

■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

By Fax

January 14, 1997

Mr. Charles Clark
Real Estate Commissioner
Georgia Real Estate Appraisers Board
Suite 1000
International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

Dear Mr. Clark:

This letter responds to your November 26, 1996 letter requesting the Appraisal Subcommittee's ("ASC") views regarding three amendments to Georgia's Real Estate Appraiser Classification and Regulation Act which will be proposed in the 1997 Session of the State Legislature and three proposed changes to Georgia Real Estate Appraiser Board ("GREAB") rules. The three rule proposals are scheduled for a GREAB vote today. We apologize for our late response.

The three statutory amendments would authorize GREAB: (1) to "enter into such contracts as are necessary to carry out its duties under this chapter." You state that this provision is intended to authorize GREAB "to privatize some its services whenever such privatization would result in less cost and/or more efficient services to the regulated industry; (2) "to revoke any appraiser classification . . . and simultaneously to issue such appraiser a classification with more restricted authority to conduct appraisals"; and (3) to take disciplinary action against regulated appraisers when they are "performing or attempted to perform any real estate appraisal activity in a federally related transaction without complying with the standards required by the federal financial institutions regulatory agency that regulates the financial institution for which the appraisal assignment is undertaken." The three regulatory proposals pertain to: (1) the ability of an appraiser to obtain a preliminary decision regarding licensure or certification from GREAB in limited circumstances; (2) the duties that appraiser assistants may perform; and (3) standards under which an appraiser may provide property tax consulting services.

The ASC staff has reviewed the amendments and rule proposals and has the following comments. With respect to the privatization of GREAB functions, we caution GREAB that, while it may privatize the administrative tasks related to the regulation of State certified or licensed appraisers, it cannot delegate or otherwise shift its substantive duties to comply with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended ("Title XI"). Moreover, if privatization of functions were to occur, GREAB would have to ensure the ASC free access to any "service bureau's" appraiser regulation related operations. With respect to the third amendment regarding standards in federally related transactions, we believe that the language is too restrictive, as detailed in several pieces of past correspondence among GREAB and in the ASC's September 1993 *Policy Statements Regarding State Certification and Licensing of Real Estate Appraisers*. We, nevertheless, recognize that, while the amendment's language and scope are not perfect, the amendment is a creative attempt

to solve the longstanding issues between the ASC and GREAB and is a very positive development that we fully endorse.

If you have any questions, please do not hesitate to contact us.

Sincerely,

Ben Henson
Executive Director.