

ARKANSAS



APPRAISER LICENSING & CERTIFICATION BOARD

101 East Capitol ■ Suite 430
Little Rock, Arkansas 72201

June 10, 2004

JUN 14

Mr. Ben Henson, et al
2000 "K" Street, Suite 310
Washington, DC 20006

Ref: Implementation of AQB Revised Qualifications
Criteria

Dear Mr. Henson,

In Cincinnati, several of Arkansas' Appraiser Licensing Board members heard comments in regards to how the 2008 effective date for implementing the revised qualifications criteria would be implemented. We came away somewhat concerned as to the interpretation of the effective date which would effectively require implementation of the education criteria on a pre-'08 basis. Also, we can envision potential problems when applications under the old criteria are pending to "sit for an exam" which may not be scheduled until after the '08 effective date.

On behalf of the Arkansas Board, we are herein registering our concerns regarding the announced implementation of the revised criteria and request you seriously reconsider the position taken, until you and your Subcommittee have had an opportunity to review our concerns.

- > Primarily, our concerns are fueled by the fact that prior to adoption in February '04, our focus as regulators had been on reviewing and responding to the various exposure drafts, while giving little to no thought as to implementation. It is obvious that we were going along somewhat "fat, dumb, and happy" while making assumptions based on AQB communications (accompanying the 6th exposure draft) which stated order to insure consistent implementation of the new criteria, the AQB will be meeting with federal regulators state regulators and educational providers throughout 2004. As state regulators, we perceived that to mean we would be afforded an opportunity for input as to implementation. Given the "shocked" reaction by other regulators attending the AARO conference, they too must have been expecting an opportunity to provide comments. When considering the fact, that it had only been two months since

AQB's adoption and already an emphatic decision on implementation had been finalized, was very disappointing. Did we miss our chance to respond or provide input?

- > We would also submit that we probably were guilty of assuming that an effective date of January 1, 2008 meant an effective date of January 1, 2008. In other words, all the revised criteria would be applicable to applicants submitting to sit for the exam on or after the established effective date. In defense and support of our perceived inability to make correct assumptions, we would request that you consider, in your future deliberations, the process by which previous revisions were enacted. For example;

In a memo dated May, 16, 1994, AQB announced the adoption of revised qualifications which were to become effective January 1, 1998. This pre-implementation notice stated that *"the criteria has been revised and will affect individuals applying for state license and state certification subsequent to January 1, 1998"*.

The changes in criteria which were adopted almost four years in advance of their implementation date only increased by fifteen hours the education for state licensed and certified appraisers, adjusted the experience requirements for Certified Residential and General while raising the annual ce requirement from 10 to 14 hours. These changes, although minor, in comparison to those before us today, precipitated a number of questions concerning implementation. On April 7, 1999, sixteen months after the effective date, the AQB issued an interpretive memo that provided clarification which states *"the new criteria went into effect January 1, 1998 so applications received on or after that date have to comply with the new criteria in order to be considered in compliance with AQB qualifications criteria "*.

The memo went on to state that *"Applications received prior to January 1, 1998, but where the credential was not granted by the state prior to January 1, 1998 are in a transitional category. The AQB has been silent on transitional rules because it believes that individual states are in the best position to handle the transition. At a minimum, however, states have to meet the AQB qualifications criteria in effect when the application is received in order to be in compliance with A QB qualifications criteria"*.

The memo went on to address other discussions AQB was having with the ASC concerning how long an applicant has under AQB qualification criteria (again we assumed it to be criteria existing at the time an application was received) to take the examination after receiving state approval to do so. The discussion between AQB and ASC concerning the time an applicant has to take an examination after receiving state approval was subsequently finalized. The AQB advised by memo dated April 28, 2000 of an adopted interpretation which stated that *"applicants have a reasonable period of time (up to 24 months) after state approval to take the*

examination. Successful completion of the examination is valid for a period not to exceed 24 months. " Effectively immediately.

- > We would also note that in the '98 revisions, as well as the proposed criteria for January '08, you will **find** wording to the effect that qualifying education hours are a "*pre-requisite for taking the AQB appraiser approved examination*".
- > We would be remiss, if we did not mention the procedure provided for implementing the continuing education changes in regards to requirement and frequency for completing a 7 hr. USPAP course. AQB announced adoption of that rule in October, 2000 making it effective on or after January 1, 2003 with full implementation on or before December 31, 2004.
- > In the case of the National 15 hour USPAP course which had an effective date of January 1, 2003, AQB issued comments on January 24, 2003 effectively stating "any applicant after January 3 who had successfully completed a 15 hour USPAP course preceding the '03 enactment would not have to retake the course". Another example of implementing a provision on or after the effective date.

In an effort to simplify the implementation process and to alleviate the many anticipated problems we see with retroactive applications of portions (education) of the criteria, we recommend you reconsider and approach implementation as follows:

1. A person submitting an application as a pre-requisite to sit for the exam on or after January 1, 2008 shall provide documents in compliance with the revised qualifications criteria as to qualifying education hours, college courses, degrees, etc.
2. Any application pending as of December 31, 2007 shall be processed to the point of credentialing under the criteria in place as of the date the application was received, not to exceed the two year established window interpretation.
3. (a) Subsequent to January, '08 applicants for upgrade to a higher classification should be permitted to carry forward all previously acceptable qualifying education hours and that only course work taken or completed after January, '08 shall be in conformity with the revised curriculum criteria.

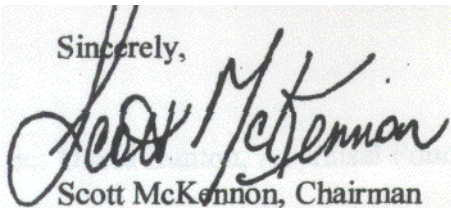
(b) All qualifying education, pre-approved by a state licensing agency which complies with pre-2008 criteria, taken on or before December 31, 2007 shall be acceptable for credit toward meeting the minimum educational hour requirement. For example, a trainee who has completed as of December 31, 2007 100 hours of previously state approved qualifying education would need only 50 additional hours in order to meet State Licensing requirements. Those additional hours taken after '08 would have to be in compliance with the revised education criteria, etc.

4. To receive credit for any qualifying education courses completed after January 1, 2008, it must conform to the revised criteria and be approved by the state board.
5. We are compelled to also plead for leniency on behalf of those small and individual proprietary education providers as well as the university course developers who will need special guidance and assistance in retooling their appraisal course offerings to meet the core curriculum criteria.

The Arkansas Board believes there is ample evidence to support our request for consideration of the announced application of an implementation process on the qualifying criteria for credentialing appraisers. If you would pause for a moment and look at the issues submitted and consider how such measures have been implemented in the past, we believe you would readily endorse these recommendations as the only fair and equitable means for enactment of this criteria. We are, also, somewhat puzzled as to the sudden shift from AQB's long standing role of providing interpretative comments to state regulators, to their now being conveyed by the Appraisal Subcommittee at the expense of limited to no dialogue with those responsible for ultimate implementation and compliance.

Again, we encourage the Appraisal Subcommittee to re-evaluate its initial policy statement on implementation and consider its ancillary impact. For instance, we perceive you are creating not only a major public relation crisis within the appraisal community but a very explosive political environment for every regulatory body in the country. One would think, such "sweeping changes" need only to be enacted with a minimum of fanfare and a reasonable approach to informing and educating the potential applicants as to the criteria's ramifications. Your serious consideration of the Arkansas Appraiser Licensing and Certification Board's thoughts on this important issue is appreciated.

Sincerely,



Scott McKennon, Chairman
Arkansas Appraiser Licensing Board

Cc: Dave Bunton, Appraisal Foundation