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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

May 11, 2010



The Kentucky Real Estate Appraisal Board (Board) is one of many important State agencies. The Board, however, is unique in that the Federal government has oversight and enforcement authority over the Board's federally-related functions and operations pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI).

It has come to our attention the Board has been asked to prepare a plan for possible shutdown of the Kentucky Appraiser Regulatory Program (Program). We are concerned that the shutdown of the Program could render the Board incapable of complying with Title XI. A finding by the Appraisal Subcommittee (ASC) of non-compliance would have a sweeping and potentially devastating impact on the economy and citizenry of Kentucky.

In the event of "non-recognition" of Kentucky's Program, federally regulated financial institutions would not recognize Kentucky's real estate appraiser licenses and certifications. Kentucky appraisers would not be able to legally perform appraisals in connection with federally related transactions as well as mortgage loans for purchase by Fannie Mae and Freddie Mac. This would seriously affect the livelihood of many Kentucky appraisers, and significantly impact the ability of Kentucky's commercial and residential lending industries to function. Clearly, allowing this problem to escalate to a non-recognition action is not in the Commonwealth's best interest.

We have enclosed our most recent Annual Report to help you become acquainted with the unique partnership and regulatory structure created by Title XI between the Federal and State governments and the private sector. This report provides detailed information about the ASC's oversight responsibility of your State appraiser regulatory program.

If you have any questions, please contact us.

Sincerely,



James R. Park  
Executive Director

cc:



Enclosure