

E E O E C E

Appraisal Subcommittee
Federal Financial Institutions Examination Council

May 23, 2001

Patricia L. Mosure, President
Stephen G. Patten, Director of Education Lee & Grant Company
1850 Cotillion Drive, Suite 115
Atlanta, GA 30338

Dear Ms. Mosure and Mr. Patten:

I am responding for the Appraisal Subcommittee ("ASC"), the individual ASC members, and their respective agencies to your May 16th letter alleging that ASC staff has "threaten[ed] States with decertification . . . if they do not comply with the Appraiser Qualifications Board (AQB) requirements for distance education, including continuing education." ASC staff has not threatened any States with nonrecognition in connection with distance education issues. The ASC has notified States of their need to comply with AQB criteria, including distance education provisions.

You asked what legal authority permits the AQB to set requirements for appraiser continuing education. The AQB clearly has the legal authority under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI") to set requirements for certified appraiser continuing education. Section 1116(a) of that Title actually defines the term "State certified real estate appraiser" as "any individual who has satisfied the requirements for State certification in a State . . . whose criteria for certification as a real estate appraiser currently meets the minimum criteria for certification issued by the [AQB]." [Emphasis added.]

Title XI's legislative history shows that Congress clearly intended the AQB to establish minimum education criteria for certification. In fact, the legislative history for the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") shows that Congress knew of the Appraisal Foundation's certification qualifications, including its education requirements, and specifically approved them. Following is an excerpt from the January 3, 1989 report on FIRREA by the Senate's Committee on Banking, Housing, and Urban Affairs:

The Committee, in addressing the problem, decided to build upon work already being done by responsible elements of appraisal industry. The non-profit Appraisal Foundation, established in 1987, represents the major elements of the U.S. appraisal industry.

* * *

Under its auspices, . . . an independent Qualifications Board has recommended minimum requirements for education, experience, continuing education, a code of ethics and tests for use in certifying appraisers. [Emphasis added.]

* * *

[Appraisal] rules would, at a minimum, have to meet generally accepted real estate appraisal and certification standards as evidenced by those promulgated by the Appraisal Foundation.

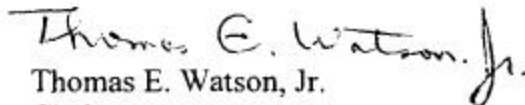
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The Committee believes this structure will assure not only quality appraisal standards and qualified appraisers, but create appropriate enforcement and monitoring mechanisms to assure compliance with the standards.

The States, under Title XI, must implement and enforce the AQB's minimum criteria for certification. *See, e.g.*, § 1118 of Title XI. One of the ASC's central tasks is to ensure that the States comply with this statutory duty.

I hope this information clarifies for you the AQB's authority to establish continuing education requirements for certified appraisers.

Sincerely,


Thomas E. Watson, Jr.
Chairman

cc: Virginia Gibbs, Board of Governors
of the Federal Reserve System
Mark W. Holman, Department of
Housing and Urban Development
John C. Price, Jr., Office of
Thrift Supervision
Jesse G. Snyder, Federal Deposit
Insurance Corporation
Herbert S. Yolles, National Credit
Union Administration