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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

May 4, 2000

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

Dear Mr. Holland:

On January 18, 2000, we forwarded a letter to you for your information responding to an inquiry from Luten L. Teate. Mr. Teate's November 1, 1999 letter asked us about differing State temporary practice requirements and procedures. In our January 18<sup>th</sup> response, we confirmed Mr. Teate's understanding that Alabama requires a temporary practice permit for each property. We also confirmed his belief that States should award temporary practice permits on an assignment, not per property, basis.

More specifically, we explained that States must provide temporary practice on a per assignment basis. Section 1122(a) of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI"), 12 U.S.C. 3351(a), requires States to provide temporary practice and prohibits State appraiser regulatory agencies from imposing excessive fees or burdensome requirements, as determined by the Appraisal Subcommittee ("ASC"). *ASC Policy Statement 5: Temporary Practice* sets out the ASC's formal interpretations regarding temporary practice, including what the ASC considers are excessive fees and burdensome requirements. *See* 62 F.R. 19755 (April 23, 1997). There, the ASC stated its view "that 'temporary' is best measured by one or more specific appraisal assignments. For temporary practice purposes, the ASC regards the term 'assignment' as meaning one or more real estate appraisals and written appraisal reports which are covered by a contract to provide an appraisal." Awarding temporary practice permits on a per property basis, when multiple properties are covered by a single assignment for a single client, therefore, is inconsistent with Title XI and Policy Statement 5.

This view is further supported by the ASC's prohibiting States from charging more than \$150 for temporary practice. For example, assume that five properties, which are covered by a single assignment, are located in Alabama. Five Alabama permits, at \$75 each, would be required at a total cost of \$375. Alabama's fees would be excessive under Title XI and Policy Statement 5. At most, Alabama may charge the appraiser a maximum fee of \$150 per temporary practice assignment.

In our January 15, 1999 field review letter, we noted that Alabama must revise its temporary practice provisions to comply with Title XI and Policy Statement 5 regarding its 90-day limitation on temporary practice permits. At that time, we did not address the "per property" issue because your regulations authorized permit issuance on a single assignment basis. We have recently learned, and confirmed with you via telephone conversations, that Alabama is applying its temporary practice regulations and policies on a "per property" rather than a "per assignment" basis. The Alabama Real Estate Appraisers Board needs to initiate the necessary changes to

comply with Title XI and Policy Statement 5 by basing its temporary practice program on a “per assignment” basis.

Please notify us, in writing, of the corrective actions you plan and the implementation time frame. Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director