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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 12, 2002

Dear State Appraiser Regulatory Official:

As you may know, six States currently have Licensed classifications not conforming to the Appraiser Qualification Board's ("AQB") recommended Licensed Real Estate Appraiser Minimum Qualifications Criteria ("Criteria"). As many as 3,000 Licensed appraisers nationwide might not conform to the Criteria.

Recent developments regarding Licensed appraisers who do not meet AQB Criteria have led several lenders and other users of appraisal services to ask how they can determine whether an individual Licensed appraiser meets the Criteria. To help ensure that users of appraisal services are able to make fully informed employment and assignment decisions regarding Licensed appraisers, the ASC has decided to modify the National Registry of State Certified and Licensed Real Estate Appraisers ("Registry") and the ASC Web site to allow Registry and Web site users to distinguish between Licensed appraisers who have documented conformance with the Criteria from those who have not.

Towards this end, the ASC will be adding a new data field to appraiser records in the Registry. The new field will appear on every appraiser record (*i.e.*, Licensed, Certified Residential, Certified General, and Transitional) and will be titled, "Conforms to AQB Criteria." We will use the following codes to populate the data field: "YES; NO; UNKNOWN." "Yes" or "No" are self-explanatory. "Unknown" will be used when a State does not submit the necessary information or where the ASC has reasonable cause to believe that submitted data is inaccurate (in which case we will contact the State for data validation purposes). Technically, this new field will replace one of two unused existing data fields, "Classification" or "EDI Capabilities." Therefore, the actual number of data fields will not be increased.

We plan to implement this Registry modification in October 2002. All States will need to provide the new data and will have two options:

- Most States (49 of the 55 active Title XI jurisdictions) require appraisers in all classifications (*i.e.*, Licensed, Certified Residential, and Certified General) to meet AQB Criteria. These States may submit a one-time certification to the ASC identifying each appraiser classification having Federally related transaction authority and certifying that all appraisers in each classification are required to meet AQB Criteria. For these States, we will enter "Yes" in the "Conforms to AQB Criteria" data field for each appraiser. States would need to notify us if an appraiser classification were changed to no longer require conformance with AQB Criteria.
- States having a Licensed or Transitional classification containing appraisers who are not or were not required to conform to AQB Criteria will need to submit data (*i.e.*, Yes, No, or Unknown) for *each* appraiser in the classification. Additionally, the State will need to provide a written explanation of how it determines whether an appraiser in a "non-conforming" classification meets the Criteria.

If you have questions about one of your appraiser classifications, how to report data regarding individual appraisers or groups of appraisers, or any special situations that you wish to discuss, please contact us. It is our intention to make this data submission as simple as possible while collecting the data necessary to provide full disclosure to the public.

It is important that States understand that lenders and other users of appraisal services will be relying on the information provided by the States in making employment and assignment decisions. Accordingly, it is important that the data be accurate and verifiable.

We will notify you when the Registry and Web site have been modified and when you need to submit your data. Also, we will provide sample certifications for appraiser classifications. Please contact us if you have any questions.

Sincerely,

Ben Henson
Executive Director