

Appraiser Qualifications Board



THE APPRAISAL FOUNDATION
*Authorized by Congress as the Source of Appraisal
Standards and Qualifications*

December 22, 1998

Mr. Ben Henson
Appraisal Subcommittee
2000 K. St., N.W.
Suite 310
Washington, DC 20006

Dear Mr. Henson:

This letter is in response to your letter to me dated September 24, 1998. As I verbally indicated to you, I wanted the AQB to have a chance to thoroughly discuss the issues raised in your letter before responding. The AQB discussed these issues partly during its meeting in St. Louis on October 9, 1998 and partly during a telephone conference meeting on November 17, 1998.

The first question in your letter concerns the steps an applicant has to take before the applicant "substantively qualifies to perform appraisals in connection with federally related transactions." The steps stated in your letter are as follows:

- 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.

While there may be some legal technicalities of which we are not aware (and that are beyond the scope of our responsibility), the AQB believes that an appraiser must receive a credential from the state in order to qualify to perform appraisals in connection with federally related transactions. It is our understanding that the other bullet points in your list are the steps necessary before receipt of the credential from the state. Therefore, all of the bullet points would have to be satisfied before an appraiser is qualified to perform appraisals in connection with federally related transactions. It is possible that states may vary in how they define the word "receive". In most states receipt of the credential is probably by written notification, but there may be other ways the state could define receipt.

The second question in your letter concerns when an individual is eligible to take the examination during the application process. In reviewing the licensed, certified residential, and certified general classifications of the Real Property Appraiser Qualification Criteria and Interpretations of the Criteria, the answer to this question is the same for all three credential classifications. Section 1 for each classification deals with examination, and no prerequisites are listed. Section 2 for each classification deals with education and states this is a "prerequisite to sit for the examination." Section 3 deals with experience, and none of the classifications indicate experience is a prerequisite sit for the

examination. Therefore, the applicant must complete the education requirement but not necessarily the experience requirement in order to sit for the examination.

It is our understanding that most states require completion of both the education and experience requirement in order to be eligible to take the examination. This is generally good regulatory practice since many applicants feel that once they have passed the examination they are fully qualified to receive the credential. A few states, however, use the results of the examination to identify areas of weakness. These areas of weakness are given special scrutiny in the evaluation of experience, which comes after the examination is successfully completed. The Qualification Criteria are written to allow flexibility to accommodate the two different regulatory philosophies,

The third question in your letter concerns whether there should be a time period, after state approval, within which the applicant must take the examination. The Qualification Criteria are silent on this point, but the AQB does not expect applicants will be given an unlimited period of time to take the examination. This could allow "warehousing" of exam eligibility which would not be appropriate. It is the intent of the AQB that applicants have a reasonable period of time after state approval to take the examination. The AQB believes an eligibility period of up to 24 months is reasonable.

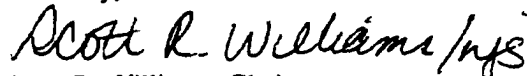
The last question in your letter concerns whether there should be any limitations on how often and when an individual who has failed the examination can retake the examination. The Qualification Criteria are silent on this point. In discussing the issue with the states, some states impose limitations while others do not. There is a range of opinion on this issue.

The AQB believes it is appropriate that the Qualification Criteria do not impose any restrictions on the number of times an individual can retake the examination. States therefore have the flexibility to impose whatever restrictions, if any, they feel are appropriate.

The AQB does not know of any instances where excessively burdensome reexamination restrictions have been placed on applicants that would have a practical effect of severely limiting all future opportunity to take the examination to obtain a credential. If this type of situation exists, the board would be interested in obtaining more information. The board believes applicants should have a reasonable chance to obtain state appraiser credentials.

Thank you for the opportunity to address issues raised in your letter. The AQB is always pleased to assist the Appraisal Subcommittee with interpretations of AQB documents as the need arises.

Sincerely,



Scott R. Williams, Chair