

Appraisal Subcommittee

Federal Financial Institutions Examination Council

November 18, 1996

Ms. Roberta J. Boscutti, President
Nevada Commission of Appraisers
Real Estate Division
1665 Hot Springs Road
Carson City, Nevada 89710

Dear Ms. Boscutti:

Thank you for your cooperation in the June 11-13, 1996 Appraisal Subcommittee ("ASC") review of the Nevada appraiser regulatory program ("Program"). Although the Nevada Commission of Appraisers ("Commission") has made some recommended changes since the ASC's June 22-24, 1994 field review, we have the following recommendations for improvement in your program.

- **The Appraisal Program Officer should not receive assistance in investigating complaints from Commission members.**

It is our understanding that some Commission members may provide advice *to* the Appraisal Program Officer on a complain' and may also take part in the decision of the Commission if the complaint goes to hearing. The ASC recommends that the Commission adopt a program to select publicly identified volunteers from the appraisal community for technical assistance in complaints rather than informal utilization of Commission members. We also recommend that notice of this program, if adopted, be published.

- **The Commission's scope of practice limitations are stricter than the appraisal regulations of the Federal financial institutions regulatory agencies ("Agencies").**

The Commission's scope of practice limitations are stricter than those allowed in the appraisal regulations of the Agencies. Specifically, the State regulations do not permit licensed or certified residential appraisers to appraise non-residential properties, and licensed appraisers are not allowed to appraise complex properties. (The Agencies use the term "complex" only in relation to residential 1-4 family real estate.) In addition, the AQB in its qualifications criteria states that the Agencies permit certified or licensed appraisers to appraise properties other than those identified by the AQB and that appraisers should refer to the Agencies' regulations to determine the type of property that may be appraised by certified or licensed appraisers. Therefore, the ASC recommends that the State defer to the Agencies' regulations.

- **The Commission's regulations provide that "total value" of the property is the amount to be considered in determining whether a certified or licensed appraiser may be used.**

The Agencies' appraisal regulations state that "transaction value", i.e. the amount to be borrowed, is the amount to be considered in determining the classification of appraiser that may be used by regulated financial institutions. Nevada regulations still utilize "total value" of the property in determining the scope of practice for each appraiser classification. The ASC believes that the State's use of the term "total value," rather than "transaction value," causes confusion for lenders required to comply with the Agencies' regulations. Therefore, we recommend that the State consider adopting the "transaction value" approach to avoid such confusion.

- **Nevada's high experience requirements and scope of practice limitations create a barrier to reciprocity.**

The experience requirements for all Nevada classifications of appraisers are considerably higher than those promulgated by the AQB and all other States. The ASC is concerned that the high experience requirements and the strict scope of practice limitations referenced above create a barrier to reciprocity. Nevada's appraiser regulation statute requires that other States' experience and education requirements must be substantially similar to Nevada's requirements in order to enter into a reciprocal agreement. It is also our understanding that Nevada does not have reciprocity with any other State and, in fact, has denied other States' requests to enter into reciprocity agreements. Therefore, consistent with section 1 122(b) of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, 12 U.S.C. 3351(b), the ARC recommends that appraisers seeking reciprocity with Nevada should be accepted based on meeting their home State requirements.

We request that the Board respond to each of the recommendations within the next 60 days. If you have any questions, please do not hesitate to contact us.

Sincerely,

Diana L. Garmus
Chairperson

cc: Brenda Kindred
Appraisal Program Manager

