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Appraisal Subcommittee

Federal Financial Institutions Examination Council

April 25, 2005

[DELETION]

Dear Mr. [DELETION]:

Thank you for your April 7, 2005 letter requesting a waiver of the State requirement that you retake the certified real estate appraiser examination. We understand you received a January 2005 letter from the Missouri Real Estate Appraisers Commission (“MREAC”), advising you of an inconsistency between State and Federal law identified during the October 4-5, 2004 Appraisal Subcommittee (“ASC”) field review of Missouri’s appraiser regulatory program (“Program”). MREAC advised affected appraisers of their need to retake the certification examination or risk being downgraded. You believe that you should be granted a waiver because it is not “fair to have rules changed without proper notification.” For the reasons discussed below, we cannot honor your request.

In your letter, you stated that you passed your certified residential examination on April 19, 1999, and received your certified residential credential 26 months later, on June 28, 2001. On July 1, 2000, the Appraiser Qualifications Board (“AQB”) issued an Interpretation to its Minimum Qualifications Criteria for certification (“Criteria”) making examinations results valid for only a 24-month period. Because your examination results are older than 24 months, they are not valid and, therefore, cannot be used by the State for certification qualification purposes.

Missouri knew about this Interpretation before its effective date. The AQB notified Missouri, and all the other States, about this requirement in an April 28, 2000 letter. In addition, the ASC notified Missouri, and all other States in a May 22, 2000 letter about the AQB’s adoption of the Interpretation and its impending effective date. Finally, the interpretation was included in each issue of the AQB *Real Property Appraiser Qualifications Criteria and Interpretations of the Criteria* since July 2000.

Contrary to the Interpretation, §339.515 (3) of Missouri’s appraiser regulatory statute provides that appraiser examination results are valid for three years. We brought this conflict to MREAC’s attention in a December 19, 2001 letter, following our 2001 field review of the Program. In its January 15, 2002 response, MREAC pledged to introduce curative legislation. That legislation, however, was not introduced in the legislature. As a result, Missouri issued certified appraiser credentials for more than four years that fail to conform to AQB Criteria and, therefore, do not comply with Title XI.

We believe a critical component of the State’s responsibilities under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, (“Title XI”) is to ensure that persons obtaining credentials as certified residential and certified general real estate appraisers meet the appropriate Criteria. Title XI requires States to ensure that all certified appraisers meet the Criteria. These Criteria consist of specific education, examination, and

experience requirements. AQB Interpretations are an integral part of the Criteria, and, as such, all Title XI jurisdictions subject to must comply with them.

To retain legal eligibility to perform appraisals in connection with federally related transactions, the State provided you with two free opportunities to retake the certified residential examination. To make this process as painless as possible, the State also provided you the opportunity to take one of two free exam preparation courses. You chose not to take the course or the examinations. As a result, until you pass the certified general examination, you will not be able to legally perform appraisals in connection with federally related transactions.

We currently are in discussions with Program officials regarding the situation in your State. You will be learning about the results of those discussions in the near future.

Please contact us if you have any further questions.

Sincerely,

Marc L. Weinberg
Acting Executive Director &
General Counsel