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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 20, 1999

Kathryn S. Matayoshi, Director
Office of the Director
Department of Commerce and Consumer Affairs
P.O. Box 541
Honolulu, HI 96809 [Not in original: Hawaii]

Dear Ms. Matayoshi:

Thank for your September 27, 1999 letter responding to our September 14th Field Review letter. I am responding to your letter on behalf of Chairman Yolles.

We have reviewed your list of appraisers who have upgraded to or obtained the Certified Residential Appraiser ("CRA") classification since January 1, 1995. You identified several appraisers by an asterisk on your listing. These appraisers passed the CRA examination given by Hawaii before January 1, 1995, but obtained their certified residential designation after January 1, 1995. You questioned whether these appraisers must take the CRA-specific examination that is available at this time. As we understand it, these appraisers had the necessary education to qualify for the CRA classification, but did not have enough experience. Therefore, they opted to take the CRA examination, passed it, and were awarded the Licensed designation. They continued to gain experience until they qualified for the CRA classification. Then, they applied for and were upgraded to CRA. Under these circumstances, we do not believe it appropriate to require these appraisers to take the CRA-specific examination in effect since January 1, 1995. The appraisers not identified by asterisk, however, must take the CRA-specific examination now endorsed by the Appraiser Qualifications Board.

You stated that your Deputy Attorney General advised you that, if an appraiser were downgraded, the appraiser would have the right to request an administrative hearing to contest the action. The Deputy Attorney General further stated that, if the hearings officer ruled in favor of the appraiser, the appraiser's CRA status would be upheld. If an appraiser should be downgraded and request a hearing, we would appreciate being notified so that we may consider our options in connection with the ensuing proceedings. It is likely that, even if the hearings officer were to rule in favor of the appraiser, federal law and regulations would prohibit most regulated financial institutions and many other users of appraisal services from using that appraiser to appraise for federally related transactions.

Finally, we are pleased that your statute will be amended as needed and greatly appreciate your cooperation. If you have any other questions, please call.

Sincerely,

Ben Henson
Executive Director