Association of Appraiser Regulatory Officials

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June 9, 2016

Mr. Arthur Lindo, Chairman
The Appraisal Subcommittee
1401 H Street N.W., Suite 760
Washington, DC 20005

Dear Mr. Lindo:

On August 11, 2015, President Nikole Avers submitted a letter on behalf of the Association of Appraiser Regulatory Officials (AARO). The purpose of that letter was to request clarification of the definition of Federally Related Transaction (FRT). As of this date, I am not aware that a response has been provided to that request.

First, it is imperative that AARO dispel any rumors that the August 2015 letter was, in any way, meant to communicate a desire on the part of appraiser regulatory officials/agencies to strip Title XI of regulatory authority over appraisers at the federal and/or state level. As regulators, we are charged with implementing and enforcing the federal requirements along with any additional state legislative directives.

The spring 2016 conference of AARO will be held in Phoenix, Arizona this week, and based upon recent communications with the state appraiser regulatory agencies (45 of 55 jurisdictions indicated a desire for clarification of the term "FRT"), a key topic of concern is an answer from the ASC to the question presented by AARO in the August 2015 correspondence. At least one state has informed AARO that rule making for AMC registration and enforcement cannot begin until the matter of FRT intent has been resolved.

The answer to this question looms larger than what was thought when the original letter of request was submitted. Two primary issues persist: 1) Movement to restrict state appraiser regulatory agencies' authority to enforcement of USPAP for FRT assignments only; and 2) The AMC Final Rules appear to require that AMC registration and regulation will be required only for FRT assignments. Based upon these two issues, a clarification of definition and/or intent with regard to the term "FRT" is believed to be an urgent matter that requires the attention of the ASC as soon as possible.

Providing answers to the questions enumerated above will alleviate confusion that has typically surrounded this term for many years, thereby assisting the state appraiser regulatory agencies and others. Additionally, the Committee will also provide clarification that will enhance the regulatory process and assist in developing more uniform, effective enforcement of real property appraisers who are licensed and certified to perform appraisal assignments for real estate lending transactions.

If you require additional information, please contact me.

Sincerely,

Anne M. Petit
President

cc:

Jim Park, ASC Executive Director
Richard Taft, ASC Member
Maria Fernandez, ASC Member
Mira Marshall, ASC Member
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