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Appraisal Subcommittee
Federal Financial Institutions Examination Council

ANNUAL REPORT 1992

Letter of Transmittal

January 31, 1993

The Appraisal Subcommittee of the
Federal Financial Institutions Examination Council
Washington, D.C. 20037

The President of the Senate
The Speaker of the House of Representatives

Pursuant to Section 1103 of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3310), I am pleased to submit the 1992 Annual Report of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

Sincerely,



Fred D. Finke
Chairman

Table of Contents

i.	Letter of Transmittal
v.	Message from the Chairman
1.	The Appraisal Subcommittee - An Introduction
3.	Activities of the ASC
5.	Administration of the ASC
7.	ASC Financial Statements
9.	Field Reviews of State Appraiser Regulatory Agencies
11.	Activities of the Federal Financial Institutions Regulatory Agencies
13.	Activities of the Appraisal Foundation
15.	Appendix A. Relevant Statutes
21	Appendix B: Data

Message from the Chairman

1992 was a year of continuing progress towards implementing the national scheme of appraisal regulation envisioned by Title XI of FIRREA. Actions taken by the Appraisal Subcommittee ("ASC") of the Federal Financial Institution Examination Council ("FFIEC"), the States, the Appraisal Foundation ("Foundation") and its Appraiser Qualifications Board ("AQB") and Appraisal Standards Board ("ASB"), and the Federal financial institutions regulatory agencies ("Agencies") all have contributed to this progress.

More than 66,000 real estate appraisers have been either licensed or certified by the States. The AQB has established minimum standards for certified appraisers and has endorsed examinations to be used by the States in the testing of applicants for licensing and certification and, at year end, the ASB published the 1993 edition of its Uniform Standards of Professional Appraisal Practice ("USPAP").

The ASC proposed and adopted rules concerning: the handling of requests from the States, depository institutions and other interested persons for temporary waiver relief in the event of appraiser shortages; the governing of ASC proceedings to disapprove a State's appraiser regulatory program; the Privacy Act of 1974; and the Freedom of Information Act. The ASC continued to monitor and review the activities of the Foundation and fund the portions of its expenses that relate to the activities of the ASB, the AQB and the membership activities of its Board of Trustees.

ASC staff visited nineteen States during 1992 to conduct field reviews of their appraiser regulatory programs. In general, the ASC found States to be in compliance with the intent of Title XI. Indeed, the activities of the State appraiser regulatory agencies ("State agencies") have appeared fair, thoughtful and dedicated to Title XI's successful implementation.

On December 30, 1992, the ASC issued, with the FFIEC's concurrence, an interim temporary waiver order respecting the Commonwealth of the Northern Mariana Islands ("CNMI"). No other requests for waivers were received. The ASC believes that a serious nationwide shortage of real estate appraisers is unlikely. Localized shortages, however, particularly in non-urban areas, may develop which the ASC believes can be dealt with through the temporary waiver process.

During 1992, the ASC continued to work closely with the five Agencies as part of its ongoing responsibility to monitor the Agencies' compliance with the requirements of Title XI. Several of the Agencies acted to establish a uniform threshold level of \$100,000 above which an appraisal is required. The Agencies also acted to clarify the definition of real property. In October 1992, the Agencies published new *Guidelines for Real Estate Appraisal and Evaluation Programs*, which cover the responsibilities of the regulated lenders for appraising and evaluating real estate. The ASC has no evidence that would contradict the Agencies' determination concerning the \$100,000 threshold. The ASC understands, however, that government agencies, as well as many private mortgage insurers, will require appraisals performed by licensed or certified appraisers for all purchased, guaranteed or insured mortgages. This leads us to believe that appraisals for mortgages on lower priced homes (affordable to many low and moderate income homebuyers) probably will be performed by licensed or certified appraisers.

The ASC's expenses for the year ending September 30, 1992, were \$1,392,000. This amount includes \$453,000 in grants to the Foundation. The ASC operated during the year on funds advanced from its Treasury account. ASC Treasury advances from inception through September 30, 1992, totalled \$2,741,351.

In 1992, the ASC received submissions from 37 States, plus Guam and Puerto Rico, for the national registry of licensed and certified appraisers ("registry"). We fully expect all States to submit data by early 1993. At year end, the registry contained the names of approximately 35,000 appraisers. Registry fees received through September 30, 1992, totalled \$964,925.

In the latter part of 1992, the ASC focused its attention on the issues of temporary practice and reciprocity.

temporary practice is required by Title XI and should be a simple, non-burdensome process. The ASC worked actively to ensure that all States provide out-of-State certified or licensed appraisers a simple, quick, straightforward process for obtaining temporary practice registration. While reciprocity is not required by Title XI, the ASC encouraged the States to work out broad and acceptable reciprocity arrangements.

During 1993, the ASC plans to continue its first round of field reviews of State appraiser regulatory programs and intends to make follow-up visits when appropriate.

Significant progress has been made in the implementation of Title XI since its passage, and the ASC expects that progress too to continue.

The Appraisal Subcommittee - An Introduction

The ASC was created on August 9, 1989, pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1999 (“FIRREA”). The purpose of Title XI is to provide that Federal financial and public policy interests in real estate transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.” In general, the ASC oversees the real estate appraisal process as it relates to federally related transactions, as defined in Section 1121(4) of Title XI. The ASC is a subcommittee under the FFIEC. The FFIEC was established pursuant to Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 so create an interagency body empowered to prescribe uniform principles for the Federal examination of financial institutions.

The ASC is comprised of six members, each being designated respectively by the heads of the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration and the Department of Housing and Urban Development (“HUD”). Section 1103 of Title XI sets out the ASC’s general responsibilities. The Section instructs the ASC to perform the following functions:

- Monitor the requirements established by the States, territories and the District of Columbia (“States”) for the certification and licensing of appraisers. The ASC reviews each State’s compliance with the requirements of Title XI and is authorized by Title XI to take action against non-complying States;
- Monitor the requirements established by the Agencies and the Resolution Trust Corporation (“RTC”) regarding appraisal standards for federally related transactions and determinations of which federally related transactions will require the services of State licensed or State certified appraisers;
- Maintain a national registry of State licensed and certified appraisers who may perform appraisals in federally related transactions;
- Monitor and review the practices, procedures, activities and organizational structure of the Foundation; and
- Transmit an annual report to Congress regarding the activities of the A SC during the preceding year.

Activities of the ASC

The ASC's activities are presented in chronological order for 1992. Early in the year, the ASC refined and approved the State review report format and procedure developed during pilot field reviews of State agencies conducted in the final months of 1991. These reviews are oriented toward understanding the State agency's organization including: the process for accepting education and experience, the administration of its education requirements, testing requirements and procedures, the availability of temporary practice and reciprocity in the State and the system in place for enforcement of appraiser legislation and regulation.

Also during January, the ASC reviewed, discussed and submitted written comments to the ASB on a Draft Advisory Opinion on the assistance which an individual who is not a licensed or certified appraiser may provide to an appraiser who is licensed or certified. The ASC also considered a Draft Statement concerning marketing and exposure times.

The ASC submitted its 1991 Annual Report to Congress on January 31, 1992.

In February, the ASC authorized the Foundation to use the unspent balance of \$267,053 from its 1991 grant for first quarter 1992 Foundation activities approved by the ASC. The ASC discussed HUD's audit of the Foundation's grant accounting and internal control system. Following this meeting, the ASC encouraged the Foundation to establish a more rigorous system of internal controls and to engage an accounting firm with more experience in Federal grant accounting. In April, the ASC approved a new grant in an amount not to exceed \$611,038 for the activities of the Foundation for the balance of 1992 and conditioned actual draws on the Foundation improving its internal controls and completing a HUD close-out audit of the 1991 grant. These activities were immediately undertaken, and the authorization was given in May to the Foundation to begin making charges against the 1992 grant. Total grant outlays for the year ending September 30, 1992, were \$453,000.

The ASC proposed new "Rules of Practice for Proceedings" on March, 18, 1992. *See* 57 FR 10 143 (March 24, 1992). Final rules were adopted on July 9, 1992. *See* 57 FR 31645 (July 17, 1992). These rules will be codified at 12 CFR part 1102, subpart B. They are designed to govern proceedings under Section 1118 of Title XI for the nonrecognition of State real estate appraiser licensing and certification designations and systems and under Section 1119(c) of Title XI respecting other ASC proceedings to take further action to carry out the purposes of Title XI. These rules contain the ASC's procedural requirements for appearing and practicing before the ASC, for filing and formatting documents, for effecting service of process, for computing time and for initiating, hearing and deciding matters.

The ASC proposed new "Rules Pertaining to the Privacy of Individuals and Systems of Records Maintained by the Appraisal Subcommittee" on March 22, 1992. *See* 57 FR 11017 (April 1, 1992). Final rules were adopted on August 7, 1992. *See* 57 FR 36356 (August 13, 1992). The rules will be codified at 12 CFR part 1102, subpart C. These rules are designed to establish procedures that bring the ASC into full compliance with the Privacy Act of 1974.

The ASC adopted final "Rules of Practice for Temporary Waiver Proceedings" on March 26, 1992. *See* 57 FR 10979 (April 1, 1992). The rules will be codified at 12 CFR part 1102, subpart A. The rules set out the ASC's procedures relating to proceedings to grant and terminate temporary waivers under Section 1119(b) of Title XI. This Section enables the ASC, with the FFIEC's approval, to waive on a temporary basis any State certification or licensing requirement on a written finding that: (1) there is a scarcity of certified or licensed appraisers to perform appraisals in connection with federally related transactions and; (2) the scarcity is leading to significant delays in the performance of those appraisals. Under this rule, the ASC can receive information about possible scarcities and delays and requests for relief from the public, industry trade associations and regulated financial institutions. Further, the ASC can grant relief on an interim basis in the event that an emergency exists.

In accordance with the Privacy Act of 1974, the ASC, on April 1, 1992, published a notice in the *Federal*

Register establishing a new system of records entitled, “national registry of State certified and licensed appraisers” maintained by the ASC pursuant to Title X. The effective date of the system of records was May 13, 1992

During April 1992, the ASC and the Department of Treasury agreed to amend their Financing Agreement of April 6, 1990. The original agreement mandated that the ASC repay to the Treasury funds advanced from its \$5 million start-up appropriation, with interest, in accordance with a repayment schedule. The amendment terminated the provisions of the agreement pertaining to interest payments, waived interest accrued under the terms of the original agreement and delayed initiation of payback provisions until the ASC is able to cover its operating expenses out of registry fees.

During June 1992, the ASC placed releasable portions of the registry in the public domain through the National Technical Information Service (“NTIS”). NTIS fees do not exceed those the ABC would charge to respond to requests for registry reports. The ASC provides registry updates to the NTIS on a monthly basis. Subscriptions to registry updates are available, as are record sorts by factors such as State and zip code. The registry’s catalogue name is The Real Estate Appraiser’s Registry.

In September 1992, in fulfilling its responsibility to monitor and review the activities of the Foundation, the ASC met with the ASB to discuss the activities of the ASB over the last year and its future work plan.

Also in September, the ASC testified before the Subcommittee on General Oversight and Investigations of the House Committee on Banking, Finance and Urban Affairs held hearings on the status of the implementation of Title XI.

On October 26th and 27th, the ASC hosted the second Appraisal Subcommittee State Regulators Conference in Washington, D.C. The Conference was attended by approximately 250 State regulators, appraisers and others affected by the implementation of Title XI. The agenda included such topics as entry level categories, experience requirements for licensed appraisers, temporary practice and reciprocity. ASC members and staff also advised the regulators of the status of the State field review process, ASC’s regulations implementing Title XI’s temporary waiver provisions and the status of the Registry.

In November 1992, the ASC met with the AQB to discuss its activities over the past year and future activities of the AQB.

To implement fully the Freedom of Information Act, the ASC adopted final rules entitled, “Description Office, Procedures, Public Information,” on December 14, 1992. *See* 57 FR 60722 (December 22, 1992). The rules will be codified at 12 CFR part 1102, subpart D. The rules satisfy the requirements of the Freedom of Information Act by setting out the ASC’s authority and functions, its organizational structure and methods of operation and its procedures for receiving, processing, granting and denying requests for information from members of the public. It effectively incorporates by reference the existing Freedom of Information Act procedures of the ASC’s parent agency, the FFIEC.

In December 1992, the ASC, with the approval of the FFIEC, granted an Interim Order to CNMI for emerges temporary waiver relief from its appraiser certification and licensing requirements and requesting comments. This was the first action under the ASC’s temporary waiver rules. The Interim Order became effective on January 1, 1993, and was published in the *Federal Register* on January 6, 1993. Under its rules, the ASC must make a final determination respecting CNMI’s request by February 22, 1993.

Administration of the ASC

Meetings of the ASC are held monthly. Special meetings may be scheduled at the request of an ASC member. The ASC's activities are funded from two sources. Firstly, Title XI requires State agencies to forward an annual registry fee of at least \$25 to the ASC for each appraiser who seeks to be licensed or certified to perform appraisals in federally related transactions. Secondly, Title XI authorizes a one-time advance from the Secretary of Treasury of \$5,000,000 and also requires that the ASC reimburse the Treasury for funds used. With the registry in place, and being better able to project income, the ASC is now developing plans to reimburse the Treasury.

The ASC is supported by a small, full-time, professional staff in its administrative offices, with the Executive Director acting as the ASC's Secretary. The organization and responsibilities of the ASC's senior staff are as follows:

Executive Director - Responsible for formulating, implementing and evaluating policies, procedures and programs for carrying out the day-to-day operations of the ASC.

Associate Director for Administration - Responsible for the registry and for providing financial and facilities management, personnel and payroll, procurement and contracting and governmental technical representative services to the ASC, the Executive Director, and ASC staff.

Associate Director for Policy and Programs - Responsible for managing the analysis of Federal and State appraisal requirements, formulation of guidelines, development of analytical projects needed to achieve the goals of Title XI and ASC field reviews of State programs for the implementation of Title XI.

General Counsel - Responsible for the professional legal work of the ASC. Serves as legal advisor to the ASC, its Executive Director and other ASC officers and employees, and renders legal advice with regard to statutes and other laws that concern regulation of the appraisal industry and that govern ASC operations.

The members of the ASC and their terms of service are:

- Chairman, Fred D. Finke, Deputy Comptroller for Special Supervision, Office of the Comptroller of the Currency, September 1990 to present;
- Member, Morris E. Carter, Director, Single Family Development Division, Department of Housing and Urban Development, October 1991 to present;
- Member, Robert F. Mialovich, Associate Director, Office of Policy, Division of Supervision, Federal Deposit Insurance Corporation, November 1989 to present;
- Member, Diana L. Garmus, Deputy Assistant Director for Corporate Activities, Office of Thrift Supervision, September 1990 to present;
- Member, Rhoger H Pugh, Assistant Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, November 1992 to present; and
- Member, Alonzo S. Swann, III, Director, Department of Operations, Office of Examination and Insurance, National Credit Union Administration, December 1991 to present.

The Appraisal Subcommittee staff are:

- Edwin W. Baker, Executive Director
- Paul N. Romani, Associate Director for Administration
 - Willa Habersham, Staff Secretary
 - Lori L. Schuster, Head Secretary
 - Ray M. Seward, Information Management Specialist
- Ronald W. Peppe, Associate Director for Policy and Programs
 - Vicki A. Ledbetter, Appraisal Policy Manager
 - Linda K. Matthias, Appraisal Policy Manager
- Marc L. Weinberg, General Counsel

ASC Financial Statements

In Fiscal Year ("FY") 1989, the ASC received a one-time appropriation of \$5,000,000 to fund its start-up operations. The Treasury Department has determined that the appropriation is an advance, and disbursements made using these monies must be repaid. Beginning January 1992, the States began remitting to the ASC a fee of \$25 for each licensed or certified appraiser added to the registry. Treasury advances and registry fees constitute the ASC's sole sources of operating funds. Registry fees received through September 30, 1992, totalled \$964,925.

Fiscal year 1990 was the first year in which the ASC incurred obligations to Treasury. Advances for FY 1990 totalled \$82,056, for FY 1991 - \$1,267,595 and for FY 1992 - \$1,391,700. The ASC budget for FY 1993 is \$1,772,000. The 1993 budget includes a grant request from the Foundation which has not yet been approved by the ASC. The ASC's fiscal year ends on September 30.

Expenses by Object Class, Fiscal Years 1990 - 1993 (\$ in 000's)

Object Class	1990 Actual	1991 Actual	1992 Actual	1993 Budget
Personnel Compensation	\$ 0	\$ 135	\$ 444	\$ 564
Personnel Benefits	0	40	106	141
Travel & Transportation	0	7	22	39
Transportation of Things	0	1	2	2
Communications, Rent, & Utilities	12	70	139	185
Printing & Reproduction	0	6	18	7
Other Services	46	513	132	52
Supplies & Materials	1	28	14	18
Furniture & Equipment	23	6	62	11
Subtotal	\$82	\$ 806	\$ 939	\$1,019
Grant to the Foundation	0	462	453	730
Contingency Fund	0	0	0	10
Audit and Training	0	0	0	13
Total	\$82	\$ 1,268	\$1,392	\$1,772

SUMMARY: TREASURY
ADVANCES, FY 1990 - FY 1992

Total Amount FY 1990 Advances	\$ 82,056.00
Total Amount FY 1991 Advances	1,267,595.00
Total Amount FY 1992 Advances	<u>1,391,700.00</u>
	\$2,741,351.00
Total Appropriation	\$5,000,000.00
Advances to Date	<u>2,741,351.00</u>
Balance	\$2,258,649.00
Registry Fees Collected through September 1992	\$1,327,175.00 ¹

1. Includes monies from States which paid fees for calendar years 1992 and 1993.

Field Reviews of State Appraiser Regulatory Agencies

In 1992, as required by Title XI, the ASC began monitoring the States' requirements, practices and procedures for the certification and licensing of appraisers who may perform appraisals in connection with federally related transactions. Part of this oversight function is the performance of field reviews of State appraiser licensing and certification regulatory programs.

Prior to a scheduled State field review, the ASC staff forwarded a review data questionnaire for completion by the State agency to provide the ASC a summary of the State's regulatory scheme. The questionnaire included: a request for the most current appraiser laws and regulations; an account of any pending legislation; administrative information such as the State agency's budget and an organization chart; the names of the appraiser designations awarded; experience and education requirements for licensing and certification; and explanations of the State's procedures for approving education providers, addressing complaints of appraiser misconduct, and awarding temporary practice permits and reciprocal licenses and certificates.

Field reviews were conducted over a period of two or more days during which the review team:

- Preliminarily analyzed the existing State statute, regulations and proposed legislation. Reviews usually were scheduled to coincide with a formal State agency meeting;
- Reviewed randomly selected active files of licensed and certified appraisers, including those of appraisers who were granted reciprocity or temporary practice;
- Examined files of certification and licensing applicants whose applications have been denied;
- Reviewed files of complaints of appraiser misconduct; and
- Reviewed audit and enforcement procedures.

After the field review, the ASC discussed the staff's findings and recommendations and issued a letter containing the ASC's comments to the State agency. Each State was requested to provide the ASC with an appropriate written response to each issue discussed.

By the conclusion of 1992, twenty State field reviews were performed (one in 1991). Initial field reviews of the remaining States will continue in 1993 and will be completed in 1994. Routine follow-up reviews will begin at that time. Several factors were taken into consideration in scheduling the 1992 State reviews. These factors include: the State's statutory requirements, the number of licenses and certificates it had awarded, current operational status and identified potential problem areas. Most States reviewed had operative licensing and certification programs that are mandatory for all appraisals in the State.

Overall, the State appraiser regulatory programs appeared to be operating in a manner consistent with Title XI. Nevertheless, as a result of field reviews, several issues required ASC comment. These issues will require follow-up during 1993. These issues were:

- Some States did not provide for temporary practice, although Section 1122 of Title XI requires that: "A State appraiser certifying and licensing agency shall recognize on a temporary basis the certificate or license of an appraiser issued by another State." The ASC believes that a temporary practice program should permit an appraiser certified or licensed in another State to perform an appraisal on a temporary basis without being required to engage in a lengthy or complex application/approval process; or incur a higher fee than that assessed for permanent certification or licensing. Several States have provided for temporary practice, but with a fee that is so high or a process so complex as to discourage temporary practice. Such States have been encouraged to change their procedures to bring them into full compliance with Title XI.

- Many States' statutes or regulations specifically defined the type and value of properties which appraiser's holding certain classifications may appraise. In some instances, these requirements differed from the requirements in the Agencies regulations. Title XI requires the Agencies to prescribe which categories of federally related transactions should be appraised by a State certified appraiser and which by a State licensed appraiser. Because the Agencies issued regulations in response to this requirement, the ASC suggested that the States ensure that the authority given to appraisers by the State law and regulations to perform appraisals for federally related transactions does not conflict with applicable Federal regulations. The States were advised of the ASC's view that they should defer to the Agencies' appraisal regulations regarding the authority associated with each appraiser classification in so far as federally related transactions are concerned.
- Several States had a permanent system of transitional licensing of appraisers (*i.e.*, awarding a license to an applicant who lacks either the education or the experience required). Published ASC guidelines indicate that transitional licensing was intended to be a means of avoiding appraiser shortages in the start-up years of appraisal regulation. The ASC advised the States that it is considering additional guidance on this issue.
- Some States exempted certain classes of appraisers from State appraisal regulations. The ASC reminded the States that all appraisals for federally related transactions must be performed by certified or licensed appraisers. The ASC requested that several States consider and explain how they would deal with an individual who is not licensed or certified but performs an appraisal in a federally related transaction. The ASC also expressed its concern to States which may not have enforcement authority over individuals that have been licensed or certified but who violate USPAP in the performance of a real estate appraisal in a non-federally related transaction.
- Several State agencies did not appear to have adequate resources to carry out their required functions, such as agency staffing, investigations, enforcement and travel, The ASC requested that the State agency ensure that it has adequate resources to carry out its responsibilities under Title XI.
- Among the States reviewed, some programs' licensing requirements were below the "safe harbor" criteria suggested in ASC guidelines. Licensing requirements below the "safe harbor" may: (1) increase the burden on lenders to determine the competency of licensed appraisers; (2) create obstacles to temporary practice and reciprocity; and (3) increase the possibility that licensed appraisers will fail to follow USPAP. The ASC advised the States that it is monitoring closely these programs. In addition, the ASC asked the States to demonstrate how their licensing criteria fulfill the intent of Title XI to ensure the competency of licensed appraisers.

Most States which the ASC reviewed were responsive to prior issues addressed in the ASC's guidelines and in written reviews of State legislation.

Activities of the Federal Financial Institutions Regulatory Agencies

During 1992, the Agencies (other than the National Credit Union Administration (“NCUA”) and the RTC) worked to achieve consistency in their appraisal regulations which, among other things, included a \$100,000 threshold above which Title XI appraisals will be required. The NCUA and RTC retained a \$50,000 threshold level

The Agencies adopted substantially uniform revised *Guidelines for Real Estate Appraisal and Evaluation Programs*. Generally, the guidelines provided information to federally regulated lenders respecting evaluation standards, the administration of appraisal and evaluation programs, the timing of appraisals and evaluations, compliance procedures, the useful life of appraisals or evaluations, reappraisals and reevaluations of collateral and the use of updated appraisals.

Additionally, several of the Agencies adopted amendments to their appraisal regulations exempting from the appraisal requirement loans that are insured or guaranteed by an agency of the United States Government which are supported by an appraisal conforming to these other agencies’ requirements. These new amendments also defined the term, “real estate” or “real property.”

On November 17, 1992, pursuant to new Section 1123 of Title XI, which was enacted by Congress in October as part of the Depository Institutions Disaster Relief Act of 1992, the Agencies approved a joint order granting relief from the provisions of Title XI of FIRREA and the Agencies’ appraisal regulations for any real estate related financial transaction requiring an appraisal under those provisions so long as the transaction involved real property located in an area designated a Federal disaster area by the Federal Emergency Management Agency. The order covered those areas declared disaster areas as a result of Hurricanes Andrew and Iniki or the Los Angeles civil unrest in May 1992. *See* 57 F.R. 54173.

Activities of the Appraisal Foundation

The Foundation is a private, not for profit corporation charged by Title XI with the responsibility of establishing minimum uniform appraisal standards and appraiser qualifications criteria- The ASC monitored the following activities of the Foundation in 1992.

The Foundation's Board of Trustees ("Trustees")

- At its February meeting, the Trustees elected officers for 1992, agreed on rules of conduct for Appraisal Sponsors and agreed to advertise widely for nominations for the newly created at-large trustee positions.
- The Trustees met in April, in conjunction with a meeting of the ASB.
- In October, the Trustees met and voted to admit the National Association of Realtors as an Affiliate Sponsor of the Foundation and the National Association of Master Appraisers as an Appraisal Sponsor. Ritch LeGrand was appointed Chairman of the ASB and James Klopfenstein was reappointed Chairman of the AQB. Roy G. Green was elected Chairman of the Board of Trustees, succeeding Joseph Straus, Jr. In fulfilling its commitment to expand the membership and increase the participation of non-designated appraisers, the Trustees also elected 14 individuals to the new, at-large trustee positions.

The Appraiser Qualifications Board

- In February, the AQB met to decide on its 1992 plan of act activities, which included plans for two AQB meetings/State agency workshops to be held in Chicago and Denver. The recommendations of the Course Review Task Force were accepted as amended, and work was initiated to put the program in place. The acceptance of experience gained as a review appraiser was discussed, and the AQB agreed that the Interpretations/Clarifications to the Appraiser Qualifications Criteria should be amended to clarify the acceptance of this type of experience.
- In May, the AQB held its first Criteria Review Forum, with testimony on the AQB's Appraiser Qualification Criteria from fifteen individuals representing State agencies, appraisal organizations and users of appraisers. The AQB made final modifications to its Course Approval Program. The AQB voted to research two new issues: a trainee level classification and the approval of home study courses,
- In August, the AQB held its second Criteria Review Forum, The AQB also discussed the Course Approval Program, the need for criteria for a trainee category and the need to obtain additional information on home study education,
- In November, the AQB met and voted to distribute for comment a revision to the Classification Criteria for Certified Residential Appraisers. The revision proposed to lower the January 1994 education requirement from 165 hours to 120 hours. The revised level would be higher than the present 105 hour requirement. Two Interpretations/Clarifications to the Appraiser Qualifications Criteria were approved: recognition of technical review appraiser experience as acceptable for licensing or certification; and acceptance of approved home study education for educational credit, The AQB clarified that "technical review," as defined in ASB Advisory Opinion G-6, qualifies for experience credit, The AQB further decided that home study courses approved by the American Council on Education's Program on Non-collegiate Sponsored Instruction may be considered for approval by State agencies.

The Appraisal Standards Board

- In March, the ASB met to review comments received on the exposure draft Statement on Reasonable Exposure Time in Market Value Estimates and the Advisory Opinion regarding Market Value versus Fair

Value. The ASB decided to hold a public hearing on these subjects to obtain additional input on the subject. The ASB also discussed developing Advisory Opinions on Toxic or Hazardous Substance Contamination and Assistance in Appraisals.

- In June, the ASB met to discuss and issue a Final Exposure Draft on the Statement on Reasonable Exposure Time in Market Value Appraisals. The ASB also discussed an Advisory Opinion on Toxic or Hazardous Substance Contamination and issued Advisory Opinion G-6 on the Review Appraiser Function.
- In September, the ASB adopted Statement No. 6 on Reasonable Exposure Time in Market Value Estimates and Advisory Opinions G-7 on Marketing Time Estimates and G-8 on Market Value versus Fair Value in Real Property Appraisals. The ASB voted to issue for comment an Advisory Opinion on Toxic or Hazardous Substance Contamination.
- In December, the ASB met and adopted Advisory Opinion G-9 on the responsibility of appraisers concerning Toxic or Hazardous Substance Contamination. The ASB also agreed to study two new matters: the relationship between the fee appraiser and the client and the recertification of value. It was announced that the 1993 Edition of USPAP will be published during January 1993.