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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

September 15, 1999

Candace Ito, Executive Officer  
Professional & Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
PO Box 3469  
Honolulu, HI 96801

Dear Ms. Ito:

Thank you for your September 3, 1999 letter requesting clarification of testing requirements for Hawaii appraisers. For your convenience, we have enclosed a copy of our September 14, 1999 letter to Director Kathryn S. Matayoshi transmitting the results of our August review and detailing the actions Hawaii needs to take.

In your letter, you set forth two situations and asked for our guidance. In the first situation, you stated:

A State Licensed Appraiser's license expires in 12/95 and is forfeited in 12/97. He applies for a CRA license in 3/98 and is approved 4/98. He has been unlicensed from 12/95 to 4/98. Since this person already had his SLA examination on file with the Department, he was allowed to use that examination toward his CRA license.

This appraiser must take the Certified Residential examination that is in effect in March/April 1998, or the Certified Residential examination now in effect. Additionally, because this appraiser applied for the Certified Residential classification after January 1, 1998, he must meet the revised Appraiser Qualifications Board ("AQB") experience and education requirements for the Certified Residential classification.

In the second situation, you stated:

A Transitional State Licensed Appraiser's (TLA) license expires in 12/93. He applies for a CRA license in 3/95 and is approved in 4/95. This person was never a SLA, but took the SLA examination to obtain his TLA license, and was allowed to use that examination toward his license. This person was unlicensed from 12/93 to 4/95.

This appraiser must take the Certified Residential examination that was in effect in March/April 1995, or the Certified Residential examination now in effect.

You questioned how the Appraisal Subcommittee ("ASC") defines "upgrade." To our knowledge, there is no Federal definition of "upgrade." From a practical consideration, the ASC staff considers an upgrade to occur when an appraiser's active credential (*e.g.*, License) is replaced with a credential of higher standing (*e.g.*, Certified Residential). Depending on State law, however, the definition of "upgrade" could be considerably broader. For determining which examination a Certified Residential appraiser should have taken, it does not matter whether the appraiser upgraded. Any appraiser who obtained a Certified Residential credential, whether

initially or by upgrade, must have taken the appropriate examination. Beginning January 1, 1995, the Certified Residential examination was different from the Licensed examination.

You also stated, "...we have a few CRA's who were licensed after 1-1-95, but took the CRA examination prior to 1-1-95. Are these licensed CRA's in compliance with federal requirements?" The answer to this question depends on the specifics of each situation. Following are two examples:

- An individual applies for the Certified Residential credential on 11/15/94, takes the License/Certified Residential examination on 12/20/94, and is awarded his Certified Residential credentials on 1/5/95. In this example, the appraiser took the appropriate examination.
- A different individual applies for the Certified Residential credential on 11/15/94, takes the License/Certified Residential examination on 12/20/94, but does not have enough experience or education hours to qualify for the Certified Residential classification. Hawaii issues this individual the License credential. In April 1995, the appraiser returns and provides documentation of the necessary experience and education hours to qualify as Certified Residential. At this time, the appraiser must take the Certified Residential examination before being awarded the Certified Residential credential because the appraiser qualified for Certified Residential status in 1995, not in 1994.

If you have any other questions, please call.

Sincerely,

Ben Henson  
Executive Director

Enclosure