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Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 1, 2000

Logan H. Babin, Jr., Chairman
Louisiana Real Estate Appraisers
State Board of Certification
P.O. Box 14785
Baton Rouge, LA 70898

Dear Mr. Babin:

Thank you for your July 18, 2000 letter responding to our May 22nd letter that continued discussion initiated in our February 29th field review letter regarding “warehousing” appraiser examination results. As discussed in our February 29th and May 22nd letters, we are concerned that Louisiana’s appraiser certification statute does not conform to the Appraiser Qualifications Board’s (“AQB”) minimum criteria for certified appraisers and, therefore, is in conflict with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”).

The AQB criteria require that an applicant for certification must have met the necessary educational requirements prior to taking the applicable examination. The AQB further provides that, once an applicant passes the examination, that individual has 24 months to meet the AQB-specified experience provision. If the appraiser does not meet the experience requirement within 24 months of passing the examination, the examination results are voided and may not be used to support issuing an appraiser certification. As noted in your letter, Louisiana’s certification law provides, “If an applicant is not certified within five years after passing an examination given pursuant to the provisions of this Section, he shall be required to retake the examination.” Our understanding of this statutory provision is that you will issue a certification, once an individual obtains the necessary experience, up to five years after the individual passed the examination. This does not conform to the AQB criteria and, therefore, conflicts with Title XI.

You stated that the Board believes it can resolve this issue by acting under Subsection 10309.F of the Board’s rules and regulations which states, “The Board may require an applicant to obtain additional educational training of not less than 15 or more than 30 classroom hours of coursework.” You further stated that, as a prerequisite for certification, the Board would require that applicants complete a Uniform Standards of Professional Appraisal Practice (“USPAP”) course within 24 months immediately preceding the Board approving the certification. Requiring additional education, USPAP or otherwise, will not resolve the conflict with Title XI and the AQB criteria. An appraiser certification awarded more than 24 months after the applicant passed the examination is not valid for appraising in connection with Federally related transactions.

The Board must discontinue issuing certifications to applicants who do not meet the AQB minimum criteria. The Board also needs to initiate the necessary steps to amend its statute and/or regulations to conform to Title XI and the AQB criteria.

If you have any questions, please contact us.

Sincerely,

Ben Henson
Executive Director