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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 25, 2005

AQB Comments
The Appraisal Foundation
1029 Vermont Avenue, NW
Suite 900
Washington, DC 20005-3517

Dear AQB:

Thank you for the opportunity to comment on the Appraiser Qualifications Board's ("AQB") April 15, 2005 Exposure Draft on Interpretations and a Guide Note applying to the *Real Property Appraiser Qualification Criteria*. Please note that these comments are ASC staff comments.

We concur with all of the proposals contained in the exposure draft, with additional clarification needed on one proposal. We are pleased that the AQB proposes to define certain terms that are used in the Criteria. These definitions will help improve the understandability and enforceability of the Criteria. The definitions of the terms "Interpretations" and "Guide Notes" are particularly important to effective enforcement.

On pages 17-20, the exposure draft contains a proposed Interpretation addressing continuing education ("CE") waivers and deferrals. The proposed language provides:

Waivers or deferrals may not be granted to credential holders who have failed to meet the continuing education requirements.

Appraiser regulatory agencies may place a credential holder in an "inactive status" in the event that the state determines that the deficiency in continuing education was due to extenuating circumstances.

This language fails to address a critical issue regarding waivers and deferrals. If a State places an appraiser credential into inactive status and later reactivates the credential, must the credential holder meet any CE requirements to qualify for reactivation? Consider the following two scenarios:

1. A State has a one-year credential cycle and a corresponding one-year CE cycle. Both cycles begin on January 1 and end on December 31. An appraiser is called to active military duty effective October 1, for a six-month tour ending March 31 of the following year. On January 1, the State places the credential into inactive status because the appraiser had not obtained the necessary CE for renewal. On April 1, the appraiser's military tour ends and the appraiser requests reactivation of the credential. Does the appraiser have any CE obligations under AQB Criteria to qualify for reactivation?
2. In the same State, an appraiser chooses not to renew his or her credential following the December 31 expiration. The State puts the credential into inactive status because the

appraiser did not apply for renewal. Three years later, the appraiser applies to reactivate the credential. Does the appraiser have any CE obligations under AQB Criteria to qualify for reactivation?

Currently, States have varying statutory and/or regulatory provisions regarding how long a credential can remain inactive and qualify for reactivation (as opposed to qualifying for a “new” credential). These time periods vary from as short as a few months to as long as several years. Some States require CE for the inactive years, others do not.

Failure to address the CE requirements of an appraiser whose credential is inactive and subsequently reactivated likely would cause widespread confusion regarding how to apply and enforce this proposed Interpretation.

Following are a couple of minor comments.

On page 6 of the exposure draft, the first sentence of the Background section begins, “Since the adoption of the new *Real Property Appraiser Qualification Criteria* on February 20, 2004...” We suggest substituting “2008” in the place of “new” to better identify the Criteria being discussed.

On page 11 of the exposure draft, in the first sentence of the Interpretation section, it appears that the phrase “one quarter credit hour credit” should read “one quarter credit hour.”

Thank you again for the opportunity to comment. Please contact us if you have any questions.

Sincerely,

Ben Henson
Executive Director