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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

November 13, 2000

H. James Krueger  
Administrator  
Appraiser Certification and Licensure Board  
Department of Consumer and Business Services  
350 Winter Street NE, Room 21  
Salem, OR 97301-3878

Dear Mr. Krueger:

Thank you for your October 25, 2000 letter concerning potential legislation in Oregon that would change the structure of Oregon's Appraiser Certification and Licensing Board ("ACLB"). We understand that the Department of Consumer & Business Services ("DCBS") would propose to restructure ACLB's program to reduce expenditures, avoid fee increases, and streamline processes by changing the board from policy making to advisory, eliminating the administrator and receptionist positions, and moving the program to the Division of Finance and Corporate Securities in DCBS. You also enclosed a copy of our May 11, 1993 letter to the ACLB commenting on a similar proposal that would have changed ACLB to an advisory board within Oregon's Real Estate Agency and asked for our comments on the legislative concept. Finally, you asked us to identify other States that have placed the real estate appraiser regulatory function within an agency that oversees banking, mortgage lending or real estate sales.

The substantive principles regarding State appraiser regulatory agency structure and independence in our May 11, 1993 letter remain valid. They now appear in Appraisal Subcommittee ("ASC") *Policy Statement 1: State Regulatory Structure and Independence*. For your information, you may review and download this Statement from our Web site, [www.asc.gov](http://www.asc.gov).

Nothing in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI") or our Policy Statement prohibits Oregon from changing its appraiser regulatory structure as indicated in the Legislative Concept. As outlined in that Policy Statement, while the ASC prefers States to locate its appraiser regulatory functions within an independent agency, it does not impose any particular organizational structure upon them. In practice, our focus is on whether the State performs its substantive duties under Title XI in a fair, unbiased, and effective manner, rather than the manner in which the functions are structured. That is not to say that the structure of the appraiser regulatory function is irrelevant. The structure, among other things, very well may affect the ability of the State to provide sufficient resources to perform Title XI duties effectively or may involve the same persons who regulate realty-related activities, thereby requiring the State to have adequate safeguards to avoid any potential or actual conflicts of interest. Rest assured that were the DCBS proposal ultimately become law, we will review Oregon's new structure with these principles in mind.

Finally, several States the have structured their real estate appraiser regulatory programs similarly to DCBS's proposal. For example, Colorado, Georgia, Illinois, South Carolina, and

Texas have housed their appraiser regulatory programs within their respective real estate agencies.

Please contact us if you have further questions.

Sincerely,

Ben Henson  
Executive Director