

## Federal Financial Institutions Examination Council

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Honorable Zell Miller  
United States Senator  
Washington, D.C. 20510

Dear Senator Miller:

Thank you for your letter to John Reich while he was Acting Chairman of the Federal Financial Institutions Examination Council (FFIEC) regarding the standards imposed on, and the fees charged to, vendors by the Appraiser Qualifications Board (AQB) to approve an on-line education course program.

There is no direct FFIEC control over the fee structure of the AQB. Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI) gave The Appraisal Foundation authority to set appraisal standards and appraiser qualifications. The AQB, an independent board within the Foundation, sets the minimum education, experience, and testing requirements for appraisers. Title XI requires that applicants meet the AQB criteria before becoming certified as appraisers by the states. The Appraisal Subcommittee (ASC) of the FFIEC oversees this appraiser regulatory framework.

An on-line continuing education class is an example of a distance education course. The AQB established standards for distance education courses in 1993. The AQB criteria provides that distance education courses must meet one of three requirements:

- The course must be presented by an accredited college or university that offers distance education programs in other disciplines;
- The course must meet the American Council on Education's approval for college credit; or
- The course must be approved under the AQB Course Approval Program.

A number of education providers are currently offering distance education courses that they developed and had approved through one of the three acceptable approval methods.

Your letter references fees charged to vendors for AQB's approval of on-line education classes. These costs represent a charge to the provider of the course; class participants do not pay a fee to the AQB. Although the FFIEC and ASC do not review or approve the fee structure of the AQB, we have discussed the fees for the Course Approval Program with Appraisal Foundation staff. The Appraisal Foundation staff emphasizes that course providers have three choices to gain approval for a distance education course, with only one of the options involving AQB fees. In setting fees, the AQB, a board of a private not-for profit corporation, attempts to recover the expenses associated with any program. The AQB contracts with education experts to review submitted courses. The fees charged by the AQB are passed through to the contracted reviewers except for an amount to cover administrative costs.

We understand there is going to be a AQB directors meeting that is open to the public in Washington D.C. on October 26, 2001 that will, in part, discuss distance learning issues. This

could be a forum for suggesting changes to current AQB practices and policies. We have taken the liberty of forwarding your letter to the AQB for its consideration.

We hope this information proves helpful. Your interest in this matter is appreciated and if I can be of any further assistance, please call me at (202) 898-6974 or Ben Henson, Executive Director, ASC at (202) 872-7520.

Sincerely,

Donald E. Powell  
Chairman