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Appraisal Subcommittee

Federal Financial Institutions Examination Council

BY FAX

March 25, 2005

To the Kansas Legislature
c/o Sally Pritchett
Kansas Real Estate Appraisal Board

Dear Sir or Madam:

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council (“ASC”) is a Federal government agency responsible, among other things, for overseeing State real estate appraiser regulatory programs under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”), 12 U.S.C. 3310 and 12 U.S.C. 3331, et seq. In exercising our oversight, we perform periodic on-site reviews of each State’s program to monitor compliance with Title XI.

For your reference, the ASC is authorized under § 1118 of Title XI, 12 U.S.C. 3347, to initiate a “non-recognition” proceeding against a State that fails to conform to Title XI’s provisions. If the ASC were to issue such a non-recognition order against a State, that State’s appraisers would not be eligible legally to perform appraisals in connection with federally related transactions. At a minimum, this action would result in federally regulated financial institutions not recognizing any of that State’s real estate appraiser licenses and certifications. Additionally, such an order would impact loans sold on the secondary market to Fannie Mae and Freddie Mac, and loans insured by the Federal Housing Administration and the Veteran’s Administration.

Under Title XI, each State, among other things, must ensure that persons issued certified residential or certified general real estate appraiser credentials meet the Appraiser Qualifications Board’s (“AQB”) minimum examination, education, and experience qualifications criteria for those credential levels. We understand that the Kansas legislature currently is considering a bill that would conform the State’s appraiser examination validity period to that period stated in the AQB’s criteria.

On April 26, 2000, the AQB adopted a criteria interpretation specifying that a successfully completed State license or certification examination is valid for 24 months. The AQB notified States of this interpretation in an April 28, 2000 letter and included the interpretation in each version of the *Real Property Appraiser Qualification Criteria and Interpretations of the Criteria* issued since that date. This interpretation became effective July 1, 2000.

Under this criteria interpretation, if an applicant who passed a certified-level examination does not obtain the related appraiser credential within 24 months from passing the examination, that examination result loses its validity to support issuing an appraiser credential. To regain eligibility for the credential, the applicant would need to “re-take” and pass the examination. This interpretation applies to individuals obtaining a certified credential initially or upgrading from a lower level credential to either the certified residential or certified general classification.

To ensure that Kansas remains in compliance with Title XI, we strongly urge you to treat curative legislation favorably as it moves through the legislative process.

Please contact us if you have further questions.

Sincerely,

Ben Henson
Executive Director