

# Appraisal Subcommittee

*Federal Financial Institution Examination Council*

October 11, 1996

Mr. David King, Chairman  
State Board of Certified Real Estate Appraisers  
Bureau of Professional and Occupational Affairs  
116 Pine Street  
Harrisburg, PA 17101-1208

Dear Mr. King:

Thank you for your cooperation in the August 7-8, 1996 Appraisal Subcommittee ("ASC") review of the Pennsylvania appraiser regulatory program. As a result of our review we are aware of the significant changes that will occur with the passage of Senate Bill 564 ("Bill"). The ASC acknowledges the Board's persistent efforts to resolve a long-standing concern of the ASC's regarding the Pennsylvania appraiser regulatory scheme as pledged in your 1993 response to our initial field review. In addition, the recommendations stated below are brought to your attention for your consideration.

- **The new broker/appraiser classification is by law a "State certification."**

We recognize that the new legislation specifically states that certified broker/appraisers are, "not authorized to perform real estate appraisals pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989." However, since the Bill still identifies these individuals as "certified," we believe that federally regulated institutions may mistakenly employ these individuals as "certified appraisers" in the performance of appraisals for federally related transactions. We therefore request that the broker/appraiser certificates and pocket cards contain a permanent, conspicuous disclaimer stating that persons so designated are not authorized to perform appraisals in federally related transactions. Moreover, we request that the Board seek a more permanent solution by introducing legislation that would disassociate the term "certified" from the broker/appraiser classification.

- **The newly enacted legislation significantly changes how and by whom appraisals may be performed ID the State.**

Because the Bill adds a broker/appraiser certification, expands the scope of practice for certified appraisers and will eventually eliminate appraising from the permitted functions of a licensed broker, we believe all affected persons should be officially notified by the State of such changes. At a minimum, we suggest that the State send a notice to all lending institutions. In addition, all certified appraisers who do not hold a broker's license should be notified of their right to appraise.

- **Our review revealed that some applicants have been awarded hourly credit toward the fulfillment of the education requirement for two or sometimes more courses that appear to be similar or identical in content.**

Although not explicitly stated in the Appraiser Qualifications Criteria, the education requirement for certification was intended to represent a progression in which the appraiser's knowledge of appraising and the appraisal process is heightened with each course taken. We encourage the Board staff to carefully review the courses taken by applicants to ensure that they are not significantly duplicative in nature or content. Board members may wish to consider categorizing pre-certification courses on the approved course listing based on content to aid the staff in this regard.

- **The absence of a State licensed appraiser classification is a barrier to reciprocity.**

By statute, licensed appraisers from other jurisdictions may be temporarily recognized in Pennsylvania to appraise property in the State. Yet, these licensed appraisers are required to demonstrate that they have the requisite hours of education and experience and that they have been appropriately examined at the certified level before they may receive permanent recognition in the State. This is inconsistent with the spirit and intent of section 1122(b) of Title X1 as amended because it prevents licensed appraisers from obtaining reciprocal recognition in Pennsylvania. Consequently, in our continuing efforts to facilitate reciprocity among the States, we encourage Pennsylvania to establish a State licensed classification.

Please respond to our findings and recommendations within the next 60 days. If you have any questions, please do not hesitate to contact us.

Sincerely,

Diana L. Garmus  
Chairperson

cc: Shirley Klinger, Board  
Administrator