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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

October 17, 2000

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

Dear Sir or Madam:

Thank you for the opportunity to comment on the Appraiser Qualifications Board's ("AQB") September 1, 2000 Second Exposure Draft ("Second Draft") regarding a number of actions designed to improve the quality and consistency in the instruction of the Uniform Standards of Professional Appraisal Practice ("USPAP"). The Appraisal Subcommittee ("ASC") continues to share your concerns about the lack of uniformity and quality in USPAP course materials and course instructors and strongly supports your efforts to improve USPAP education, particularly in these areas. Effective USPAP education is fundamental to ensuring the proficiency of State certified or licensed real estate appraisers as required by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI").

We continue to support this initiative and urge you to continue its development on a priority basis. The ASC staff approves of the following changes in the Second Draft:

- Increased flexibility – In Part A, 2.b. and Part B, 3.b. you added the phrase, “or an alternate method established by the AQB.” This addition should enable the AQB to tailor a cost-efficient, effective alternative method for determining equivalency to the *National USPAP Course* and the *National USPAP Update Seminar*. We urge you to work closely with knowledgeable State appraiser regulatory agency officials/staff in this effort. We also approve the flexibility provided to persons wishing to renew their instructor certifications in Part C, VI. B.;
- Cost assurances – In the Preamble, you stated your intention to operate the USPAP Instructor Certification Program “on a financial break-even basis[,]” and that “it should not be a net revenue generator.” These statements also were included in Part C, II. In our earlier comment letters on your initiative, we stated our concerns about the need for fees relating to the initiative to be limited to capturing only direct expenses and administrative costs;
- Specifics on certificate removal – The addition of Part C, III. V. sets out the reasons why an instructor may be removed from the AQB’s Registry of Certified USPAP Instructors and describes how the AQB will handle instructor complaints or alleged violations of pertinent AQB policies. This change recognizes the pivotal role played by State appraiser regulatory agencies in assuring the competency of its licensed and certified real estate appraisers under Title XI; and
- Removal of direct oversight of national course providers – Consistent with our comments, you deleted Part E, which appeared in your previous exposure draft.

In the “Responses to Questions” portion of the Second Draft, you stated, in pertinent part, that “the Appraisal Subcommittee . . . [has] reviewed the instructor certification program conceptually and believe[s] the AQB has legal authority under FIRREA Regulations.” For clarification, we note that neither the ASC, as a regulatory body, nor its staff has issued a formal legal opinion regarding the AQB’s legal authority to implement this program. While the ASC staff believes that this proposal is within the AQB’s authority, we have not issued a formal legal opinion addressing this issue. We also would like to clarify that the use of the term, “FIRREA Regulations,” is vague and, in all likelihood, inaccurate. The AQB’s authority for the program would have to be based on Title XI.

Finally, we continue to urge you to work closely with all interested segments of the appraisal community to ensure that their interests are considered in this process. Their cooperation in your efforts is critical to the exposure draft’s ultimate acceptance and success. The AQB should be sensitive to preserving, as much as possible, competition in the educational provider marketplace and among instructors. The AQB, in particular, should consider the effects of its initiative on small education providers. These providers, among other things, provide educational services to remote parts of the United States and its territories.

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

Sincerely,

Ben Henson  
Executive Director