

Appraisal Subcommittee
Federal Financial Institutions Examination Council

May 27, 1997

Stephen G. Williams, Chairman
Appraiser Qualifications Board
The Appraisal Foundation
1029 Vermont Avenue, NW, Suite 900
Washington, DC 20005-3517

Dear Steve:

The Appraisal Subcommittee ("ASC") requests the Appraiser Qualifications Board's ("AQB") assistance regarding its continuing education standards for State certified or licensed appraisers. The pertinent AQB continuing education standard reads:

The equivalent of ten classroom hours of instruction in courses or seminars for *each year during the period preceding the renewal is required*. (For example, a two-year licensure term would require twenty hours.) [Emphasis added.]

The purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his/her skill, knowledge and competency in real estate appraising.

Continuing education hours may be obtained anytime *during the term*. [Emphasis added.]

To comply with this standard, most States have concurrent credential renewal and continuing education periods, which range from one to four years. Thus, if a State has a two-year credential cycle, an appraiser must document two years' worth of continuing education to renew his or her credential. This allows the State to ensure that the appraiser is meeting the AQB standards prior to renewing the credential, therefore, in the case of certification, complying with both the AQB minimum requirement and Title X1.

Ten States, however, have extended the continuing education qualification cycle beyond the credential renewal cycle. For example, a State may renew an appraiser's credential annually, yet the appraiser is allowed three years to obtain his or her continuing education. The result of this policy is that the State will renew credentials for one or more years without requiring compliance with the AQB's minimum standards for continuing education. Those standards clearly indicate that the minimum amount of continuing education must be obtained for each year during the period **preceding** the renewal. The States with these provisions are:

| <u>State</u> | <u>Renewal Cycle</u> | <u>Continuing Education Cycle</u> | <u>Hours Required</u> |
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|----------------|-----------------------------|---------------|----------|
| Arkansas | annually, 6/30 | every 2 years | 20 hours |
| Connecticut | annually, 4/30 | every 2 years | 20 hours |
| Idaho | annually, 6/30 | every 3 years | 45 hours |
| Montana | annually, 3/31 | every 3 years | 45 hours |
| Nebraska | annually, 12/31 | every 2 years | 20 hours |
| New Mexico | annually, based on birthday | every 3 years | 30 hours |
| North Dakota | annually, 12/31 | every 3 years | 30 hours |
| Ohio | annually, date of issuance | every 2 years | 20 hours |
| Puerto Rico | annually | every 4 years | 40 hours |
| Virgin Islands | annually, 12/31 | every 3 years | 30 hours |

We contacted several of these States. Each State representative stated that the continuing education structure was established because of the lack of availability of qualifying appraisal courses in the State. Several mentioned that they also were encouraging quality, not quantity, by enabling an appraiser to get full credit for one really good 30-hour course, instead of feeling the need to go to a series of two- or four-hour seminars that may or may not be truly beneficial. One State also noted that many appraisers are salespersons, brokers, or belong to other professional organizations and the additional time allows them to chose courses that may be applied toward the continuing education requirements of more than one profession. While these reasons are understandable, they do not change the fact that these States are renewing credentials without requiring compliance with the AQB's minimum standards and, for certified appraisers, violating Title XI.

Before addressing this issue to the States, we would like to have a written opinion from the AQB. Please advise us at your earliest convenience about whether these State practices are consistent with the AQB's continuing education standard. If you determine that these practices are consistent, we would appreciate your rationale. If you determine that these practices are not consistent with your standard, we will be notifying States of this inconsistency and their need to modify their policies and/or practices to become consistent with your standards and to meet Title XI requirements. We, likely, will use your written correspondence to us as an attachment to our notification to the States. Your prompt response regarding this issue would be appreciated.

Sincerely,

Ben Henson
Executive Director