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Appraisal Subcommittee
Federal Financial Institutions Examination Council

November 8, 2007

Mr. Michael Lara, Chair
Iowa Appraiser Examining Board
Department of Commerce
Professional Licensing Division
1920 S.E. Hulsizer Road
Ankeny, IA 50021-3941

Dear Mr. Lara:

Thank you for the Iowa Appraiser Examining Board's ("Board") cooperation and assistance in the September 24-25, 2007 Appraisal Subcommittee ("ASC") review of Iowa's real estate appraiser regulatory program ("Program").

As discussed below, Iowa needs to address two deficiencies to bring the Program into substantial compliance with Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI").

- **Iowa regulations regarding continuing education did not conform to AQB criteria.**

In May 2006, the AQB adopted the following Interpretations to its criteria:

1. Waivers of continuing education requirements may not be granted to credentialed appraisers who have failed to meet those requirements for credential renewal;
2. Deferrals may not be granted to credentialed appraisers, except in the case of individuals returning from active military duty. State appraiser regulatory agencies may allow credentialed appraisers returning from active military duty to be placed in active status for a period of up to 90 days pending completion of all continuing education requirements; and
3. Appraisers credentialed for a period of less than 185 days are not required to complete any hours of continuing education for that continuing education cycle. Appraisers credentialed for over 185 days must complete 14 continuing education hours. The AQB made this Interpretation effective January 1, 2007.

Iowa's regulations failed to conform to these Interpretations because:

1. The Board may grant waivers, modifications or extensions of time to credentialed appraisers to fulfill their continuing education requirements because of undue hardship;

2. The Board may place in active status appraisers returning from active military duty for a period of up to 180 days pending completion of all continuing education requirements; and
3. Appraisers credentialed for a period of less than one year are not required to complete 14 hours of continuing education for that continuing education cycle.

While on-site, ASC staff discussed these deficiencies with the Board. The Board agreed that the State's practices and regulations need to be revised to conform to AQB criteria. The Board voted at the meeting to amend all non-conforming regulations. The executive officer was directed to file the "Notice of Intended Action" immediately.

To remedy this situation, the Board needs to:

1. Initiate the rulemaking process as soon as possible to ensure that the State's regulations conform with the AQB Interpretations noted above;
 2. Provide ASC staff with a copy of the draft amendments for our review;
 3. Keep ASC staff advised about the status of the amendments as they go through the rulemaking process; and
 4. Provide ASC staff, within seven days from the date of their adoption, a copy of the regulations as finally adopted.
- **Iowa failed to maintain adequate documentation to support the decision-making process for experience approvals and disapprovals.**

While on-site, ASC staff reviewed application files for all newly certified appraisers since our previous field review. While the files contained sufficient documentation to confirm that the Board had performed work product reviews, the files did not contain copies of the appraisal reports that were reviewed by the Board.

The Board needs to ensure that copies of all experience-related documentation are maintained in accordance with State record retention requirements, and, at a minimum, until the next full ASC field review.

Unless otherwise noted above, please respond to our findings and recommendations within 60 days following the receipt 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.

Please contact us if you have further questions.

Sincerely,

Virginia M. Gibbs
Chairman

cc: Sylvia King, Executive Officer