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Appraisal Subcommittee

Federal Financial Institutions Examination Council

April 17, 2006

AQB Comments
The Appraisal Foundation
1155 15th Street, NW
Suite 1111
Washington, DC 20005

Dear AQB:

Thank you for the opportunity to comment on the Appraiser Qualifications Board's ("AQB") March 22, 2006 Exposure Draft on Interpretations and Guide Notes Applying to the *Real Property Appraiser Qualification Criteria*. Please note that these comments are ASC staff comments that have not been formally reviewed or approved by the ASC.

- **Interpretation – Continuing Education Waivers and Deferrals**

We concur with the proposed Interpretation that would enable States to place appraisers returning from active military duty in active status for a period of up to 90 days pending completion of all continuing education requirements. Given that most appraisers in this situation will need to complete only 14 to 28 hours of continuing education, we believe that 90 days strikes an appropriate balance between reentering the appraisal profession and maintaining their appraisal expertise.

- **Interpretation – Continuing Education Credit for Attendance at State Appraisal Regulatory Agency Meetings**

We concur with the proposed Interpretation that would enable States, within certain conditions, to award continuing education credit to appraisers who attend State appraiser regulatory agency ("State agency") meetings. During our State field review activities, we observe State agency meetings of every jurisdiction subject to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI"). In our experience, while many of these meetings prove educational and beneficial to appraisers, others do not. Thus, we agree that limiting continuing education credit to no more than one meeting per continuing education cycle, with a maximum of seven hours per meeting, is appropriate. Finally, to help guard against potential abuse, we believe it appropriate to require that State agencies ensure that the credentialed appraiser, in fact, attends the meeting for the required period of time.

- **Interpretation – Continuing Education Requirements for Partial Years**

We concur with the proposed Interpretation that would require 14 hours of continuing education for a partial year containing 185 days or more, and no continuing education for a partial year containing less than 185 days. We believe it would be inappropriate to "excuse" an appraiser with an 11-month partial year from any continuing education requirement. Likewise, it does not seem appropriate to require an appraiser with a one or two-month partial year to obtain

the same amount of continuing education as a full year appraiser. The 185-day period appears to be a reasonable, appropriate, and easily administered threshold for determining this requirement.

- **Interpretation – Changing a Credential**

We concur with the proposed Interpretation that identifies the education necessary for an appraiser to change from one credential to another under the 2008 changes to the AQB criteria. The proposal, however, addresses only three of the six changes that occur most frequently. The proposal addresses the following changes:

- Trainee to Licensed Residential;
- Licensed Residential to Certified Residential; and
- Certified Residential to Certified General.

The following three changes also should be addressed:

- Trainee to Certified Residential;
- Trainee to Certified General; and
- Licensed Residential to Certified General.

While it might appear that the education necessary in these three scenarios is apparent, we believe it would help avoid confusion if the Interpretation specified the necessary education.

Additionally, we believe it would be beneficial for the AQB to address the following three change scenarios:

- Certified General to Certified Residential;
- Certified General to Licensed Residential; and
- Certified Residential to Licensed Residential.

Changes of these types occur occasionally by choice of the appraiser, but more often as a result of a disciplinary action by a State appraiser regulatory agency. We believe it would help avoid confusion if the AQB addressed these scenarios.

- **Interpretation – Approval of Case Studies and Practicum Courses for Non-client Experience**

We concur with the proposed Interpretation that clarifies that case studies or practicum courses: (a) qualify as experience credit only, not as qualifying education; (b) such courses need not be approved via the AQB Course Approval Program; and (c) such courses must comply with the content requirements contained in the AQB criteria.

- **AQB Guide Note 4 (GN4)**

In general, we concur with proposed Guide Note and believe it will provide useful guidance to States.

The last sentence in the paragraph beginning on page 21 and ending on page 22 states, “It would be clearly unacceptable, for instance, for all of an appraiser’s non-client experience to be in performing appraisals of a limited nature, and/or communicated in a minimal reporting format.” We are unable to find a provision in the criteria supporting this assertion. Without such support, you should revise this sentence to ensure that the reader understands that this standard would be a “best practice” recommendation and not a requirement.

In the last paragraph on page 22, a sentence reads, “Greater weight should be given to appraisals reported in Self-Contained or Summary formats and lesser weight to appraisals of a more limited nature communicated in lesser reporting formats.” We are unsure how a State would implement such a recommendation. Generally, States award qualifying experience on an hour-for-hour basis. If you retain this sentence, we encourage you to provide examples of how a State could implement the recommendation.

We concur that State appraiser regulatory agencies should audit a significant sample of such work.

- **AQB Guide Note 5 (GN 5)**

In general, we concur with the proposed Guide Note and believe it will provide useful guidance to States and education course developers. It appears, however, that this guidance was developed primarily with non-collegiate course providers in mind. For example, the provisions in section 1 do not appear feasible for many college/university level courses. We suggest that the AQB review this proposed Guide Note and determine whether it should be revised to more appropriately address both collegiate and non-collegiate course developers and providers.

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

Sincerely,

Ben Henson
Executive Director