

□   □   □   □   □   □

**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

July 25, 2008

Mr. Ken Nuhn, Board member  
Idaho Real Estate Appraiser Board  
1109 Main Street, Suite 220  
Boise ID 83702-5642

Dear Mr. Nuhn:

Thank you for your May 23, 2008 letter to the Appraisal Subcommittee ("ASC"). The following information is provided to assist you with issues concerning transaction value.

The definition of transaction value can be found in the Banking Regulations. Specifically, 12 CFR Part 564.3 (k) states, *Transaction Value* means:

- (1) For loans or other extensions of credit, the amount of the loan or extension of credit;
- (2) For sales, leases, purchases, and investments in or exchanges of real property, the market value of the real property interest involved; and
- (3) For the pooling of loans or interests in real property for resale or purchase, the amount of the loan or market value of the real property calculated with respect to each such loan or interest in real property.

The Real Property Appraiser Qualification Criteria sets forth the scope of practice for licensed and certified appraisers as follows:

The Licensed Residential Real Property Appraiser Classification applies to the appraisal of non-complex one to four residential units having a transaction value less than \$1,000,000 and complex one to four residential units having a transaction value less than \$250,000.

The Certified Residential Real Property Appraiser Classification qualifies the appraiser to appraise one to four residential units without regard to value or complexity.

1. The classification includes the appraisal of vacant or unimproved land that is utilized for one to four family purposes or for which the highest and best use is for one to four family purposes.
2. The classification does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary.

The Certified General Real Property Appraiser Classification qualifies the appraiser to appraise all types of real property.

On July 17<sup>th</sup>, Jenny Tidwell of this office received an email from Maria Brown, Technical Records Specialist for the Idaho Bureau of Occupational Licenses asking that we include in this response a review of the following proposed rule change to the definition of transaction value. The proposed rule change states as follows: "Transaction value means the

resulting value given to a subject property by an appraiser subsequent to an appraisal assignment.” We appreciate receiving the proposed rule change for our comments. Idaho’s scope of practice is based on transaction value. If you restrict your definition of transaction value to appraised value, it will differ from provisions established by the Federal Financial Institutions Regulatory Agencies (“Agencies”) that allow licensed and certified residential appraisers to appraise transactions below certain threshold amounts based on its definition of transaction value. We recommend that you adopt the Agencies’ definition of transaction value to avoid potential confusion for resident appraisers, appraisers practicing in Idaho on a temporary or a reciprocal basis, and users of appraisal services.

Please contact us if you have further questions.

Sincerely,

Vicki Ledbetter  
Acting Executive Director