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Appraisal Subcommittee

Federal Financial Institutions Examination Council

March 1, 1999

Scott R. Williams, Chair
Appraisal Qualifications Board
The Appraisal Foundation
1029 Vermont Ave., NW; Suite 900
Washington, DC 20005-3517

Dear Mr. Williams:

Thank you for your December 22, 1998 letter responding to our September 24, 1998 letter, which asked several questions about the appraiser qualification process. After reviewing your letter, it appears that we were not clear in our questions.

Section 1116 of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3345) ("Title XI") states:

(a) *In general.* For purposes of this title, the term "State certified real estate appraiser" means any individual who has satisfied the requirements for State certification in a State or territory whose criteria for certification as a real estate appraiser currently meets the minimum criteria for certification issued by the Appraiser Qualifications Board of the Appraisal Foundation.

Section II A. of the Certified Residential Real Estate Appraiser Classification of the Appraiser Qualification Criteria and Section III A. of the Certified General Real Estate Appraiser Classification of the Appraiser Qualification Criteria (collectively, "AQB Criteria"), in pertinent part, state: "Applicants must meet the following examination, education, and experience requirements." The AQB Criteria go on to discuss those minimum requirements.

We are trying to determine when appraiser applicants "meet the minimum criteria for certification" as required in § 1116(a) of Title XI.

In your letter, you stated that "the AQB believes that an appraiser must receive a credential from the [S]tate in order to qualify to perform appraisals in connection with federally related transactions. It is our understanding that . . . all of the bullet points would have to be satisfied before an appraiser is qualified . . ." Those bullet points were: "obtain the necessary experience; obtain the necessary education; submit an application to the appropriate State regulatory agency; be approved to take the appropriate examination; take and pass the appropriate examination; pay the appropriate State and Federal fees; and receive a credential from the State."

Our specific question concerns how changes in AQB experience or education criteria for certified real estate appraisers are treated in this process. As you know, on January 1, 1998, modified AQB Criteria became effective. Please consider the following example and respond to the listed questions, providing your reasons for your answers:

A person has taken 165 hours of qualifying appraisal education and has gathered 2000 hours of experience over a 24-month period prior to January 1, 1998. On December 30, 1997, the appraiser files the appropriate

application with his or her State appraiser regulatory agency to become a State certified general appraiser. On January 10, 1998, the agency sends the applicant a letter acknowledging receipt of the application and informing the applicant that he or she qualifies to sit for the next certified general examination scheduled for February 1, 1998. The applicant takes and passes the examination and is awarded a credential by the State on May 1, 1998. On January 1, 1998, your Certified General Real Property Appraiser Classification Qualification Criteria became effective, which increased the number of minimum hours of education to 180 and the minimum hours of experience to 3000 obtained over no less than 30 months.

1. Which AQB criteria apply in this example?
2. What would be your answer if the person filed his or her application on January 2, 1998 instead of December 30, 1997?
3. What if the person filed his or her application, completed his or her experience and education, and passed the examination before January 1, 1998, but did not pay his or her fees and/or was not awarded a credential until May 1, 1998?
4. What if the person filed his or her application on March 1, 1996 and the agency qualified the person to take the examination within the next two years, as specified under State law. The person does not take the examination until February 5, 1998, and passes the examination? What if the State allowed a person three years to take the examination?
5. If any of the time periods noted above in Question 4 are unacceptable to you, should the AQB take formal regulatory action, *e.g.*, amend the appropriate Criteria or issue appropriate Interpretations, to clarify its position?

Your prompt response to these questions will be appreciated. If you have any questions, please contact us.

Sincerely,

Ben Henson
Executive Director