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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

May 14, 2004

R. Wayne Pugh, Chairman  
Louisiana Real Estate Commission  
5222 Summa Court  
Baton Rouge, Louisiana 70809

Dear Mr. Pugh:

Thank you for sending us the fifth draft of your proposed rule changes and asking us to review those changes. We have reviewed them and our comments follow.

### **Temporary Practice**

The proposals do not contain any provisions implementing temporary practice as required by § 1122(a) of Title XI, 12 U.S.C. 3351(a) and ASC Policy Statement 5. While we recognize that a review of your appraiser regulatory statute is technically outside of your request, we must note that § 3401 C. (3) requires appraisers applying for temporary practice to provide “[s]ubstantiation of the federal nature of the transaction.” This requirement, in our view, is ambiguous and very well could cause delays in issuing temporary practice permits. We urge you to clarify this language through regulation or policy so that appraisers applying for temporary practice can easily determine what transactions qualify for temporary practice and those that do not.

### **Terminology**

The term, “Certificate” has two meanings in the rules. Section 10101 B. states that the terms, “license” and “certificate” are synonymous when used throughout the rules. Yet, “certificate” is used in connection with the State’s approval of qualified course providers. This ambiguity may lead to confusion.

### **Examinations**

The rules do not state that applicants for certified levels must pass the appropriate examination issued or endorsed by the Appraiser Qualifications Board (“AQB”). Please incorporate this requirement into your rules.

### **Appraiser Trainees**

Section 10308 A. states that an appraiser trainee cannot remain a licensed trainee for more than six years. If a trainee fails to upgrade to a certified level after that time, then the trainee has to meet all the requirements of an initial applicant to continue performing real estate appraisals. We find this provision confusing. An “initial applicant” is not defined in the rules. It can be read to authorize the State to require a lapsed trainee to reapply as an appraiser trainee, which would begin a new six-year cycle. On the other hand, it can be read to state that the lapsed appraiser

trainee must reapply for certification and meet all the requirements for certification. Yet, assuming that the lapsed trainee has met all the requirements for certification by the end of the first six-year period, except for passing the examination, the use of “all of the requirements” is confusing. Please clarify the operation of this subsection.

### **Education Requirements**

Section 10307 of the rules is too general. The rules need to incorporate the AQB’s specific education topics required for initial certification as a certified residential or certified general real estate appraiser.

### **Instructor Qualifications**

While we note that your rules recognize that appraisers must take the *15-hour National USPAP Course* and *7-hour National USPAP Update Course* taught by an AQB Certified USPAP Instructor, § 10411 of the rules, which relates to instructor qualifications, does not require instructors who teach those courses to have that AQB certification. Please include this requirement in this section.

Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director

cc: Anne Brassett, Administrative Assistant