

□   □   □   □   □   □

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**BY FAX and EMAIL**

November 28, 2007

Jim Martin, Executive Director  
Arkansas Appraiser Licensing & Certification Board  
101 East Capitol  
Suite 430  
Little Rock, AR 72201

Dear Mr. Martin:

This letter responds to your November 16, 2007 letter and our telephone conference call yesterday. Jenny Tidwell, ASC Policy Manager, and I participated in that telephone call, as well as you and two attorneys, Warren Readnour and Erika Gee.

In your letter and during our conversation, you summarized the status of the 30 appraisers who were granted certified appraiser credentials since the inception of your real estate appraiser regulatory program ("Program") based on mass appraisal experience. You have determined that 22 of those 30 appraisers provided sufficient Appraiser Qualification Board ("AQB")-qualifying experience for the credential held. Three of the 30 appraisers have agreed to have their credentials over stamped with the phrase, "not eligible for federally related transactions," and these appraisers' records on the National Registry have been changed from "Active" to "Inactive." Five of the 30 appraisers have failed to respond to the Arkansas Appraiser Licensing and Certification Board requests for further experience documentation. In your November 16<sup>th</sup> letter, you stated that "[t]he State Attorney General's Office has determined that there is no basis under state law to pursue any licensure action against these individuals because the credentials in question were issued in compliance with the state statutes and Board rules in effect at the time the credentials were issued." During yesterday's telephone conversation, you indicated that the Board, and not the State Attorney General's Office, was the moving force behind the decision not to take further action regarding the remaining five appraisers.

As we discussed during our conference call yesterday, while these credentials might be compliant with State law, they do not comply with Federal law, *i.e.*, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). Please refer to our earlier correspondence for a detailed discussion of this point. As of today, we have changed the National Registry's AQB compliant field in the five remaining appraisers' National Registry records to "UNK" from "Yes." As a result, the National Registry now will indicate that these appraisers' certifications are "Inactive." They will remain in this status unless and until the Board chooses to take appropriate action to remedy the current situation.

We also discussed that, should the Board continue to willfully and knowingly violate Federal law and refuse to remedy this situation promptly by taking appropriate action (as outlined in our July 19, 2006 field review letter) regarding these five certified appraisers, ASC staff will have no option but to recommend that the ASC initiate a non-recognition proceeding against the State under § 1118 of Title XI, 12 U.S.C. 3347, and ASC rules thereunder, 12 C.F.R. part 1102 subpart B.

Finally, you noted that you will be meeting with the Board on December 6, 2007. We anticipate that you will learn and inform us about the Board's decision regarding this matter before that date. Should the Board decide not to change its current position, we would like to speak with the Board at that time, via conference call, regarding its decision and the potential serious ramifications of that decision on the citizens of Arkansas and its economy. We request that appropriate representatives from Governor's office, the State banking and real estate regulatory authorities, and other interested parties, in your discretion, attend that teleconference.

Please contact us if you have any questions.

Sincerely,

Marc L. Weinberg  
Acting Executive Director  
and General Counsel