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Rodger L. Firzwater
Executive Director

November 5, 2004

Appraisal Subcommittee
Ben Henson, Executive Director
2000 K Street, NW
Suite 310
Washington, DC 20006

**RE: State of Missouri Field Review - October 2004
Compliance with AQB Examination Criteria**

Dear Mr. Henson:

On October 5, 2004, Victoria Ledbetter, Appraisal Policy Manager for the Appraisal Subcommittee ("ASC"), orally reported to the Missouri Real Estate Appraisers Commission ("MREAC") the results of a field review of the MREAC and the State of Missouri. At that time, Ms. Ledbetter reported that §339.515.3 of the Revised Statutes of Missouri ("RSMo") was in conflict with 'federal law'. Section 339.515.3, RSMo, requires that applicants for certification be certified within three (3) years of passing the examination. Ms. Ledbetter explained that an Interpretation of the AQB Examination Criteria requires that an applicant for certification must complete the certification requirements within two (2) years of successful completion of an examination.

After asserting that the MREAC was notified of this discrepancy from *the* ASC's last field review in 2001, Ms. Ledbetter stated that the consequence would be that the MREAC would be required to "downgrade" certifications to licenses for anyone certified after July 2000 and more than two (2) years after successful completion of an examination. According to Ms. Ledbetter, a certified appraiser could avoid being downgraded only if he or she retook and passed the



appropriate examination. The MREAC was further informed verbally that a written report of the field review findings and recommendations would be issued by the ASC shortly after its November meetings.

Based on the seriousness of Ms. Ledbetter's comments, the MREAC has anxiously been evaluating methods for assisting Missouri certified appraisers to promptly comply with the request that is expected to be issued from the ASC. Nevertheless, we have learned that the interpretation cited by Ms. Ledbetter does not become effective as an AQB Criteria until January 1, 2008, and that it appears that the State of Missouri is in full compliance with the expressed and implied terms of the current AQB Examination Criteria. Therefore, we request that when the ASC prepares to issue its written notification of its findings that it either not find the State of Missouri's examination statute to be contrary to the AQB Criteria or provide a detailed explanation of the legal basis upon which an AQB interpretation becomes binding upon the States prior to the effective date of such an interpretation becoming a criteria.

The AQB Examination Criteria for the Certified Residential Real Property Appraiser classification currently in effect state:

- A. Applicants must meet the following examination, education and experience requirements. Subsequent to certification, individuals must meet the continuing education requirement.
 1. Examination
 - a. Successful completion of the Appraiser Qualifications Board endorsed Uniform State Certified Residential Real Property Appraiser Examination or its equivalent.
 - b. Refer to the National Uniform Examination Content Outline for the Certified Residential Real Property Appraiser Classification.

The Examination Criteria for the Certified General Real Property Appraiser classification currently in effect is identical except in that the work "Residential" is replaced in each spot with "General". Neither criteria makes any mention whatsoever regarding time limits within which an examination must be taken or within which experience credits must be earned after successful completion of an examination.

The only reference to such time limitations, are in the Interpretations to the AQB Criteria. After discussing the difference between a Criteria and an Interpretation with an official of the AQB, we were informed that criteria must first be publicly exposed before adoption, while interpretations do not need to be so exposed.

When asked why the interpretation was not promulgated as a criteria, we were informed that it has been and would become effective as a criteria on January 1, 2008. This is confirmed in the Appendix of the most recent publication of a Real Property Appraiser Qualification Criteria.

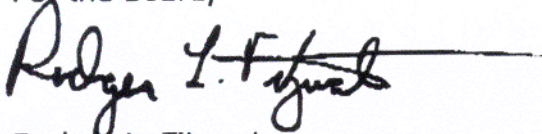
Federal law, under §1116(a) of Title XI, requires only that a State's "criteria for certification as a real estate appraiser currently [meet] the minimum criteria for certification" issued by the AQB. Although certain interpretations may constitute a reasonable explanation of what the criteria means, the current interpretation at issue has no reasonable connection to the current criteria. It adds requirements, instead of explaining terms of the current criteria. The current criteria make no express or implied references to time limits upon the validity of examinations.

Our position that the examination interpretation is not current criteria is further supported by the fact that the AQB has taken steps to approve the interpretation as a criteria and postponed its effective date until January 1, 2008. The MREAC believes that it can successfully obtain the necessary revisions to its laws before January 1, 2008. For these reasons, the MREAC does not know the basis upon which decertification of Missouri certified appraisers is being considered.

Therefore, we respectfully request that your written evaluation determine that the State of Missouri is in compliance with the current AQB Examination Criteria, but that changes would need to be made before January 1, 2008, for the State of Missouri to remain in compliance when the new AQB Criteria becomes effective. In the alternative, please explain in detail the legal basis upon which the ASC is allowed to mandate the State of Missouri to comply with an interpretation that is not embodied in the current AQB criteria.

Thank you for your attention to this matter. Please advise if you need anything further or have any questions.

For the Board,



Rodger L. Fitzwater
Executive Director

CC: Marilyn Taylor Williams, Division Director, Professional Registration