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January 9, 2004

Via E-Mail and First-Class Mail

Marc L. Weinberg, Esq.
General Counsel
Appraisal Subcommittee
Federal Financial Institutions Examination Council
2000 K Street, NW, Suite 310
Washington, DC 20006

RE: Revised Exposure Draft of General Revisions to Regulations of State Board of Certified Real Estate Appraisers

Dear Mr. Weinberg:

Enclosed for review and comment by the Appraisal Subcommittee (ASC) is a revised exposure draft of general revisions to the regulations of the State Board of Certified Real Estate Appraisers.

The revised exposure draft reflects a general updating and reorganization of the Board's regulations. The bracketed material represents deletions, and the underlined material represents additions. Because the revised exposure draft does not set forth those regulations and parts of regulations that are not being changed, I have also enclosed with the first-class mailing a booklet containing all of the Board's current regulations.

One of the purposes of the general revisions is to eliminate the inconsistencies between the Board's regulations and the criteria of the Appraiser Qualifications Board (AQB) in the areas of distance education and teaching experience, which were identified by the ASC last year during its field review of Pennsylvania's appraiser regulatory program.

The revised exposure draft substitutes the AQB's distance education criteria for the current provisions relating to correspondence courses and video and television courses that appear in §36.11(1) (relating to initial education for certified residential appraiser), §36.12(1) (relating to initial education for certified general appraiser), §36.43 (relating to continuing education courses for certified general and residential appraiser and certified broker/appraiser), §36.224 and 36.225 (relating to initial education for certified Pennsylvania evaluator (i.e., tax assessor); and §36.263 (relating to continuing education courses for certified Pennsylvania evaluator). A definition of "distance education" also has been added to §36.1 (relating to definitions of terms used in the regulations). The provisions in §36.11 and 36.12 that reference the acceptability of teaching experience towards the work experience requirement for certification as a residential or general appraiser have been deleted.

Following is a summary of other non-editorial revisions that are set forth in the revised exposure draft:

- Definitions of the abbreviations "AQB" and "USPAP" have been added to §36.1.
- The AQB requirement that experience credit acquired after January 1, 1991, must be compliant with USPAP has been added to §§36.11 and 36.12, together with a requirement, relocated from §36.13, providing that experience acquired after August 2, 1993, will not be considered qualifying if the applicant has not first completed 45 classroom hours of education, including the 15-hour USPAP course.
- Section 36.13 currently addresses both the manner in which an applicant for certification as a general or residential appraiser may acquire qualifying experience performing real estate appraisals as well as the duties of a certified general or residential appraiser who supervises an appraisal assistant. As revised, the subject matter of §36.13 has been limited to setting forth the options for obtaining experience performing real estate appraisals both before and on or after September 3, 1998, the last date that a real estate appraisal could be performed in Pennsylvania under authority of the Real Estate Licensing and Registration Act. A real estate appraisal performed on or after September 3, 1998, will not be considered as qualifying experience unless the applicant performed it as a certified broker/appraiser or as an assistant to a certified general or residential appraiser.
- A new §36.14 sets forth the duties of a certified general or residential appraiser in supervising an appraisal assistant, which currently appear in §36.13. The duties have been revised to eliminate the requirement that the supervising appraiser must accompany the assistant during each physical inspection of the property; the revised standard requires the supervising appraiser to accompany the assistant on inspections until the assistant has logged

300 hours of experience or until the supervising appraiser deems the assistant competent to perform inspections unaccompanied, whichever is the longer period. If the assistant is a certified residential appraiser seeking certification as a general appraiser, the supervising appraiser must accompany the assistant on inspections until the supervising appraiser deems the assistant competent to perform inspections unaccompanied. The supervising appraiser's duties also have been revised, consistent with USPAP, to permit the supervising appraiser to acknowledge the assistant's professional assistance in the appraisal report, or in an addendum to the appraisal report, as an alternative to having the assistant sign the appraisal report.

- Section 36.51 currently requires a certified general or residential appraiser to conduct an interior and exterior inspection of the property when performing an appraisal that is required under the federal Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), unless certain specified conditions are present. Section 36.51 also requires a certified general or residential appraiser to perform an appraisal in accordance with USPAP. The revisions clarify that a certified broker/appraiser is also required to perform an appraisal in accordance with USPAP. The revisions delete the language relating to the physical inspection. USPAP adequately addresses the circumstances under which a certificate holder, whether engaged in a FIRREA appraisal or a non-FIRREA appraisal, may conduct less than a complete interior and exterior inspection of the property.
- Section 36.52 requires a certified general or residential appraiser to use his title and certificate number after his signature on each appraisal report and engagement letter. The revisions make this provision applicable to a certified broker/appraiser as well.
- Section 36.91 relates to the procedures for a certified general or residential appraiser to reactivate a lapsed certification. The revisions make the reactivation procedures applicable to a certified broker/appraiser and specify that the 28 hours of qualifying continuing education must be completed during the two-year period preceding the filing date of the reactivation application.
- Section 36.261 sets forth the continuing education requirements that a certified Pennsylvania evaluator must meet as a condition of biennial renewal of certification. The revisions replace the four-hour USPAP requirement with a seven-hour USPAP requirement effective with renewal of certification for the 2005-2007 biennial renewal period (July 1, 2005 - June 30, 2007). However, the seven-hour National USPAP Update Course, or its AQB equivalent, will not be required until renewal of certification for the 2007-2009 biennial renewal period (July 1, 2007 - June 30, 2009).

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- Section 36.271 relates to the procedures for a certified Pennsylvania evaluator to reactivate a lapsed certification. The revisions specify that the 28 hours of qualifying continuing education must be completed during the two-year period preceding the filing date of the reactivation application.

The Board welcomes the ASC's comments on the revised exposure draft. Kindly submit the ASC's comments to me by February 11, 2004. The Board will be reviewing comments to the revised exposure draft at its meeting on February 12, 2004. The Board intends to publish its proposed general revisions for public comment later this spring.

Please do not hesitate to call me at (717) 783-7200 if you have any questions about the revised exposure draft.

Sincerely,

Steven Wennberg, Counsel
State Board of Certified Real Estate Appraisers

SW!/
Enclosures