirements to become an SRA

Designated Member and convince certified and licensed residential appraisers who are serious about the profession to affiliate with the AI.

I welcome the opportunity to be misunderstood, criticized, opposed, accused and even rejected, if it means that the Appraisal Institute will be recognized as the organization that led the way in solving these difficult issues.

Question 9

What is the best way to optimize education development, provision, and delivery between the national Appraisal Institute organization and Appraisal Institute regions and chapters?

State Certification

Before addressing this question directly, state certification needs to be discussed. It has been three years since the pandemic started, and three years since state certification issues with our educational offerings have been...less than ideal. Making sure that all educational programs we present have the necessary state qualifying and continuing education approvals is not a goal (Question 2) or a top initiative (Question 3). It is an absolute imperative.

Having the best appraisal education becomes meaningless if program enrollment suffers out of fear that the hours spent in class or in an online offering will not count toward receiving state credit; or worse, if students actually spend the time and money to attend offerings only to learn they won't get credit from the state(s) where they are licensed. We know the state certification process has become extremely complex with the proliferation of virtual/online offerings, synchronous offerings, etc., complicated by the pandemic and lack of in-office staffing at state appraiser regulatory offices. Different states have different names and different requirements for similar offerings, and many AI members and non-affiliated appraisers have appraisal credentials in multiple states. The complexity of the situation appears to be overwhelming at times, and no one should expect it to get easier any time soon.

We need to rely on our Chapter Executive Directors in more focused and consistent ways to help solve these issues. Our Executive Directors are skilled professionals who have always provided valuable insight on important issues, policies, and procedures. They are often the local AI representatives who have the most direct contact with members on topics such as education and state licensing. Familiar with their local state requirements, these valued professionals often have the hands-on, local expertise and relationships with their state offices that can assist national staff in these efforts. The Executive Directors Networking Group (EDNG) has been a tremendous asset in this regard, and we must continue to eliminate the national vs. chapters mentality that we so often find ourselves in, and work together to solve these particular problems as quickly as possible.

Background

Credentialing, education and body of appraisal knowledge form the core of the Appraisal Institute's identity. Although our educational programs are widely considered "best in class" in terms of their content and quality, it has been difficult for the AI to remain competitive in the appraisal education space. Many of our chapters have reduced or eliminated classes because they're not economically feasible, although the pandemic unexpectedly made course offerings

more profitable because of reduced venue expenses and instructors' travel costs. Additionally, chapters perceive that they bear most of the risk in offering our nationally developed education without significant bottom-line potential, which also feeds the national vs. chapter concerns.

Adding to this perfect storm, multiple providers have emerged over the years, several of which are for-profit operations. Their focus can stay trained solely on inexpensive education alternatives because they are not concerned with developing and advancing AI's authoritative body of knowledge or with maintaining a community of designated and affiliated appraisal professionals. There is a market expectation that appraisal education should be delivered in multiple formats, at prices that are affordable. Compounding this is a declining number of appraisers overall, which has reduced demand for all types of appraisal education.

The Board of Directors commissioned multiple studies that in combination comprehensively examined AI education from top to bottom. As a result of these studies, we have a better understanding of:

- What makes AI's educational offerings unique and valuable in the marketplace,
- What offerings are profitable,
- Student usage and perception of AI education,
- Effectiveness of educational marketing and communications efforts, and
- Challenges and opportunities in the course development and delivery process.

The Board has charged the Education Committee with providing a plan that modernizes the education delivery model based on the results of these studies, which is in line with the first priority in the Strategic Plan. The dedicated committee members have met nearly weekly since the beginning of 2023. Chaired by Chris Johnson, MAI, SRA, AI-GRS, they have shown a renewed commitment to solve the charge given to them by the Board.

The Appraisal Institute is unique in that there is a long-standing chapter network that enables educational delivery not just on a national platform but with in-class settings throughout the country. This is a key advantage in both our marketing and delivery potential that our competitors cannot duplicate, and one which we must incentivize and foster effectively. Optimizing education development and delivery involves coordinating and balancing the needs at both the national and chapter levels.

Education Development

There are several ways in which the Appraisal Institute's education development and content can be improved:

- The time it takes for a new course or seminar to go from concept to student needs to be drastically reduced. As an example, we have been telling our members and the public for over a year that a seminar addressing racial bias is on its way. Presentations have been made by panelists at the chapter level and at our 2022 conference, yet as of this writing the offering is not expected to be available until later this year. Course and seminar development is handled by our members, whose work and personal schedules often result in delays. A panel of professional course developers needs to be cultivated, and the University Relations Committee could assist in identifying interested parties. Input from our Designated Members will ensure relevancy and quality. This will speed up the delivery

of new and interesting topics in appraisal to the market and create demand for our education.

- Chapter-developed programs are ideal for continuing education. Many are less than four hours long, complementing a breakfast or lunchtime chapter meeting. Longer programs might feature expert panels addressing a variety of topics of local interest. There needs to be improved visibility and accessibility of these programs on the national website so that these programs can be marketed more widely.
- National staff must monitor enrollment to ensure that our offerings are in demand. Programs that exceed their shelf life or continually see reduced demand should be retired so that state certification applications are minimized.
- Focus not just on appraisal-related topics, but also on business-related themes (marketing, growth opportunities, successfully investing in trainees, etc.).

Education Delivery

First and foremost, we need to think of those who take our educational programs, whether they are for qualifying education, designation education or continuing education, at the national or chapter level, as our customers. As such, we need to make sure that education delivery suits their varying needs for convenience, timeliness and reliability of scheduling. Especially for designation education, it is important to analyze where our candidates are in their educational pursuits, what courses they need and when, and then to avoid course cancellations.

With the recruitment of new members, we need to embrace the realization that online education is the future of education delivery and recognize that our existing educational delivery structure was designed for in-person classroom settings. In-person settings are still desired by a large segment of our existing customer base, so any enhancements to education delivery must factor in these preferences as well.



It is my understanding that the website redesign currently underway will aid greatly in the delivery of education. Course offerings should be easier to find, and mobile phone navigation will be enhanced. This will improve the member experience overall.

As I've listened to the Education Committee meetings this year, I'm optimistic that we are going to find the modernized education delivery model that our Strategic Plan demands. Some of the difficult questions that they are directly confronting include:

- Should education delivery be centralized or chapter based?
- How can AI price offerings in a responsible way that is consistent regardless of location?
- Can a centralized educational delivery model be a win-win at the national level and for chapters if sufficient revenue sharing is available?
- Are membership's educational needs best satisfied by a subscription model that focuses on states' licensing expiration schedules?
- Is having national set an agenda based on the entire census of candidates for designation and monitoring their educational progress, with chapters as the primary delivery vehicles, the optimal way to guarantee a standard roster of designation courses?

- Should chapters put on synchronous classes to complement those that are offered by national?

The fact that these questions are being asked and significant work is occurring to answer them provides me with a renewed sense of confidence that AI's gold-standard education has brighter days ahead. I welcome the opportunity to work with the Education Committee as an officer, to find these answers and thoughtfully optimize the Appraisal Institute's education delivery.

Regardless of the optimized delivery model that results, our continuing education offerings must be priced lower if we want to compete with the for-profit providers that focus only on education. Additionally, I'd work to make sure that completion certificates for state credit are downloadable immediately after courses end.

Regions

Education in general is best provided at the chapter and national level. However, that does not mean there is no productive role for the regions to play. I would reprioritize the role of the Regional Committee of Chapter Education Chairs and the Regional Education Liaison for each region. The liaisons would, as articulated in Regulation 9, coordinate educational activities throughout each region in cooperation with the chapters and national, and assist in competitor analysis, needs assessment, market research and customer satisfaction research in each region. Successful chapter-developed continuing education should be transformed into seminars that can be offered online or as templates to other chapters, and this is best promulgated at the regional level with the assistance of Regional Education Liaisons. Education staff should attend all regional meetings to find out what is working best at the chapter level and take those successful ideas and roll them out nationally.

Summary

Whether chapters are ultimately the best delivery vehicle for the Appraisal Institute's education, with national the optimal education developer, remains to be seen. The perfect answer is likely a combination of the two, depending on a chapter's historical educational success and member enthusiasm and engagement. Either way, upgrades and wholesale changes to our education delivery system must consider the important strategy of recruiting new members and retaining existing members. Transparent communication and chapter buy-in will also be essential.

I look forward to continuing to work with the Education Committee and the Board of Directors to provide meaningful solutions to these education questions and a future of cooperation and communication between the Appraisal Institute's chapters, regions and national headquarters. We have the best appraisal education in the business, and we owe it to our existing and future member customers to develop new and cutting-edge offerings in a timely manner and deliver them reliably and in the formats most desired. If elected to serve on the Executive Committee, I will do all that I can to assist the Education Committee in getting it the information it needs to optimize the development and delivery of our educational offerings.

Question 10

What specific measures would you consider to improve the membership experience for current SRA and AI-RRS designated members, as well as attract additional licensed and certified residential members?

As it did last year and many times in the past, the questionnaire for Appraisal Institute Vice President candidates includes a question related to residential practitioners. Wonderful ideas, strategies, initiatives, and programs are mentioned year after year. Yet, as the residential component of the appraisal space continues to evolve rapidly, only $\pm 10\%$ of the residential appraisers in the United States are affiliated with the Appraisal Institute. This figure has remained relatively constant over the years.

The growing use of technology in the residential valuation process (artificial intelligence, AVMs, etc.) and the continued commoditization of financing appraisals have been the key drivers of change in the residential appraisal space. To address our low residential appraiser capture rate, the Appraisal Institute formed the Residential Appraiser Project Team (RAPT) six years ago. According to the publicized rollout, the RAPT project team was expected to “help AI expand its influence in the residential space, providing advice, counsel and ideas on how better to serve our existing residential members and expand among unaffiliated potential members.”

As a member of the Board of Directors, I had the privilege of sitting in on several RAPT meetings. It was exciting to see how committed these SRA Designated Members were to their charge, and to see the wealth of ideas that resulted. Early on, RAPT was focused on narrowly defined, practical issues impacting residential appraisers. More recently, the focus turned to larger and more visionary initiatives that are part of our Strategic Plan: specifically, the recruitment and retention of residentially oriented AI professionals.

With the direct support of national staff liaisons and members of the Executive Committee, the members of RAPT began getting the research they needed to make more meaningful recommendations. Still, members of RAPT that I’ve spoken to were frustrated that not enough of their creative ideas and solutions were materializing into concrete initiatives.



I was happy to see the newly installed 2023 Board of Directors establish the Residential Appraiser Committee (RAC), which reports directly to the full Board instead of the Executive Committee. RAC is charged with, among other things, developing and presenting ideas to the Board of Directors to enhance the value proposition for residential appraisers; recommending programs to provide networking opportunities, mentorships, and career outreach programs for residential appraisers; and encouraging the establishment and strengthening of Appraisal Institute affiliations with organizations that have programs relating to fostering the growth of residential

appraisers. I look forward to working on the Executive Committee with the members of the newly formed RAC, all of whom will be particularly attuned to the challenges and opportunities faced by the residential appraisal community, and who can demonstrate why SRA Designated Members are the residential leaders in the profession.

In the meantime, there are several measures we can consider to improve the membership experience for current SRA and AI-RRS Designated Members and attract additional licensed and certified residential members. These include:

- Unashamedly promoting to the non-affiliated residential appraisal world the higher earning potential as an SRA; i.e., the tangible value of the designation;
- Educating potential clients on the difficult criteria necessary to receive an SRA designation beyond the requirements to become a state-certified residential appraiser, explaining how the use of a “non-SRA appraiser” is a disservice to their clients and borrowers and increases risk, and unapologetically asserting that designated residential members are better appraisers than those that are undesignated;
- Stressing to both affiliated and non-affiliated members through targeted marketing how the Appraisal Institute’s governmental relations efforts are largely focused on the residential space and benefit them; reach out to potential members for their input on issues of legislative concern;
- Use our existing legislator/regulator and industry relationships to promote monthly webinars on the newest “hot topic” in the residential appraisal space. Recent examples include the informative *VA Fee Panel Update* webinar featuring the Chief Appraiser of the US Dept of Veterans Affairs, and the upcoming *Understanding Value Acceptance and the Impact on Residential Appraisal* webinar featuring Lyle Radke, Senior Director of Collateral Policy at Fannie Mae, which addresses Fannie Mae’s selling guide announcement regarding valuation modernization and appraisal waivers;
- Business development education geared specifically toward residential practitioners: focus on how to hire trainees, employee compensation, office efficiencies, etc., similar to how NAR provides business development tools to its members;
- Targeting educational opportunities with the mortgage industry and at REALTOR events; instead of merely manning a booth at events, teach a class;
- Pricing education on residential topics at a lower price point; attracting non-affiliated residential appraisers to experience the AI difference firsthand by offering discounts to those who have not taken AI education before or for several years;
- Developing more visual, engaging marketing for residential education and residential membership benefits;
- The *Appraisal Journal* needs greater residential representation on its Editorial Board and Review Panel; encourage more articles written by and appealing to residential practitioners in marketing efforts and at chapter, regional and national events;
- Continue AI support of National Roundtable (NRT) events when conferences and joint regional meetings are held; incentivize similar events at chapter functions;
- Springboard off the Interagency Task Force on Property Appraisal and Valuation Equity (PAVE) recommendations to formalize the Reconsideration of Value (ROV) process and promote the enhanced qualifications of our AI-RRS Designated Members in the residential review space;
- More publications and seminars geared specifically to residential practitioners are needed, like *Residential Market Analysis and Highest and Best Use* released in 2022, and



Inconsistency: It's Hiding in Plain Sight in Your Residential Appraisal (Non-lender examples, Next Level Analysis) which debuted in late 2022;

- A webinar series devoted to climate change and the effects on residential real estate values because of flooding, mudslides, fires, and natural disasters; fast-responding webinars dealing with sustaining decreases in appraisal volume; and
- Developing a geography-based *Find An Appraiser* function for the AI website to more easily locate and identify AI's residential practitioners.

All these ideas may not prove to be feasible, but we are extremely fortunate to have the opportunity to tap into the experience of the members on the Residential Appraiser Committee. I look forward to seeing what other amazing ideas come to light. Given the sheer number of residential appraisers not currently affiliated with the Appraisal Institute, the importance of their efforts cannot be understated.

Thank you to everyone that has taken the time to become engaged in the National Nominating Committee process and to learn more about me and the other candidates for 2024 Appraisal Institute Vice President. The Appraisal Institute would be nothing without the dedicated service of members like you who are concerned with the AI's future and want leaders who will shepherd our organization to the quickly approaching 100-year mark, and well beyond.

I appreciate the opportunity to share my views on these issues. I trust that I have answered these questions honestly and completely, and I welcome your feedback. It would be an honor to be nominated by this year's NNC and ultimately elected by the Board of Directors as the Appraisal Institute's 2024 Vice President, and I humbly and respectfully ask for your support.

Letters of recommendation should be sent directly to:

Pledger M. "Jody" Bishop III, MAI, SRA, AI-GRS
Chair, 2023 National Nominating Committee
c/o Joan Barngrover, NNC Staff Liaison
Appraisal Institute
200 West Madison, Suite 1500
Chicago, IL 60606

Sincerely,



Michael J. Acquaro-Mignogna, MAI, SRA, AI-GRS