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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

August 20, 1998

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

Dear Mr. Williams:

This letter responds to your July 20, 1998 memorandum to the Appraisal Subcommittee ("ASC") regarding the Mortgage Credit Project ("Project"). Your memorandum explained the Appraiser Qualifications Board's ("AQB") present and potential future involvement with the Project. At this time, the AQB tentatively has decided to study urban appraising problems and solutions, including the creation of an "Urban Appraiser" designation. You currently are drafting a workplan for AQB consideration at its October 9, 1998 meeting, and assuming its adoption, the AQB "will probably be taking a comprehensive approach, [taking] most if not all of 1999." You further state that the AQB "intends to take no further action at this stage. After information gathering is complete, the AQB may wish to consider possible actions it could take to improve the situation . . . ."

For the following reasons, the ASC will not endorse or support, financially or otherwise, the AQB's efforts to create a special appraiser designation/classification for urban appraising. First, the AQB's current classifications are tied directly to the AQB's authority in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). Creating an unauthorized new classification could obstruct the smooth operation of Title XI's program for regulating real estate appraisers. Second, it is the ASC's position that the AQB's designations should be limited to those that are federally recognized and should not be "specialty based." In that regard, the ASC, in *Policy Statement 2: Appraiser Classifications*, endorsed as federally recognized the AQB's "State licensed," "State certified general" and "State certified residential" classifications. The ASC stated that "[t]he use of other designations or titles increases the likelihood of confusion among users and could result in the employment of appraisers who do not have the required designation to perform the appraisal for which they are engaged. Use of other designations may complicate and confuse State temporary practice and reciprocity arrangements." While these statements were made in connection with States' other designations or titles, the underlying logic is equally applicable to the AQB creating other classifications.

If you have any questions, please contact us.

Sincerely,

Ben Henson  
Executive Director