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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

November 6, 2000

Jack Larrison, Chairman  
Arkansas Appraiser Licensing and Certification Board  
2725 Cantrell Road, Suite 202  
Little Rock, AR 72202

Dear Mr. Larrison:

Thank you for your September 26, 2000 letter responding to our June 19<sup>th</sup> field review letter, which we received on October 20, 2000. We appreciate your comments and the actions taken by the Arkansas Appraiser Licensing and Certification Board ("Board"). We also have reviewed the proposed rule changes for continuing education and temporary practice. They appear consistent with Appraiser Qualifications Board ("AQB") criteria, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI"), and relevant Appraisal Subcommittee ("ASC") Policy Statements.

In the third paragraph of your letter, you made a statement requiring our further response. You stated that, "Subsequent to concluding the time consuming process of public rule making, this Board received word in December of 1997 that the Subcommittee's finding was in error and that the AQB had concluded that this Board's previous policy of permitting a continuing education renewal cycle different from the license renewal cycle was acceptable." You were referring to regulatory changes that Arkansas made after receiving our August 20, 1997 field review letter. In that letter, we notified then-chair Michael Pearce that Arkansas' continuing education regulations did not conform to the AQB criteria. Specifically, we addressed the fact that Arkansas' credential renewal cycle and continuing education cycle did not coincide. Arkansas had a one-year renewal cycle and a two-year continuing education cycle. At that time (August 1997), the AQB did not permit continuing education cycles to exceed the time period covered by the renewal cycle.

The AQB addressed two separate continuing education issues in 1997 and 1998. The first continuing education issue involved a State's credential renewal cycle and continuing education cycle. AQB criteria, at that time, effectively required that the continuing education cycle could not exceed the credential renewal cycle. For example, a State with a one-year renewal cycle had to have a one-year continuing education cycle to ensure that renewing appraisers documented the necessary continuing education prior to the State renewing their credentials. Based on information in our files, we determined that ten States had continuing education cycles that exceeded their renewal cycles, Arkansas being one of those States. On July 25, 1997, we issued a letter to those States informing them that they needed to correct this situation. Additionally, we addressed this issue to Arkansas in our August 20, 1997 field review letter.

As a result of the comments made by a number of States, we met at length with the States and the AQB at the November 1997 Association of Appraiser Regulatory Officials' conference to discuss this issue. At its November 6, 1997 meeting, the AQB adopted an interpretation stating that the continuing education cycle need not coincide with the State's renewal cycle. On December 2, 1997, we issued a letter to all States informing them of the AQB interpretation.

Therefore, the ASC's position, stated in its June 25, 1997 letter to the States and its August 20, 1997 letter to Arkansas, was not in error.

The second continuing education issue arose in late 1997 and early 1998, and involved continuing education "carryover." Carryover refers to allowing a credential holder to carry over excess continuing education credit from one renewal cycle to the next. The AQB, at its June 1998 meeting, determined that carryover is inconsistent with its criteria. In a July 29, 1998 letter, we notified all States about the AQB determination and instructed them to take the necessary actions to correct any statutes, regulations, or policies authorizing carryover. This continuing education carryover issue is the issue that we addressed in our June 19, 2000 field review letter.

We appreciate Arkansas' cooperation through the years. Please keep us informed of the progress with the rule changes. Our field review letter, your response, and any other previous correspondence between us regarding the field review are now publicly available on our Web site.

If you have any questions, please contact us.

Sincerely,

Ben Henson  
Executive Director