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Appraisal Subcommittee

Federal Financial Institutions Examination Council

September 15, 2008

Mr. Henry Faircloth, Chairman
North Carolina Appraisal Board
5830 Six Forks Road
Raleigh, NC 27609

Dear Mr. Faircloth:

Thank you for your cooperation and your staff's assistance in the August 11-12, 2008 Appraisal Subcommittee ("ASC") review of North Carolina's real estate appraiser regulatory program ("Program"). As discussed below, the North Carolina Appraisal Board ("Board") needs to address one concern to bring the Program into substantial compliance with Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI").

- **North Carolina's regulations regarding the credential renewal of returning military personnel is inconsistent with the Appraiser Qualifications ("AQB") Criteria.**

North Carolina regulations at §§ 57a.0204 and 57A.0206e, allow returning military service men and women to renew their credential without proof of continuing education. These individuals are then given 180 days to complete the necessary continuing education. AQB Criteria provides for the renewal of the credentials of military personnel, but the continuing education must be demonstrated within 90 days not 180. Assistant Attorney General Roberta Ouellette reviewed the State statute that served as the basis for this provision and found that it too requires the requisite continuing education to be demonstrated within 90 days. It was determined that no appraisers had been reactivated inappropriately.

In order to address this concern the Board needs to:

1. Initiate the process for amending the Regulations as soon as possible to ensure that the State's regulations conform with the AQB Criteria; and
2. Provide us a copy of the Regulations as finally adopted.

Please respond to our findings and recommendations within 60 days following the receipt of this letter. Until the expiration of that period or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

Please contact us if you have further questions.

Sincerely,

Virginia M. Gibbs
Chairman

cc: Philip Humphries, Executive Director