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Appraisal Subcommittee

Federal Financial Institutions Examination Council

BY FAX

February 3, 2006

Senator Lynn Bromley
Representative William J. Smith
Business, Research and Economic Development Committee
100 State House Station
Augusta, ME 04333-0100

Subject: LD 1919

Dear Senator Bromley and Representative Smith:

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 information, 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 requirements. 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 U.S. Department of Veterans Affairs.

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 Maine legislature soon will be considering LD 1910 that, among other things, will contain language designed to amend Maine’s appraiser regulatory statute to implement the new AQB minimum certification criteria. Those criteria will become effective January 1, 2008. States have up until that time to make appropriate changes to their statutes and/or regulations to reflect the new criteria. While States are not required by Title XI to adopt and enforce the AQB’s trainee or licensure criteria, we recommend that States do so for the purposes of uniformity and avoiding confusion.

We strongly urge the Maine legislature to adopt LD 1919 as quickly as possible. Early adoption will help facilitate a prompt and trouble-free transition to the new criteria.

We thank you and Maine's Board of Real Estate Appraisers ("Board") for your efforts to conform Maine's statutes to Title XI. Please contact us if you have further questions or need further assistance.

Sincerely,

Ben Henson
Executive Director

cc: Carole J. Leighton, Administrator, Board