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Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 14, 2000

Christopher D. Winters, Staff Attorney
Office of the Secretary of State
Board of Real Estate Appraisers
Redstone Building, 26 Terrace Street
Montpelier, Vermont 05609-1109

Dear Mr. Winters:

Thank you for the opportunity to comment on The Vermont Board of Real Estate Appraisers' ("Board") proposed regulatory amendments. We reviewed the proposed changes that, if adopted, would: (1) increase the level of supervision expected of licensed appraisers using trainees and/or assistants to perform appraisal-related functions; (2) make registration as a trainee a prerequisite to earning the experience credit needed for licensure; (3) eliminate transitional language left over from previous regulation changes; and (4) disallow the preparation of "evaluations" by licensed or certified appraisers.

We paid particular attention to the elimination of section 3.9, Disclosure. This disclosure rule required licensed and certified appraisers providing estimates of value that do not conform to the Board's standards to conspicuously note the possible non-conformance and to refrain from using the term "appraisal" in the document. We understand, based on a discussion with you, that section 3.9 was omitted from the proposed amendments with the intent to, in effect, disallow the preparation of so called "evaluations" by licensed or certified appraisers.

The word "evaluation" is a term of art used by banks and other financial institutions regulated by the Federal financial institutions regulatory agencies ("agencies"). The agencies' regulations and guidelines specify the transactions in which an evaluation will suffice. Though not required by the agencies' regulations, a licensed or certified appraiser may be requested to perform these evaluations.

As mentioned in the economic impact statement that accompanied your proposal, appraisers can perform the evaluation function by developing either a Limited or Complete Appraisal and transmitting a Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Appraisal Report, with the appropriate addenda. We believe it is more appropriate for your rules and/or the supporting documentation to emphasize the requirement for licensed and certified appraisers to follow USPAP in all appraisal-related activities, not the elimination of the appraiser's ability to perform "evaluations." Regardless of what the client may call an assignment, certified or licensed appraisers must adhere to USPAP in performing all valuation assignments. An appraiser may accept any assignment if he or she can provide the level of service required by the client. The lending community may take exception to the Board eliminating an appraiser's ability to perform "evaluations" without noting that evaluation-type functions may be performed in accordance with USPAP and Vermont regulation.

We noted that section 2.8, titled Experience, specifies 2,000 hours of appraisal experience in

subpart (a), but appears to apply to all three appraiser classifications. This should be changed to recognize the different requirements for the three appraiser categories.

In Section 1.1(a), the reference to the “Financial Institutions Examination Council” should be changed to “Federal Financial Institutions Examination Council.”

Also in Section 1.1(a), the last sentence should be changed to state that the Appraiser Qualifications Board of the Appraisal Foundation, not the ASC, sets the minimum qualifications for licensure.

Again, thank you for providing us with a copy of your proposal. Please contact us with any questions regarding our comments.

Sincerely,

Ben Henson
Executive Director