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Appraisal Subcommittee

Federal Financial Institutions Examination Council

BY FAX

February 1, 2006

Missouri General Assembly
State Capitol Building
Jefferson City, MO 65101

Dear Members of the House and Senate:

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 reference, 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 provisions. 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 Missouri legislature soon will be considering a bill that, among other things, will contain language designed to amend §§ 339.519 and 339.525(6), RSMo, authorizing continuing education waivers or extensions. As discussed in our November 18, 2004 field review letter and November 2, 2005 follow-up review letter to MREAC, those provisions currently do not comply with the AQB’s certification criteria, which are legally enforceable under Title XI.

We strongly urge the Missouri legislature to adopt the proposed amendments as quickly as possible. As discussed in our January 19, 2006 follow-up review response letter, we are pleased that proposed § 339.519, RSMo, no longer would authorize MREAC to waive continuing education requirements for retired or disabled licensed or certified appraisers or for other good cause. We also are pleased that current § 339.525(6), RSMo, would be deleted, and in its place, new language would be adopted authorizing Missouri to issue inactive licenses or certifications. That language would allow Missouri’s certified and licensed appraisers who otherwise would have been able to obtain a continuing education waiver or extension to obtain some relief while still conforming to AQB criteria.

Finally, regarding § 41.946, RSMo, which exempts persons in regulated professions who are on active military duty from needing to complete or make up any continuing education, we understand that the AQB plans to revisit this issue during 2006. While we do not expect that the AQB will authorize waivers of continuing education requirements, it is possible that the AQB might authorize extensions based on active military service. MREAC might wish to delay any legislative action regarding § 41.946, RSMo, until the AQB reviews this issue.

We thank you and MREAC for your efforts to address our concerns. Please contact us if you have further questions or need further assistance.

Sincerely,

Ben Henson
Executive Director

cc: Kristi Klamet, Executive Director, MREAC