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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 24, 2000

E. Ossie Smith, Chairman
North Carolina Appraisal Board
P.O. Box 20500
Raleigh, NC 27619-0500

Dear Mr. Smith:

Thank you for your cooperation and your staff's assistance in the June 19-21, 2000 Appraisal Subcommittee ("ASC") review of the North Carolina Appraisal Board ("Board") and appraiser regulatory program ("Program"). We are pleased to inform you that, based on our review, your Program functions effectively and generally in a manner consistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended. We were particularly impressed with the timeliness and effectiveness of your complaint investigation and resolution process. The following issue needs your attention.

- **The Board's Rules and Regulations regarding continuing education contain provisions that are inconsistent with Appraisal Qualifications Board ("AQB") criteria.**

The Board's regulations permit up to fourteen hours of continuing education to be carried over to the licensing cycle following the one in which the education is earned. In early 1998, the AQB issued an interpretation stating that continuing education carryover is not permitted. For more information, please refer to our attached July 1998 letter to all States. The Board must amend Chapter 57A, Section .0204 (c) of its Rules and Regulations to comply with AQB criteria for certified appraisers.

The Board's regulations also authorize extensions of time for obtaining continuing education due to incapacitating illness, military assignment outside the 50 States, or similar conditions. AQB criteria do not authorize waivers or time extensions. The Board may wish to contact the AQB and request an interpretation authorizing extensions under these circumstances. If the Board chooses not to request an interpretation or if the AQB fails to issue the requested relief, the Board will need to amend its regulations to conform to the AQB criteria.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that period or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

If you have any questions, please contact us.

Sincerely,

Thomas E. Watson, Jr.
Chairman

Enclosure