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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

September 14, 2007

Sally Pritchett, Director  
Kansas Real Estate Appraisal Board  
1100 S. Wanamaker Rd., Ste. 104  
Topeka, KS 66604

Dear Ms. Pritchett:

This letter responds to your August 24, 2007 letter, received by us on September 5<sup>th</sup>, regarding recently adopted paragraph G to ASC Policy Statement 10. You raised three questions regarding the amended Policy Statement and the Summary of Comments included with our August 13, 2007 letter transmitting paragraph G to the States.

First, you questioned whether it was acceptable for a State to issue a Licensed or Certified Residential credential to an applicant who only provided commercial appraisal experience in his or her application. Your question pertained to the second Comment/Response in the “Determinations of Experience, Experience Hours, and Time Periods” section in our August 13<sup>th</sup> letter. The response portion of that Comment/Response stated:

Title XI, AQB criteria, and ASC Policy Statements generally recognize two basic types of appraisal transactions: residential and non-residential. Except for certain transactions, Licensed and Certified Residential appraisers are limited to appraisals associated with residential transactions, while Certified General appraisers are authorized to appraise all residential and non-residential transactions. Accordingly, we would expect applicants for Licensed and Certified Residential credentials to demonstrate USPAP competency for residential transactions, and applicants for Certified General credentials to demonstrate USPAP competency for both residential and non-residential transactions.

Therefore, the answer to your question is “no”; it would not be acceptable for a State to issue either a Licensed or Certified Residential credential to an applicant who could not provide evidence of experience in appraising residential transactions. As stated in our August 13<sup>th</sup> letter, we expect applicants for Licensed and Certified Residential credentials to demonstrate USPAP competency for residential transactions.

Second, you questioned whether someone applying for a Certified General credential would need to submit “a residential report, an ag report and a commercial report in order to be determined to be competent in each of the areas.” As noted in our August 13<sup>th</sup> letter, we expect applicants for Certified General credentials to demonstrate USPAP competency in both residential and non-residential transactions. For Certified General applicants, residential experience would consist of one-four family, complex or non-complex residential transactions, regardless of dollar amount. Non-residential experience would be any experience that did not fall into that residential definition.

Third, regarding Policy Statement 10 G 2, *Determination of USPAP Compliance*, you referenced our statement that, “The only acceptable method of making this determination is by reviewing appraisal work product for each applicant.” You stated that the Kansas Real Estate Appraisal Board (“Board”) reviews work product for each applicant, except when a Licensed appraiser in good standing applies for a Certified Residential credential. In this case, Kansas requires the applicant to document the necessary 2,500 hours of acceptable experience and selects three appraisal reports from the applicant’s experience log for submission to the Board. The Board, however, does not review these appraisal reports for USPAP compliance. You question whether this is acceptable. The answer to your question is a qualified “yes.”

While the AQB-established scope of practice for Certified Residential appraisers is more extensive than for Licensed appraisers (*i.e.*, complex versus non-complex transactions, and transaction amount limitations), the type of experience necessary to qualify for either credential is the same – residential. If the Board reviewed an appraiser’s work products for USPAP compliance when the appraiser applied for the Licensed credential, the Board exercised due diligence in determining the appraiser’s ability to demonstrate USPAP competency for residential transactions. The Board need not review work product for USPAP compliance when the Licensed appraiser applies for a Certified Residential credential, unless the State chooses to do so. If the Board, however, did not review the appraiser’s work products for USPAP compliance when the appraiser applied for Licensure, then the Board would need to perform that review as part of the process of upgrading the credential to Certified Residential status.

Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director