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Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 12, 2004

Mr. Harry Quigley
8128 Walker Road
Knoxville, TN 37938

Dear Mr. Quigley:

Thank you for your January 23, 2004 letter that we received via Internet email. That letter was addressed to many parties, including “Media Professionals, Elected Representatives, Appointed Officials, et al.” You raise many issues in your letter, many of which are outside the Appraisal Subcommittee’s (“ASC”) jurisdiction under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”). For example, the ASC is not authorized under Federal law to entertain allegations of monopoly. That authority properly lies with other Federal and State agencies and Federal and State judicial systems. We will address only those portions of your letter that relate to the ASC.

- “Not long ago, the ASC did threaten to de-certify Tennessee licenses because the local appraisers attempted to prevent out-of-state appraisers from coming into Tennessee to appraise big commercial properties for clients outside of Tennessee.”

The ASC never threatened to initiate a non-recognition proceeding against Tennessee for its previous noncompliance with Title XI and the ASC Policy Statement 5 regarding temporary practice. The ASC worked with Tennessee and successfully resolved the problems.

- You “call on the ASC to exercise its authority to immediately de-certify all appraiser licenses in Tennessee . . . [because] in violation of . . . ASC Policy 2, [which] forbids a state from promulgating agreements which unduly restrict entry into the appraiser profession.”

ASC Policy Statement 2 does not forbid States from promulgating such agreements. That Policy Statement recognizes that States have wide discretion in how they qualify persons to become licensed appraisers:

The ASC acknowledges that the [Appraiser Qualifications Board’s] recommended experience and education criteria for “Licensed Real Property Appraiser” are meaningful and encourages States to adopt them. The ASC, however, recognizes that other meaningful ways exist for the States to ensure that persons of demonstrated competency qualify for State licensing by using different combinations of education and experience requirements in conjunction

with an appraiser testing program. States may consider one or more of the following approaches:

- Less than the AQB-suggested hours of experience, if such experience was obtained under the direct supervision of a State certified or licensed appraiser;
- State agency review of a minimum number of appraisal reports prepared by the applicant;
- A practical examination consisting, for example, of the satisfactory completion of one or more appraisal reports from case studies or an actual field appraisal;
- A higher level of required education, such as a degree in real estate appraisal or similar degree; and
- A program in which the State agency grants a “trainee” license under the AQB’s suggested Trainee Real Estate Appraiser classification criteria or other reasonable method designed to enable an individual, who has the required education and has passed an appropriate examination, to obtain the experience [and training] necessary to demonstrate his or her competence within a limited period of time.

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[A]s set out above, the ASC recognizes that there is a need for programs to facilitate the entry of individuals into the profession and is encouraging States to create meaningful mechanisms to help ensure the entry of competent individuals into the appraisal profession.”

We have reviewed Tennessee’s appraiser regulatory program on several occasions. We have never concluded that its program for qualifying licensed appraisers is inconsistent with Title XI and ASC Policy Statement 2.

Please contact us if you have further questions.

Sincerely,

Ben Henson
Executive Director