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Appraisal Subcommittee

Federal Financial Institutions Examination Council

June 20, 2000

Charles Clark, Real Estate Commissioner
Georgia Real Estate Appraisers Board
International Tower – Suite 1000
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

Dear Mr. Clark:

This letter responds to your June 15, 2000 letter responding to the Appraisal Subcommittee's ("ASC") April 27, 2000 field review letter regarding the Georgia appraiser regulatory program. Our letter requested a response within 60 days of our letter, *i.e.*, by June 26, 2000. You did not receive our letter, however, until June 15th, after telephoning and notifying us that you had not received it. Accordingly, the 60-day time frame will run from June 15, 2000. Thank you for notifying us that you had not received our letter and for your prompt response to those items not requiring your Board's consideration. You raised two issues in your letter, one involving continuing education and one involving distance education.

Continuing Education

The continuing education issue involves Georgia's regulations that permit renewing appraisers who have earned between 28 and 42 hours of continuing education during one renewal cycle to apply the remaining hours toward one or two of the following continuing education cycles. You contend that we stated, in our December 2, 1997 letter to State Appraiser Regulatory Officials, that Georgia complies with the Appraiser Qualifications Board ("AQB") criteria and Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI").

It appears that Georgia has confused two separate continuing education issues that were addressed 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. On July 25, 1997, we issued a letter to those States informing them that they needed to correct this situation. On the same date, we issued a letter to the other 46 States and Territories providing general information regarding this subject, but not requesting any action because we believed those States met the AQB criteria. Georgia received this second letter.

By letter dated September 16, 1997, Georgia informed us that, in late 1996, it had amended its rules to assure that appraisers had to take continuing education every three years, thereby creating a three-year continuing education cycle. In our October 3, 1997 letter, we notified Georgia that, based on this information, we were moving Georgia from the States not affected by the continuing education cycle issue to the group of States that did not conform to the AQB

criteria and would require curative action. We offered to meet with the States and the AQB at the upcoming Association of Appraiser Regulatory Officials' ("AARO") conference to discuss this issue. At AARO's November 1997 conference, this issue was discussed at length.

By its November 20, 1997 letter, Georgia notified us that it understood that the AQB was reconsidering its position on the continuing education cycle issue and that Georgia would delay responding to our October 3rd letter until the AQB acted. 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, stating: "Based on our records, we believe all States now comply with the AQB's **new** interpretation. Specifically, conformance with **this interpretation** eliminates the Title XI conflict identified in the following States: Arkansas, Connecticut, **Georgia**, Idaho, Montana, Nebraska, New Mexico, North Dakota, Ohio, Puerto Rico, and the Virgin Islands." [Emphasis added.] Our December 2nd letter did not address any other aspect of the AQB's continuing education criteria.

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 recertification 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.

During the 2000 on-site Georgia review, we discussed the fact that Georgia's carryover provisions did not conform to AQB criteria and Title XI requirements. As mentioned in your June 15, 2000 letter, Georgia staff produced our December 2, 1997 letter contending that we had "approved" Georgia's continuing education regulations. As discussed above, our December 2nd letter only addressed continuing education cycles, not carryover. Therefore, the Board must initiate the necessary action to correct this inconsistency by eliminating continuing education carryover.

Distance Education

The Board's regulations contain a detailed listing of characteristics expected of providers of computer-based or distance education courses seeking Board approval. That rule includes, in part, specifications addressing the teaching methods, course structure, learning objectives, evaluation techniques, and exam content required of approved course offerings. Because Georgia's rules are so detailed, we believe it would be beneficial to incorporate in the rules the AQB criteria noted in our April 27, 2000 letter. This is a recommendation, however, not a requirement. Georgia is required by Title XI to conform to the AQB criteria for certified appraisers, not necessarily to incorporate the criteria into Georgia's rules.

Once again, thank you for your prompt response to our faxed letter. Please contact us if you

have further questions prior to or during your July 20, 2000 Board meeting.

Sincerely,

Ben Henson
Executive Director

Enclosures