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Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 22, 2001

Subject: National USPAP Update Course

Dear State Appraiser Regulatory Official:

The Appraisal Subcommittee (“ASC”) is exploring ways to assist States in implementing the Appraiser Qualifications Board’s (“AQB”) revised *Real Property Appraiser Qualifications Criteria* (“Criteria”). Among its October 2000 revisions, the AQB changed the Criteria for continuing education. Specifically, the revised Criteria require appraisers to successfully complete the seven-hour National USPAP Update Course, or its equivalent, at a minimum of every two years. States must adopt and implement the revised Criteria beginning January 1, 2003, and ensure that certified appraisers have met this requirement no later than December 31, 2004, and every two years thereafter.

The purpose of this letter is to open a dialogue with States regarding possible actions that the ASC might take to assist States in tracking this new continuing education requirement.

Background:

In early 2000, the AQB issued a concept paper discussing, among other things, the possibility of establishing a National USPAP Update Course for continuing education purposes. In May 2000, after receiving and considering comments on this paper, the AQB published a proposal for public comment. On October 27, 2000, after reviewing and considering comments on the proposal, the AQB adopted revisions to the Criteria. As noted above, the revised Criteria require appraisers to successfully complete the seven-hour National USPAP Update Course, or its equivalent, at a minimum of every two years beginning January 1, 2003.

Arlen Mills, AQB Chair, discussed the Criteria revisions at the Association of Appraiser Regulatory Officials (“AARO”) October 2000 meeting. During that meeting, representatives from AARO, the AQB, the Appraisal Foundation, and the ASC formed the Improved USPAP Instruction Task Force (“Task Force”). This group included: Sam Blackburn and Ted Boyer (AARO); Dave Bunton and Jim Park (the Appraisal Foundation); Arlen Mills (AQB); and, Ben Henson and Dennis Greene (ASC). The goals of the Task Force were to evaluate the revised Criteria, identify implementation difficulties, identify potential resolutions to the difficulties, and facilitate State compliance with the revised Criteria.

In December 2000, on behalf of the Task Force, AARO President Sam Blackburn sent a survey to each AARO member. The survey asked questions about legislative and regulatory impacts, tracking AQB-certified USPAP instructors, the two-year USPAP continuing education cycle, and USPAP course equivalency. Twenty-three jurisdictions responded to the survey.

On January 22, 2001, the Task Force held its first “official” meeting, with the AARO survey results as a primary focus of this meeting. Three issues regarding the National USPAP Update Course were discussed at length, including: a definition for “every two years”; procedures for tracking appraiser compliance with the two-year provision; and what constitutes “course equivalency.” The Task Force met again on February 8th and concluded that no one solution would meet the needs and/or desires of every State. The Task Force recommended that the AQB

clarify the meaning of “every two years” and “course equivalency,” and that the ASC should explore ways of assisting States in tracking appraisers’ credits for the National USPAP Update Course.

Early in its decision-making process, the AQB determined that appraisers need to take a USPAP update course at least every two years. The related decision was how to structure this two-year period. The AQB had two basic options: allow each State to create its own two-year cycle, or establish a two-year cycle to apply uniformly to all States. After considering several options, the AQB chose to establish a uniform two-year continuing education cycle for the National USPAP Update Course, as noted below.

In March 2001, the AQB issued Policy Bulletin No. 1 regarding the AQB Program to Improve USPAP. The Bulletin was divided into two sections – one for USPAP course providers and instructors, and the other for State appraiser regulatory agencies. Concerning the National USPAP Update Course, Bulletin No. 1 notified States of two important considerations:

- That an advisory committee of State appraiser regulatory officials would provide “equivalency” recommendations to the AQB regarding specific USPAP courses; and
- That “every two years” means consecutive calendar years beginning on January 1, 2003, so that the National USPAP Update Course continuing education cycle will begin January 1, 2003 through December 31, 2004, and will continue every two calendar years afterward.

Also, as part of the Task Force’s efforts to facilitate implementation of the revised Criteria, AARO’s survey asked whether it would be helpful if the States had access to a database containing information regarding appraisers’ completion of the National USPAP Update Course. The majority of responding States replied that such a database would be useful. If such a database were created and maintained, two options were suggested: (1) include the data in the ASC’s National Registry; or (2) the AQB could create a database specifically for this purpose. The ASC believes the former would be the least expensive and disruptive for all parties.

At this time, the ASC is considering whether to modify the National Registry and the ASC Website to add USPAP Update Course completion information to each appraiser’s record. States could choose whether to use the new Registry data and how to use it. A State would be able to access the data by individual appraiser, or download a listing of all appraisers for the State. At selected intervals (*e.g.*, 3 months, 2 months, and 1 month prior to the end of the two-year USPAP CE cycle, and at cycle end), the ASC would email to each State a listing of its appraisers whose National Registry records indicate that they have not taken the course. This would allow States an opportunity to contact appraisers for updated or corrected information, or to issue a warning to appraisers that they need to take the course. States could provide updated and/or corrected data to us for inclusion in the Registry and ASC Web site. Also, the ASC could compare the course instructor against the AQB’s list of Certified USPAP Instructors to ensure that credit was given only for accredited courses.

The primary benefits accruing to the States if the ASC modified its National Registry and Website would be:

- It would provide an easy method for States to determine whether its appraisers have taken the National USPAP Update Course and report to the ASC that the appraisers had completed the course;

- Because the National Registry contains all appraisers eligible to appraise for federally related transactions and is structured to capture and make available appraiser information, there would be no need for anyone to create and maintain a separate database;
- The ASC Website's ability to generate email notifications to States identifying appraisers whose Registry records indicate they have not taken the USPAP course would allow States to initiate follow-up with the appraisers, crosscheck the State's records, or take other action the State deems appropriate; and
- It would be easy to crosscheck Registry data against the AQB's list of Certified USPAP Instructors.
- Alternatively, a State could develop its own tracking system.

The ASC does have some concerns with taking on this responsibility and expanding the use of the National Registry. In particular, the ASC wants to assure the States that the States are the recognized authorities for issuing and rescinding an appraiser's license or certification. Therefore, the ASC seeks comments from the States on the appropriateness of the ASC taking on this responsibility, and on possible obstacles that might arise.

Based on the States' reaction to and interest in this proposal, should the ASC decide to modify its National Registry and Website, ASC staff would work with AARO representatives, interested States, the AQB, and course providers to determine what data would be beneficial, who should provide the data, who would be responsible for it, how to capture it, and how to make it readily available. For example, at this time it is unclear how the ASC would obtain the data. Possible sources include the States, the AQB, or directly from the course providers.

Comments:

You may submit your comments to ASC Executive Director Ben Henson by mail at the ASC office address or by email at ben@asc.gov by no later than October 15, 2001. If you have any questions, please contact Ben Henson.

If you have any questions, please let us know.

Sincerely,

Thomas E. Watson, Jr.
Chairman