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Appraisal Subcommittee

Federal Financial Institutions Examination Council

April 4, 2001

Garry Reilly, Chairperson
Rhode Island Real Estate Appraisers Board
233 Richmond Street, Suite 230
Providence, Rhode Island 02903-4230

Dear Mr. Reilly:

Thank you for your cooperation and your staff's assistance in the February 5-7, 2001 Appraisal Subcommittee ("ASC") review of Rhode Island's appraiser regulatory program ("Program").

In most respects, Rhode Island's Program complies with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). The enforcement process is well organized and thorough. Education approvals meet Appraiser Qualifications Board ("AQB") standards. All applications are processed timely. However, Rhode Island needs to revise its temporary practice regulations to fully comply with Title XI. The Board also needs to refrain from granting credential extensions when certified appraisers do not meet AQB criteria.

- **Temporary Practice**

Rhode Island issues temporary practice permits within five days of receiving an application accompanied by a Letter of Good Standing from the State issuing the original appraiser credential. Temporary practice permits cost \$50 and are issued for 90 days. Three 30-day renewals are allowed, each renewal costing an additional \$50. As defined by ASC Policy Statement 5, these practices are burdensome because permits are not issued for 6 months and the total fees for six months would exceed \$150. The Board needs to revise its temporary practice regulations to be consistent with Title XI and ASC Policy Statement 5. Please send us a copy of your proposed regulatory changes for our review at your earliest convenience.

- **Continuing Education**

Rhode Island's statute allows the Board to grant up to a six-month extension of an appraiser credential for any reason. The Board usually has applied this provision when an appraiser failed to meet continuing education requirements within required timeframes. When the Board grants such an extension, the appraiser's credential (*i.e.*, license or certificate) remains valid for the extension period. Therefore, the appraiser remains eligible to perform appraisals in connection with federally related transactions. Title XI requires certified appraisers to meet the AQB's minimum criteria, including continuing education. The AQB does not provide a continuing education extension period. Therefore, these extensions violate Title XI. The Board must not grant extensions to certified appraisers who fail to meet the AQB's continuing education criteria, or for any other purpose that would conflict with Title XI's requirements (including AQB criteria and ASC Policy Statements).

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time 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

cc: Valerie Voccio, Program Administrator