

□ □ □ □ □ □

Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 16, 2006

Deborah G. Pearson, Executive Director
Arizona Board of Appraisal
1400 West Washington, Suite 360
Phoenix, Arizona 85007

Dear Ms. Pearson:

Thank you for the opportunity to review the proposed changes to Title 32, Chapter 36 of the Arizona Revised Statutes and Title 4, Chapter 46 of the Professions and Occupations regulations regarding the Arizona Board of Appraisal (“Board”). The proposals included with your July 26, 2006 letter, in part, reflect amendments we suggested during our November 16-17, 2005 field review of Arizona’s appraiser regulatory program. We strongly support their adoption.

We identified one proposed statutory provision that, if adopted, appears to violate Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”). Specifically, proposed § 32-3617 of the statute would eliminate the extension of temporary practice to State licensed appraisers. In addition, § R4-46-106 of the proposed regulations would eliminate the related fee for issuing a temporary practice permit to licensed appraisers.

Under § 1122(a) of Title XI (12 U.S.C. 3351(a)) and ASC Policy Statement 5, States must recognize on a temporary basis the certification or *license* of an appraiser issued by another State if: (1) the property to be appraised is part of a federally related transaction; (2) the appraiser’s business is of a temporary nature, and (3) the appraiser registers with the appraiser certifying or licensing agency in the State of temporary practice. The proposed statute and regulations need to be changed accordingly.

One further aspect of the proposed regulations needs further clarification. The Board intends to implement the 2008 Appraiser Qualification Board (“AQB”) criteria changes using the “segmented” approach. Under the segmented approach, a State determines when a component of AQB criteria (*i.e.*, experience, education, or examination) was completed, and then determines whether the applicant conformed to the AQB criteria in effect at the time that component was completed. Any education or experience *completed* before January 1, 2008, must conform to the AQB criteria as it existed when that component was completed. If a component is not completed before January 1, 2008, then the applicant’s entire education or experience component must comply fully with the 2008 AQB criteria. Proposed § R4-46-201 does not make it clear that persons *completing* their education or experience component between January 1 and October 31, 2008, must conform to the 2008 criteria.

Thank you again for your letter and continuing efforts to address our concerns. We understand that the information provided is the initial draft of proposed statutory and regulatory amendments. Please continue to ensure that we receive further drafts of these proposals for our review and provide us copies of the adopted statutory and regulatory changes.

Please contact us if you have any questions.

Sincerely,

Ben Henson
Executive Director