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Appraisal Subcommittee
Federal Financial Institutions Examination Council

By FAX

March 15, 2000

J.W. Holland, Jr.
Executive Director
Alabama Real Estate Appraisers Board
P.O. Box 304355
Montgomery, AL 36130-4355

Dear Mr. Holland:

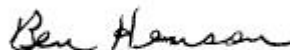
Yesterday, you faxed us a copy of a bill - Amendment to SB81 - and requested that we review it and provide you comments as soon as possible. We have performed an informal, expedited review of that material and have the following comments.

First, the bill appears to create a new subclassification of appraiser credential. This new classification would authorize Alabama to award a person a certified general real property appraiser credential on the basis of passing an examination, completing a 15-hour course on the Uniform Standards of Professional Appraisal Practice, and having 1000 hours of appraisal experience in rural real property. The credential would last one year. If adopted, this credential is inconsistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). Title XI requires persons seeking that credential to meet the minimum qualification requirements of the Appraiser Qualifications Board's ("AQB"). The bill's credential does not meet those requirements.

Second, the bill appears to "sunset" the Alabama Real Estate Appraisers Board ("Board") on "the 25" legislative day of the 2000 Regular Session." Please understand that, if Alabama's appraiser regulatory program were to cease to exist on that day, Alabama, in all likelihood, would suffer significant problems. All Alabama licensed and certified appraisers no longer would be able to perform appraisals in connection with federally related transactions. In addition, they no longer would be eligible to perform appraisals in real estate related transactions slated for sale to Fannie Mae or FreddieMac. Moreover, the Federal Housing Administration within the U.S. Department of Housing and Urban Development no longer could insure mortgages based on appraisals of Alabama licensed or certified appraisers. As a result, Alabama's licensed or certified appraisers would suffer financial losses, and Alabama's residential and commercial real estate markets would be severely disrupted, causing losses to financial institutions doing business within Alabama. Other lesser or unintended adverse consequences also would result.

Please contact us if you have further questions.

Sincerely,



Ben Henson
Executive Director