

**GEORGIA
REAL ESTATE
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September 16, 1997

Mr. Herbert S. Yolles, Chairman
Appraisal Subcommittee
Suite 200
2100 Pennsylvania Avenue, N.W.
Washington, D.C. 20037

Dear Mr. Yolles:

This week the Board reviewed your July 25, 1997, letter regarding continuing education (CE) and renewal periods at its first regularly scheduled meeting after receiving that letter. Your letter offers no reasonable basis for its directive to affected state agencies. Instead, it includes a letter from the Appraiser Qualifications Board (AQB) to Ben Henson asserting that CE that exceed the length of renewal periods "are not consistent with the AQB's CE requirement. Mr. Henson had requested that the AQB provide a rationale for its position. It offered none. That is an unfortunate response; but it is in keeping with the way the AQB treats our inquiries for supporting rationales on issues, If it responds at all.

We recognize that there may be a ministerial benefit to some regulatory agencies for renewal periods and CE periods to coincide. However, for agencies with computerized records management systems, coinciding periods are not necessary. We also recognize that CE periods should not be too lengthy or the "updating," value of such education may suffer. However, to bind the two inextricably is unreasonable and irrational. Consider the following examples:

- * A state with a two-year renewal period may allow an appraiser to take one 20 hour course to satisfy its CE requirement. If it changes to a one year renewal period, it must prohibit that practice. Why?
- * A state believes that appraisers should take CE every year but has a system permitting multiple year renewals. The AQB would prohibit that state from requiring that its appraisers take

CE every year. The AQB's criteria states "continuing education hours may be obtained anytime during the term." Presumably, in this example that statement allows the appraiser, not the state regulatory agency, to determine the frequency of CE that best "maintains and increases his/her skill, knowledge and competency."

- * An appraiser's resident state has a two year license renewal period. That appraiser holds also a license in another state with a one year renewal period. Most, if not all states that issue nonresident classifications deem the CE requirement for nonresidents as met if the nonresident is current with his or her resident state's CE requirement. Suppose the appraiser in this example takes a 20 hour CE course in the first year of his resident state's renewal period. Under the AQB ruling the state issuing a nonresident classification would apparently have to require that our example appraiser take an additional 10 hour course the following year in order to renew his/her nonresident classification.

If (as Mr. Henson cited in his letter to the AQB) some states have a dearth of quality short courses, the AQB's criteria results in requiring form over substance and may well increase costs for appraisers without a concomitant increase in quality.

For several years, Georgia's Appraisal Coalition (a group composed of representatives of the state's nine largest appraisal trade associations) urged the Board to allow multiple year CE credit for longer courses and multiple year renewals. Members of Georgia's General Assembly joined them in urging the Board to adopt reasonable standards that would allow multiple year CE credit if not multiple year renewals.

We considered expanding both renewal and CE periods. However, expanding renewal periods creates budgetary problems for us. We must assure that annual revenues equal our direct and indirect costs. Our appraiser population is small and inconsistent in its renewal habits. Renewal periods of two or three years would result in one half or one third of our appraiser population paying our entire annual cost of operation. If the portion of the population scheduled to renew in a year were sharply reduced, we might not generate sufficient funds to cover costs. (We can not use a surplus of revenues in one year to offset a deficit in another.) Thus, we concluded that we needed to preserve our annual renewal cycle until we have a history of greater consistency and predictability in our appraiser population's renewal habits.

Budgetary limitations did not stop us from acting favorably on the reasonable CE request of appraisers. On October 25, 1996, the Board issued a Notice of Intent (see enclosure) to adopt a rule that would allow multiple year CE credit. The proposed rule afforded appraisers the option of choosing a course that would meet the current CE requirement and, depending upon the credit hours approved for the course, the requirements for the succeeding one or two renewal periods. The rule assured that every appraiser

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had to take CE at least every three years. We forwarded copies of that Notice of Intent to your agency and to The Appraisal Foundation. Neither of you chose to comment. On December 6, 1996, after receiving only favorable comments on the rule, the Board adopted the rule to become effective December 26, 1996. The Board has no intention of now reversing itself after lawfully adopting a rule in response to a reasonable request of those we regulate.

Perhaps the AQB's Interpretations of the Appraiser Qualifications Criteria are appropriate for a private trade association in which participation is voluntary. They are not appropriate for the nation's appraiser regulatory system. In the past the ASC has offset the AQB's regulatory inadequacies by accepting appropriate regulatory variations in implementing the Appraiser Qualification Criteria. We regret that you are abandoning that vital role.

FOR THE BOARD

George E. Junnier
Chair
GEJ: bd