Federally Related Transaction Cover Page

March 9, 2016

Appraisal Subcommittee
Federal Financial Institutions Examination Council

TO: Appraisal Subcommittee

FROM: Jim Park, Executive Director

RE: Definition of Federally Related Transactions

DATE: February 8, 2016

Importance of FRTs

The August 11, 2015, letter from the Association of Appraiser Regulatory Officials (AARO) to the ASC essentially asks two critical questions:

1. What is the difference between an FRT and a non-FRT?
2. Which transactions qualify as FRTs or non-FRTs?

The letter illustrates the confusion regarding FRTs that has existed within the appraisal regulatory community since the establishment of the State appraiser regulatory programs.

Which transactions are or are not FRTs has taken on new prominence due to the AMC Rule and the restriction that will eventually disallow AMCs from providing services for an FRT in a State unless the AMC is registered with the State or is subject to oversight by a Federal financial institutions regulatory agency.[1] As the lynchpin to the entire appraiser regulatory system, the definition of FRT determines applicability of the minimum requirements for State appraiser and AMC regulatory programs as well as the authority of the Appraisal Foundation and the ASC. When States and others understand that the definition of FRT is actually quite narrow, it could diminish, or lead to the unraveling of the current appraisal regulatory system.

Exemptions and Threshold

State regulators have never clearly understood the distinction between FRTs and real estate related financial transactions. Initially, with the passage of Title XI, the distinction was not that great. As established by statute, an FRT is a real estate related financial transaction that:

[1] 12 U.S.C. 3353(f)(1).

(1) "a federal financial institutions regulatory agency (Agencies) engages in, contracts for, or regulates"; and (2) "requires the services of an appraiser."[2] In 1990, the Agencies adopted initial exemptions from the Title XI appraisal requirement (including de minimis).[3] In 1994, the Agencies amended the 1990 exemptions. The preamble to the 1994 rulemaking stated, "these real estate-related financial transactions are not [FRTs] under the statutory and regulatory definitions. Accordingly, they are subject to neither Title XI of FIRREA nor those provisions of the agencies' regulations governing appraisals."[4] Despite the transparency of the rulemaking processes that created the exemptions and increased the threshold to $250,000, State regulators have not clearly understood that Title XI oversight was thereby limited to only a "minority of mortgage transactions."[5] The current FRT definition simply does not make sense to many. Since mortgage loans are regulated and insured by the federal government, it is assumed by many that those loans are FRTs.

Implications for State Appraiser Regulatory Programs

Many State appraiser regulatory officials are under the impression that Title XI requires them to regulate real estate related financial transactions involving a federally regulated financial institution. This may, in part, be the result of the June 26, 1991 instruction from the ASC to State regulators. The ASC issued a letter to the State appraiser regulatory officials titled "Questions and Answers about Title XI."[6] Question 4 addressed the difference between an FRT and a non-FRT. The examples provided as FRTs are stated to include:

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[2] 12 U.S.C. § 3350(4).

[3] In the Housing and Community Development Act of 1992, Congress confirmed the Agencies' authority to issue a de minimis exemption and amended Title XI to provide that the Agencies may "establish a threshold level at or below which a certified or licensed appraiser is not required to perform appraisals in connection with [FRTs]" if the agency determines in writing that the threshold does not represent a threat to the safety and soundness of financial institutions. (12 U.S.C. § 3341(b)).

[4] 59 Fed. Reg. 29482, 29482 (June 7, 1994).

[5] ***[O]nly a minority of mortgage transactions are [FRTs]*** within the meaning of FIRREA. . . . [Transactions subject to the AMC Rule FRT restriction] would be portfolio loans over $250,000 that are not insured by either the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), or the United States Department of Agriculture Rural Housing Service (USDA RHS). ***These loans represent a small percentage of the market***, and therefore inability by certain market participants (certain types of AMCs) to provide appraisal management services in these types of transactions in a non-participating State will not result in a significant economic impact on a substantial number of small entities. AMC Rule, Regulatory Analysis, footnote 124 (emphasis added).

[6] See attached June 26, 1991 ASC State correspondence.

Real estate loans, real estate investments, "Other Real Estate Owned," and mortgage backed securities where a regulated financial institution of one of the FFIRAs is involved.

The examples provided as non-FRTs are stated to include:

a real estate-related financial transaction that fails to meet the definitional criteria of Title XI. Generally, it consists of a transaction in which neither a FFIRA nor the RTC engages in, contracts for, or regulates or which does not require the services of a State certified or licensed appraiser under FFIRA or RTC regulations.

States were instructed to "refer to the federal regulations for further details." However the exemptions were not specified and no citation was provided.

Some States historically limit their appraiser regulatory programs to adopt only the minimum federal requirements. Since non-FRT appraisals make up the vast majority of State complaints (90-95%), States may consider curtailing or eliminating investigations and prosecutions of non-FRT appraisal complaints, and the ASC would have no authority to require otherwise. Appraisers who perform only non-FRT work may petition States to opt out of the National Registry. States could also establish their own qualification criteria for appraisers of non-FRTs. This is particularly plausible in States with reported shortages of appraisers.

Most States have an FRT definition in their statute. However, few of the State statutes recognize the exemptions or threshold.[7] The limited scope of FRTs as currently defined will present varying challenges for State appraiser regulatory programs, depending on the type of State regulatory system:

- 38 States are considered Mandatory States, meaning Certified/licensed appraisers are required for any service for which an opinion of value (evaluation or appraisal) for real property is developed.
- 13 States are Mandatory for FRTs only, meaning Certified/licensed appraisers are required to perform appraisals in any FRT and real estate related financial transactions when federal law requires the services of such appraisers.

[7] See attached FRT State Research.

- 3 States are voluntary, meaning Certified/licensed appraisers are not required for any appraisal/evaluation assignments. If appraisers wish to perform appraisals in such FRTs and real estate related financial transactions, appraisers can choose to become certified/licensed and submit to the State's regulatory jurisdiction.

States with statutes that limit the State's authority to FRTs may face legal challenges to current or past disciplinary proceedings (*e.g.*, States disciplining an appraiser for alleged USPAP violations in an appraisal report that is part of a transaction that qualifies for sale to the GSEs may face challenges to jurisdiction in voluntary and mandatory for FRT only States.)

Implication for the Appraisal Foundation

Since 1990 the Foundation and its Boards, the Appraiser Qualifications Board (AQB) and Appraisal Standards Board (ASB), have operated with the understanding that FRTs are real estate related financial transactions involving a federally regulated financial institution. The current definition of an FRT significantly limits AQB and ASB authority to a small number of transactions.

- **Minimum Appraiser Qualifications**
  Pursuant to Title XI, the AQB establishes minimum credential criteria for appraisers performing appraisals for use in FRTs. States are required to apply the AQB's *Real Property Appraiser Qualification Criteria* (AQB Criteria), at a minimum, when issuing appraisal licenses and certifications. Appraisals performed for non-FRTs are not subject to Title XI, and therefore, appraisers involved in those transactions are not required by federal law to meet the minimum AQB Criteria. The current FRT definition greatly diminishes the current view of AQB authority. Less federally mandated uniformity increases the likelihood that States may either cease regulation, or alternatively, adopt their own qualification criteria for non-FRT appraisers. This would lead to significant confusion throughout the industry.
- **Uniform Appraisal Standards**
  Title XI authorizes the ASB to develop the *Uniform Standards of Professional Appraisal Practice* (USPAP) that the States are required to enforce in regard to FRTs. Under the current definition, the majority of residential mortgage lending transactions are non-FRTs. The current FRT definition broadens the application of differing appraisal

standards for non-FRTs if established by other federal housing policy makers. States may also decide to create their own Standards for non-FRTs. In fact, the Appraisal Institute is currently lobbying several States to change their laws[8] to allow the use of appraisal standards other than USPAP for non-FRTs. To further highlight the confusion in the appraisal industry, the Appraisal Institute is contending that non-FRTs make up a small portion of appraisal assignments.

Implications for the ASC

Title XI limits the ASC's authority to FRTs. For the most part, the appraiser regulatory system has been operating on a misunderstood premise that assumed a more expansive definition of FRTs. Under the current definition of FRT, the actual authority of the ASC has been significantly diminished since Title XI was signed into law. The ASC has no authority to examine States' non-FRT records, which includes the majority of their complaints, reciprocal and temporary practice credentials and applications. Historically, for States facing the possibility of non-recognition, the ASCs warning carried with it the implication that a non-recognition of a State's program would shut down mortgage lending in the State. While we look forward to rulemaking that will put in place sanctions in lieu of non-recognition, any warning to States in the future should clarify that non-recognition would disallow only FRT appraisals by appraisers on the National Registry for that State.

As noted previously, appraisers who perform only non-FRT work may petition States to opt out of the National Registry. If a significant number of States were to limit their programs to FRTs only, the number of registrants on the National Registry could decline, negatively impacting the ASC's sole source of funding.

Lender, GSE, FHA Issues

Most lenders currently obtain residential mortgage appraisals because they are required by the GSEs, FHA and VA. If States were to limit their complaint intake to FRTs only, these entities could lose the ability to file complaints and effectively track appraisers in those States. The exemptions also make it more likely that the GSEs and FHA would continue to purchase and

[8] CA, FL, TN legislation

insure loans even if a State's appraisal program was non-recognized, significantly diminishing the impact of such a proceeding.

The exemptions and threshold are difficult to apply in a mortgage production atmosphere because it is not clear when a loan becomes an FRT or non-FRT. Is it at application, or when the loan is sold, or somewhere in between? It is not uncommon for the characteristics of a loan (property, market and transactional characteristics) to change as the loan progresses through production and eventual sale or inclusion in the lenders portfolio. Therefore a loan could appear to be a non-FRT at the time of application and by the time the loan is sold or placed into portfolio as an FRT. For example, at application all indications are that a given loan meets GSE requirements (non-FRT). Once the appraisal is completed, it becomes clear that the property is commercial and does not meet the GSE or FHA minimum property requirements making it an FRT. It is also possible that once lenders realize the majority of their transactions are non-FRTs, they will begin lobbying the GSEs and the agencies to allow more evaluations.

Concerns with Evaluations

Some real estate related financial transactions not requiring the services of an appraiser require an evaluation.[9] As lenders become more aware of the limited requirement for an appraisal, use of evaluations will likely become more widespread. Evaluations are confusing to lenders, appraisers and State regulators. Evaluations, generally speaking, are less reliable than appraisals for the following reasons.

- When performed by someone other than an appraiser, there are no uniform performance standards for evaluations. There are many different evaluation reports used by lenders. Most are forms that contain varying levels of detail and analysis. Due to the lack of uniformity or standardization in content or methodology, evaluations are difficult for lenders to understand and use effectively.

[9] The Agencies issued interpretive letters concerning one of the appraisal exemptions (exemption 10) in 1996 and 1997 (to Freddie Mac) and in 2002 (to ACB). The 1996 letter stated that any transactions that qualify for sale to a GSE are exempt from the Title XI appraisal requirement and do not require evaluations. The Agencies clarified that institutions may hold such transactions in portfolio, as long as the institution maintains documentation that confirms that a transaction qualifies for sale to a GSE. In adopting this view, the Agencies noted that compliance with "GSE appraisal standards, which incorporate USPAP and other collateral valuation requirements," should protect safety and soundness of regulated financial institutions.

- When performed by someone other than an appraiser, there are no minimum ethical standards for evaluation providers.
- When performed by someone other than an appraiser, there are no minimum qualifications (education, experience, training, testing) for those performing evaluations.
- There is limited State oversight of evaluations.
- AVMs, which can be used as a key ingredient to an evaluation are unregulated, frequently misunderstood by users and regulators, and subject to manipulation.
- Evaluations are frequently used in lieu of appraisals simply because they are less costly and more expedient.

Conclusion

The question remains whether Congress intended that the appraiser regulatory system established by Title XI was to be so limited as to exclude the majority of mortgage lending transactions. A review of the Congressional record reveals that Congress intended sweeping reform and regulation of the appraisal profession including those appraisals utilized in the majority of mortgage lending transactions.

The clarification sought in the AARO letter has become increasingly pivotal in recent months for several reasons. States are struggling to determine what the ramifications are of opting out of an AMC regulatory program or rescinding their current program.[10] Under the current FRT definition, if a State opts out of AMC regulation there would be very minimal impact on the AMCs since they would be allowed to continue their non-FRT related appraisal assignments.

Lobbying efforts in the States to adopt alternate appraisal standards for non-FRTs are increasing, and a draft bill floating around Capitol Hill, proposes to transfer ASC authority and functions to the CSBS.[11] In addressing these issues, it will be critical to clearly articulate the scope of FRTs as well as the authority of the ASC.

ASC staff believes this may be one of the more important decisions faced by the Agencies regarding appraisal regulation since 1994, particularly in light of the potential damage a narrow view of FRTs may cause to the appraisal regulatory system and given that the recent recession which was largely caused by losses in non-FRT transactions. Reconsideration of the overall

[10] The Florida Real Estate Appraisal Board is actively considering a shutdown of their AMC Regulatory Program and opting out of the Federal requirements.
[11] Congressman Stutzman bill attached.

application of Title XI would preserve the appraisal regulatory system and the uniformity and stability it provides to the marketplace.

Federal Financial Institutions Examination Council, Appraisal Subcommittee

1776 G Street, NW, Suite 850B • Washington, DC 20006 • (202) 357-0133

June 26, 1991

FOR: State Appraisal Regulatory Agencies

SUBJECT: Questions and Answers about Title XI

The Appraisal Subcommittee is issuing the enclosed Questions and Answers for the information of the State Appraisal Regulatory Agencies. They may be used to clarify or answer questions about Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, for the public. The questions include those most frequently asked, and the answers represent Subcommittee positions, or interpretations of Title XI, or the regulations issued by the Federal Financial Institutions Regulatory Agencies.

State Agencies may contact the Subcommittee or the appropriate regional office of the Financial Institution Regulatory Agencies with additional questions or for further clarification of the issues contained in the Questions and Answers.

THE APPRAISAL SUBCOMMITTEE
The Appraisal Subcommittee

Federal Financial Institutions Examination Council, Appraisal Subcommittee

1776 G Street, NW, Suite 850B • Washington, DC 20006 • (202) 357-0133

APPRAISAL SUBCOMMITTEE QUESTIONS AND ANSWERS FOR STATES

Abbreviations:

AQB.....The Appraiser Qualifications Board.
ASB.....The Appraisal Standards Board.
ASC.....The Appraisal Subcommittee of the Federal Financial Institutions Examination Council.
FFIEC.....The Federal Financial Institutions Examination Council.
FFIRA.....Federal Financial Institutions Regulatory Agencies: The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of Thrift Supervision, and the Office of the Comptroller of the Currency.
Foundation.....The Appraisal Foundation.
FRT.....Federally Related Transaction.
RTC.....The Resolution Trust Corporation.
Title XI.....Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.
USPAP.....The Uniform Standards of Professional Appraisal Practice.

1. Q: Please explain the purpose of Title XI and the responsibilities of the ASC.

A: The purpose of Title XI is to provide that federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals for these transactions are performed in writing, in accordance with uniform standards, by individuals with demonstrated competency and whose professional conduct is subject to effective supervision.

The ASC has been established within the FFIEC and has three basic responsibilities regarding appraiser licensure and certification: to monitor the States' licensing and certifying systems, to monitor the appraisal regulations of the FFIRAs, and to monitor the practices, procedures, activities, and organizational structure of the Foundation.

2. **Q: Who are the members of the FFIEC and the ASC?**

A: The FFIEC consists of the head or designated representative of the five FFIRAs. Each of these individuals is appointed by the President of the United States, with the advice and consent of the Senate and serves for a designated term.

The members of the ASC are career employees of the five FFIRAs who have been appointed to serve on the ASC. In addition, the U.S. Department of Housing and Urban Development is a member of the ASC and is represented by a career employee. Members of the ASC serve at the pleasure of their Agency Heads.

3. **Q: What is the relationship of the ASC to the following entities: the Foundation, the AQB, the ASB, and the FFIRAs? What are the responsibilities of these entities?**

A: While not directly related to any of these entities, the ASC is responsible for monitoring their activities, including:

- The Foundation's practices, procedures, activities and organizational structure as well as its related boards: the AQB and the ASB.
- Regulations adopted by the FFIRAs related to real estate appraisal standards.

The ASC is also charged with making financial grants to the Foundation in support of the work of the AQB and the ASC.

The Foundation was established as a private not-for-profit corporation bringing together interested parties within the appraisal industry, as well as users of appraiser services, to promote professional standards within the appraisal industry. The Foundation contains two independent Boards referred to in Title XI, the AQB and the ASB. Title XI specifies that the minimum standards for appraiser certification are to be the criteria for certification as issued by the AQB. Additionally, Title XI requires that the appraisal standards prescribed by the FFIRAs as a minimum be

the appraisal standards promulgated by the ASB.

Title XI directs the FFIRAs and the RTC to prescribe appropriate standards for the performance of real estate appraisals in connection with each FRT under their jurisdiction. Each of these six agencies has issued regulations on real estate appraisals for the financial institutions under their jurisdictions, setting forth the standards to be followed, and identifying those transactions that require the services of a State certified or licensed appraiser. The FFIRA and RTC regulations also apply to the agencies' own transactions.

Refer to the answer to Question 22 for information on how to contact the Foundation, the RTC, and the FFIRAs.

4. **Q. What is the difference between an FRT and a non-FRT? Who can perform an appraisal in an FRT? In a non-FRT?**

A: An FRT is defined at Section 1121 (4) of Title XI as any real estate related financial transaction which a FFIRA or the RTC engages in, contracts for, or regulates and which requires the services of an appraiser. Section 1121(5) defines "real estate related financial transaction" to include sales, leases, and purchases of interests in real property, the financing or refinancing thereof, and the use of real property as collateral--including mortgage backed securities. Also pertinent are the implementing regulations that have been issued by the FFIRAs and the RTC. Examples of an FRT include real estate loans, real estate investments, "Other Real Estate Owned," and mortgage-backed securities where a regulated financial institution or one of the FFIRAs is involved.

A non-FRT is a real estate-related financial transaction that fails to meet the definitional criteria of Title XI. Generally, it consists of a transaction in which neither a FFIRA nor the RTC engages in, contracts for, or regulates or which does not require the services of a State certified or licensed appraiser under FFIRA or RTC regulations (but see Question 5 below). Refer to the federal regulations for further details.

After December 31, 1991, all appraisals prepared in conjunction with an FRT <u>must</u> be performed by a State certified or licensed appraiser. The regulations of the FFIRAs and the RTC specify when an FRT requires an appraisal by a State certified appraiser and when by a State licensed appraiser.

An appraisal prepared in conjunction with a non-FRT is

not subject to Title XI. That is not to say such transactions are not subject to oversight by any federal or state agency. For example, the United States Internal Revenue Service has real estate appraisal guidelines, regulations or statements of policy concerning certain transactions that are not governed by Title XI.

5. **Q: Do appraisers who are employed by the federal or State or local governments have to be State licensed or certified?**

A: Aside from the "scarcity" and "inordinate delays" provisions, as discussed in Question 6 below, Title XI offers no exception from the requirement that, effective January 1, 1992, an appraisal performed in connection with an FRT must be performed by a State licensed or State certified appraiser. Some real estate-related financial transactions requiring the services of appraisers employed by federal, State, county or local governments may not be FRTs. Examples could include appraisals done in conjunction with property condemnation proceedings, valuations made for tax assessment purposes, and appraisal review functions or other functions required by the government which are not classified as FRTs. Therefore, in such cases, the use of State certified or licensed appraisers would not be required by Title XI.

6. **Q: Under what circumstances may a State or others seek from the ASC a temporary waiver of certification or licensing requirements?**

A: Section 1119 (b) of Title XI provides that the ASC may grant a temporary waiver of appraiser certification or licensing requirements upon a written determination that there is a scarcity of qualified appraisers for certain types of FRTs in a State, leading to inordinate delays in the performance of such appraisals. The waiver may relate to any requirement for licensure or certification, e.g., classroom education or experience.

The determination that a scarcity of qualified appraisers exists may be made by either the ASC or a State agency that is in compliance with Title XI. The ASC may grant a waiver, with the approval of the FFIEC, and it terminates when the ASC finds the inordinate delays to have been eliminated. When terminated, the specific licensing or certification requirements that had been waived must then be satisfied. The ASC expects to publish for comment and adopt later in 1991 procedures for processing waiver requests and granting those requests.

7. **Q: What classifications of appraisers does the ASC recognize and what are the minimum qualifications criteria for these classifications?**

A: The ASC recognizes three classifications of real estate appraisers: "Licensed," "Certified General," and "Certified Residential."

The minimum appraiser qualifications criteria for the "certified" classifications are, as required by Title XI, those established by the AQB. The ASC expects that few States will elect to have two categories of certification. If they choose to have just one category, it must meet the certified general criteria.

Title XI does not set specific criteria for the "licensed" classification. These are to be individually determined by each State. Nonetheless, the ASC believes States should adopt meaningful, but not overly restrictive, qualifications criteria for licensed appraisers, including testing, basic education, experience, and continuing education requirements that are adequate to demonstrate knowledge and competency. The ASC believes the AQB's qualifications criteria for licensed appraisers to be consistent with ASC Guidelines and Title XI and offer States a "safe harbor" assurance should they use them. Other licensing criteria are not necessarily inconsistent with Title XI.

8. **Q: How will the ASC monitor a State for compliance with Title XI? Will the State receive formal approval or disapproval of its appraiser regulatory scheme from the ASC?**

A: The ASC's objectives, standards, policies, and procedures relative to monitoring States' appraiser certifying and licensing entities are being developed at this time. The ASC expects to announce its monitoring program before the end of 1991. The proposed program will include, among other things, the ASC's detailed procedures respecting proceedings for non-recognition of States.

The ASC expects that the monitoring process will be a combination of information submissions and periodic on-site examinations. The program is expected to center on developing remedial plans for any deficiencies and efforts to effect correction or improvement before resort to formal de-recognition process.

9. **Q. Will the ASC recognize transitional licensing? Transitional certification?**

A: The ASC will recognize on a transitional basis State licensed appraisers who meet either the experience or the education requirements established by the States if the individual appraisers satisfy the missing requirement within no more than two years after they are tested and provisionally licensed by the State. The ASC prefers that the issuance of transitional licenses be restricted to the first two years of a State's new appraiser licensing program.

Because the AQB criteria for certification do not allow for a waiver of any of its requirements at this time, either permanently or for a transitional period, the ASC does not consider transitional certification to be consistent with Title XI. Title XI requires an individual to meet all AQB criteria for certification in order to become State certified.

10. **Q: Is real estate lending and real estate broker experience, as it relates to performing and reviewing appraisals, recognized as acceptable appraisal experience?**

A: Qualifications criteria, including experience, are set by the AQB for state certified appraisers while the States establish such standards for State licensed appraisers. The ASC believes it is consistent with Title XI and the AQB criteria for States to recognize, for both State licensed and State certified categories, real estate lending and real estate broker experience if such experience includes the actual performance of such activities as fee or staff appraisal, review appraisal, real estate counseling, feasibility analysis or the teaching of appraisal courses. The ASC strongly urges the States not to be overly restrictive in defining acceptable experience.

11. **Q: Are the States required to enter into reciprocity agreements with other States? Will the ASC provide guidance on State reciprocity?**

A: States are neither required nor prohibited by Title XI or ASC policies from entering into reciprocity agreements with other States. The ASC supports State efforts to establish permanent reciprocal arrangements to recognize appraiser licenses and certificates and stands ready to review and offer comment and suggestions on proposed or enacted statutes, regulations or policy guidelines promulgated by the States on the issue of reciprocity. The

ASC defines reciprocity as the permanent recognition of another State's designations. Reciprocity is distinguished from temporary practice.

12. **Q: What is meant by the temporary practice provision of Title XI and how does this differ from reciprocity?**

A: Temporary practice is addressed but not precisely defined in Title XI. Briefly, section 1122 (a) requires a State certification or licensing agency to recognize an appraiser's certificate or license issued by another State if: (1) the property to be appraised is part of an FRT, (2) the appraiser's business is temporary, and (3) the appraiser registers in the State of temporary practice. In determining what constitutes practice that is "temporary," the States are urged not to be overly restrictive. For example, the ASC has objected to arrangements whereby temporary permits would be valid merely for a specified period, such as six months. In contrast, the ASC has suggested it is acceptable to define "temporary" in terms of appraisal assignments. A temporary permit could be issued to cover a particular appraisal assignment even though it may involve more than one property and could require an unknown period to complete. This is just one alternative, however, and other approaches may well be consistent with Title XI, so long as each State's approach is meaningful and reasonable. Additionally, the ASC believes the States may charge fee which should be reasonable in relation to their actual costs, in conjunction with temporary practice registration.

There are at least four distinctions between temporary practice and reciprocity. First, Title XI is silent on the matter of reciprocity, while it requires recognition of temporary practice. Second, the States have broad discretion to formulate reciprocal arrangements with other States, so long as these agreements are consistent with Title XI. These arrangements will permit a more or less permanent movement of licensed and certified appraisers across State borders. In contrast, the temporary practice provision of Title XI clearly states that the appraiser's business must be of a temporary nature.

Third, if the three general conditions are satisfied for temporary practice, as specified at section 1122 (a), the applicant <u>must</u> be permitted to practice temporarily without having to meet additional licensing or certification requirements in the State in which the appraisal will be performed. That may not necessarily be the case with respect to reciprocity agreements. Fourth, no separate federal registry fee will be expected from those authorized

to practice in another State on a temporary basis, while each issuance of a reciprocal license or certificate may require payment of a federal registry fee (but see Question 13 below).

13. **Q: If an appraiser works in more than one State, must the appraiser be licensed or certified in each of those States?**

A: The answer depends upon the nature of the particular multi-state appraiser practice. If the appraiser is working under the temporary practice provisions of Title XI, the ASC considers that individual to be designated -- as either State licensed or State certified -- in the "home" State only. And as noted in response to Question 12, States are prohibited from imposing additional licensing or certification requirements with respect to such temporary practice.

If the appraiser is working in other than the "home" State under a permanent reciprocity agreement between the States involved, the affected States must determine if additional licensing or certification requirements have to be met or additional fees paid. If the reciprocity agreement does not require the appraiser to obtain an additional license or certificate, there would be no additional federal fee. On the other hand, if the reciprocity agreement calls for the appraiser to obtain a permanent license or certificate in two or more States that have joined in the agreement, the federal registry fee would be assessed for each separate license or certificate.

14. **Q: May a State grandfather appraisers into its licensing and certification system?**

A: The guidelines of the ASC provide that no individual or group of individuals shall be deemed exempt from meeting the criteria established for licensing or certification, or be otherwise "grandfathered" into the appraiser licensing and certification system. The ASC has determined that "grandfathering" is inconsistent with Title XI. However, States are not precluded from recognizing existing appraiser licenses or certificates, provided the underlying testing, basic education, experience, and continuing education criteria are fully consistent with Title XI and ASC Guidelines.

15. **Q: May a State require an appraiser to obtain another professional license as a condition to obtaining an appraiser certificate or license? Can a State require an appraiser to be licensed before being certified?**

A: The answer to both questions is no. The ASC considers it inconsistent with the spirit and intent of Title XI for States to require other occupational licenses as a condition of granting appraiser certification or appraiser licensing. This does not mean that the same set of experience might not be used to obtain two separate professional designations.

Concerning the matter of licensing as a prerequisite for certification, the ASC believes such a requirement unnecessary and overly restrictive. Title XI establishes only one fundamental standard for certification: that the candidate meet the qualifications criteria of the AQB.

16. **Q: What are the reporting requirements imposed on the States by Title XI?**

A: The States are required to report to the ASC a roster of the individuals which the State has certified and licensed. The information will be used by the ASC to maintain a National Registry of Certified and Licensed Appraisers as mandated by Title XI. The ASC is currently developing the system for maintaining the registry and will be providing further guidance to the States on the form and timing of data transmission. The roster will also be used to assure that the proper fees are collected and forwarded.

The States are also required to report to the Subcommittee the disposition of disciplinary action taken against State certified and licensed appraisers. At this time, the ASC is reviewing data reporting requirements for these purposes and will provide further guidance before the end of 1991.

17. **Q: Please explain the payment procedure for the National Registry fee for State licensed and certified appraisers?**

A: Under Title XI, each State is required to collect an annual National Registry fee from each appraiser which they certify and license and remit the registry fee to the ASC. A certified or licensed appraiser must pay a National Registry fee for each State in which the appraiser holds a regular license or certificate. They are not required to pay a fee if they are merely permitted to practice but do not have to be licensed or certified. (See also Question

12). The first National Registry fees are not expected to be assessed before January 1, 1992.

18. **Q: Has the ASC endorsed or otherwise approved a particular State appraiser regulatory system?**

A: No. The ASC believes a meaningful analysis must be made of each State's certification and licensing system in its entirety once it is operational. Full operational status must be achieved no later than January 1, 1992. The ASC will continue to assist States to attain full compliance with Title XI by reviewing and offering comments and suggestions on proposed or enacted statutes and regulations and responding to written or telephonic inquiries on specific issues.

19. **Q: Please explain the provisions of the Uniform Standards of Professional Appraisal Practice ("USPAP"). If a State has adopted the USPAP either by statute or rules, must the State also adopt a separate ethics provision to meet Title XI's requirement that each State have a code of professional responsibility?**

A: The USPAP were promulgated by the ASB and set forth uniform standards for the preparation of appraisals. These standards address various aspects of appraisal services: real property appraisals and the reporting thereof, review appraisals, real property consulting, and mass appraisals. Other important issues addressed in the USPAP are an appraiser code of professional responsibility and appraiser competency requirements. Title XI <u>requires</u> a real estate appraisal performed in connection with a FRT to meet, at a minimum, the ASB standards. This standard is the USPAP.

States must incorporate into their licensing and certification systems a code of professional responsibility. Title XI, Section 1103 (a) (1). Adoption of the ethics provision of USPAP will meet that requirement and no other ethics provision need be added. If a State does not specifically adopt the ethics provision of USPAP, it must adopt an appropriate code of professional responsibility.

20. **Q: What type of discriminatory conduct is prohibited by Title XI?**

Section 1122 (c) of Title XI and its legislative history express Congressional concern that applicants for licensing and certification and licensed and certified appraisers might be discriminated against solely on the

basis of membership or non-membership in certain appraisal organizations.

The prohibition against discrimination provision in Title XI explicitly refers only to conduct on the part of the FFIRAs, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the RTC. However, the ASC believes that such conduct is also inappropriate in the establishment and administration of a State's licensing and certification system. In addition, federally regulated financial institutions are subject to this provision through regulations issued by the FFIRAs. Consequently, any State statute, regulation, or action that favors or recognizes membership in a specific appraiser organization would be unacceptable. This would include, e.g, positions on regulatory boards, recognition of education courses, and the purchase of standard tests.

21. **Q: Will the ASC investigate complaints filed against a State's appraiser regulatory agency?**

A: The ASC will monitor complaints filed with a State agency by ensuring the agency conducts an appropriate and timely investigation and reaches a solution acceptable to the ASC. In addition, the ASC will perform its own investigations into complaints filed directly with the ASC by individuals or groups. The ASC will seek to ensure that the conduct of the State agency or person being investigated is consistent with the letter and spirit of Title XI.

22. **Q: Where can an interested party obtain additional information regarding federal appraisal regulatory matters?**

A: For questions regarding compliance with Title XI and guidance on the State licensing and certification requirements, an individual should contact:

The Appraisal Subcommittee
of the Federal Financial Institutions
Examination Council
1776 G Street, NW, Suite 850B
Washington, D.C. 20006
Phone: (202) 357-0133

For information on the qualification standards for appraisers and the USPAP, an individual should contact:

The Appraisal Foundation
1029 Vermont Avenue, NW, Suite 900
Washington, D.C. 20005-3517
Phone: (202) 347-7727

For information on the real estate appraisal standards applicable to each FRT, an individual should contact the appropriate Federal Agency:

Bank Holding Companies and State Chartered Federal Reserve Member Banks are regulated by:

The Board of Governors of the
Federal Reserve System
20th and Constitution Avenue, NW
Washington, D.C. 20551

National Banks are regulated by:

Office of the Comptroller of the Currency
250 E Street, SW
Washington, D.C. 20219

State Chartered Banks who are not members of the Federal Reserve System, State chartered savings banks who are insured by the Bank Insurance Fund, and insured branches of foreign banks are regulated by:

The Federal Deposit Insurance Corporation
550 Seventeenth Street, NW
Washington, DC 20429

Savings Associations are regulated by:

Office of Thrift Supervision
1700 G Street, NW
Washington, D.C. 20552

Federally Insured Credit Unions are regulated by:

National Credit Union Administration
1776 G Street, NW
Washington, D.C. 20456

The RTC may be contacted at the following address:

The Resolution Trust Corporation
801 Seventeenth Street, NW
Washington, DC 20434

Comptroller of the Currency
Administrator of National Banks

Northeastern District Office 1114 Avenue of the Americas Suite 3900 New York, NY 10036 (212) 819-9860	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virgin Islands
Southeastern District Office Marquis One Tower Suite 600 245 Peachtree Center Ave., N.E. Atlanta, GA 30303 (404) 659-8855	Alabama, Florida, Georgia, Mississippi, N. Carolina, S. Carolina, Tennessee, Virginia, West Virginia
Central District Office One Financial Place Suite 2700 440 South LaSalle St. Chicago, IL 60605 (312) 663-8000	Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
Midwestern District Office 2345 Grand Avenue Suite 700 Kansas City, MO 64108 (816) 556-1800	Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
Southwestern District Office 1600 Lincoln Plaza 500 North Akard Dallas, TX 75201-3394 (214) 720-0656	Arkansas, Louisiana, New Mexico, Oklahoma, Texas
Western District Office 50 Fremont Street Suite 3900 San Francisco, CA 94105 (415) 545-5900	Alaska, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming

Federal Deposit Insurance Corporation
Regional Offices - Supervision

Atlanta Regional Office Marquis One Building, Suite 1200 245 Peachtree Center, Avenue, N.E. Atlanta, GA 30303 (404) 525-0308	Alabama, Florida, Georgia, N. Carolina, S. Carolina, Virginia, W. Virginia
Boston Regional Office 160 Gould Street Needham, MA 02194 (617) 449-9080	Connecticut, Maine, Massachusetts, N. Hampshire, Rhode Island, Vermont

Chicago Regional Office
30 S. Wacker Drive, Suite 3100
Chicago, IL 60606
(302) 207-0210

Illinois, Indiana, Michigan, Ohio, Wisconsin

Dallas Regional Office
1910 Pacific Avenue, Suite 1900
Dallas, TX 75201
(214) 220-3342

Colorado, N. Mexico., Oklahoma, Texas

Kansas City Regional Office
2345 Grand Av, Suite 1500
Kansas City, MO 64108
(816) 234-8000

Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota, S. Dakota

Memphis Regional Office
5100 Poplar Ave., Suite 1900
Memphis, TN 38137
(901) 685-1603

Arkansas, Kentucky, Louisiana, Mississippi, Tennessee

New York Regional Office
452 Fifth Avenue, Fl. 21
New York, NY 10018
(212) 704-1200

Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania, Puerto Rico, Virgin Islands

San Francisco Regional Office
25 Ecker Street, Suite 2300
San Francisco, CA 94105
(415) 546-0160

Alaska, Arizona, California, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming

Federal Reserve System

Federal Reserve Bank Districts

Board of Governors of the Federal Reserve System, Washington, DC 20551

DISTRICT 1

BOSTON
600 Atlantic Avenue
Boston, MA 02106
(617) 973-3000

DISTRICT 2

NEW YORK
33 Liberty Street
(Federal Reserve P.O. Station)
New York, NY 10045
(212) 720-5000

Buffalo Branch
160 Delaware Ave
Buffalo, NY 14202
(P.O. Box 961
Buffalo, NY 14240-0961)
(716) 849-5000

DISTRICT 3

PHILADELPHIA
Ten Independence Mall, Philadelphia, PA 19106
(P.O. Box 66, Phila., PA 19105)
(215) 574-6000

DISTRICT 4

CLEVELAND
1455 E. 6th St.
Cleveland, OH 44114
(P.O. Box 6387
Cleveland, OH 44101)
(216) 579-2000

Cincinnati Branch
150 E. 4th St.
Cincinnati, OH 45202-0999
(P.O. Box 999
Cincinnati, OH 45201-0999)
(513) 721-4787

Pittsburgh Branch
717 Grant St.
Pittsburgh, PA 15219
(P.O. Box 867
Pittsburgh, PA 15230)
(412) 261-7800

DISTRICT 5

RICHMOND
701 E. Byrd St.
Richmond, VA 23219
(P.O. Box 27622
Richmond, VA 23261)
(804) 697-8000

Baltimore Branch
502 S. Sharp St.
Baltimore, MD 21201
(P.O. Box 1378
Baltimore, MD 21203)
(301) 576-3300

Charlotte Branch
530 Trade St.
Charlotte, NC 28202
(P.O. Box 30248
Charlotte NC 28230)
(704) 358-2100

Culpeper Communications and Records Center
Mount Pony Rd., State Rte. 658
(P.O. Drawer 20
Culpeper, VA 22701)
(703) 829-1261

DISTRICT 6

ATLANTA
104 Marietta St., NW
Atlanta, GA 30303-2713
(404) 521-8500

Birmingham Branch
1801 5th Av N.
Birmingham, AL 35203
(P.O. Box 830447
Birmingham 35283-0447)
(205) 731-8500

Jacksonville Branch
800 Water St.
Jacksonville, FL 32204
(P.O. Box 929
Jacksonville 32231-0044)
(904) 632-1000

Miami Branch
9100 NW 36th St.
Miami, FL 33178
(P.O. Box 520847
Miami, FL 33152)
(305) 591-2065

Nashville Branch
301 - 8th Av N.
Nashville, TN 37203
(P.O. Box 4407
Nashville 37203-4407)
(615) 251-7100

New Orleans Branch
525 St. Charles Av.
New Orleans, LA 70130
(P.O. Box 61630
New Orleans 70161-1630)
(504) 586-1505

DISTRICT 7

CHICAGO
230 S. LaSalle St.
Chicago, IL 60604
(P.O. Box 834
Chicago, IL 60690-0834)
(312) 322-5322

Detroit Branch
160 W. Fort Street
Detroit, MI 48226
(P.O. Box 1059
Detroit, MI 48231)
(313) 961-6880

DISTRICT 8

ST. LOUIS
411 Locust St.
St. Louis, MO 63102
(P.O. Box 442
St. Louis, MO 63166)
(314) 444-8444

Little Rock Branch
325 W. Capitol Av.
Little Rock, AR 72201
(P.O. Box 1261
Little Rock, AR 72203)
(501) 372-5451

Louisville Branch
410 S. 5th St.
Louisville, KY 40202
(P.O. Box 32710
Louisville, KY 40232)
(502) 568-9200

Memphis Branch
200 N. Main St.
Memphis, TN 38103
(P.O. Box 407
Memphis, TN 38101)
(901) 523-7171

DISTRICT 9

MINNEAPOLIS
250 Marquette Av.
Minneapolis, MN 55480
(612) 340-2345

Helena Branch
100 Neill Av.
Helena, MT 59601
(406) 447-3800

DISTRICT 10

KANSAS CITY
925 Grand Av.
Kansas City, MO 64198
(816) 881-2000

Oklahoma City Branch
226 Dean A. McGee Av.
(P.O. Box 25129)
Oklahoma City, OK 73125
(405) 270-8400

Denver Branch
1020 16th St.
Denver, CO 80202
(Terminal Annex-P.O. Box 5228
Denver, CO 80217)
(303) 572-2300

Omaha Branch
2201 Farnam St.
Omaha, NB 68102
(P.O. Box 3958
Omaha, NB 68103)
(402) 221-5500

DISTRICT 11

DALLAS
400 South Akard St.
(Station K)
Dallas, TX 75222
(214) 651-6111

El Paso Branch
301 E. Main St.
El Paso, TX 79901
(P.O. Box 100
El Paso, TX 79999)
(915) 544-4730

Houston Branch
1701 San Jacinto St.
Houston, TX 77002
(P.O. Box 2578
Houston, TX 77252)
(713) 659-4433

San Antonio Branch
126 E. Nueva St.
San Antonio, TX 78204
(P.O. Box 1471
San Antonio, TX 78295)
(512) 224-2141

DISTRICT 12

SAN FRANCISCO
101 Market St.
San Francisco, CA 94105
(P.O. Box 7702
San Francisco, CA 94120)
(415) 974-2000

Los Angeles Branch
950 S. Grand Av.
Los Angeles, CA 90015
(Terminal Annex-P.O. Box 2077
Los Angeles 90051)
(213) 683-2300

Portland Branch
915 SW Stark St.
Portland, OR 97025
(P.O. Box 3436
Portland, OR 97208)
(503) 221-5900

Salt Lake City Branch
120 S. State St.
Salt Lake City, UT 84111
(P.O. Box 30780
Salt Lake City 84125)
(801) 322-7900

Seattle Branch
1015 Second Av, Seattle, WA 98104
(P.O. Box 3567, Seattle
WA 98124)
(206) 343-3600

National Credit Union Administration

REGION I
9 Washington Square
Albany, NY 12205
(518) 472-4554

Connecticut, Maine, Massachusetts, New Hampshire, New York, Puerto Rico, Rhode Island, Vermont, Virgin Islands

REGION II
1776 G Street, NW, #800
Washington, DC 20006
(202) 682-1900

Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia, New Jersey

REGION III
7000 Central Parkway, #1600
Atlanta, GA 30328
(404) 396-4042

Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee

REGION IV
300 Park Boulevard, #155
Itasca, IL 60143
(708) 250-6000

Illinois, Indiana, Michigan, Missouri, Ohio, Wisconsin

REGION V
4807 Spicewood Springs Road, #5200
Austin, TX 78759
(512) 482-4500

Arizona, Colorado, Iowa, Kansas, Minnesota, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wyoming

REGION VI
2300 Clayton Road, #1350
Concord, CA 94520
(415) 825-6125

Alaska, American Samoa, California, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Washington

Office of Thrift Supervision

NORTHEAST Region

New Jersey Regional Office
10 Exchange Place Centre, Fl. 18
Jersey City, NJ 07902
(201) 413-1000

CONSHOHOCKEN AREA OFFICE
Building B, Suite 106
625 Ridge Pike
Conshohocken, PA 19428
(215) 940-4456

ROCHESTER AREA OFFICE
3136 S. Winton Road
Town of Henrietta
Rochester, NY 14623

BOSTON AREA OFFICE
745 Atlantic Ave., Suite 405
Boston, MA 02111
(617) 457-1900

PITTSBURGH AREA OFFICE
One Riverfront Center
20 Stanwix Street
Pittsburgh, PA 15222-4893
(412) 338-2500

SOUTHEAST Region

Atlanta Regional Office
1475 Peachtree Street, N.E.
Atlanta, GA 30309
(404) 888-0771

BOWIE AREA OFFICE
One Tower Center, Suite 401
4201 Northview Drive
Bowie, MD 20716-2604
(301) 805-1000

CHARLOTTE AREA OFFICE
830 Tyvola Road, Suite 112
Charlotte, NC 28217-3510
(704)-529-3660

MAITLAND AREA OFFICE
555 Winderly Place, Suite 120
Maitland, FL 32751-7220
(407) 660-9388

CENTRAL Region

Chicago Regional Office
111 E. Wacker Dr., Suite 800
Chicago, IL 60601-4360
(312) 565-5300

MILWAUKEE AREA OFFICE
10201 W. Lincoln Ave., Suite 105
Milwaukee, WI 53227
(414) 546-6940

SPRINGFIELD AREA OFFICE
509 W. Capitol, Suite 105
Springfield, IL 62704
(217) 544-0434

COLUMBUS AREA OFFICE
100 Old West Wilson Bridge Rd.
Worthington, OH 43088
(614) 888-2512

KNOXVILLE AREA OFFICE
9040 Executive Park Dr, Suite 264
Knoxville, TN 37923
(615) 531-4079

INDIANAPOLIS AREA OFFICE
8250 Woodfield Crossing Bl., Ste 305
Indianapolis, IN 46240
(317) 465-1600

CINCINNATI AREA OFFICE
525 Vine Street, 7th FL.
Cincinnati, OH 45202
(513) 762-6100

CLEVELAND AREA OFFICE
799 Rockwell Ave, Fl. 2
Cleveland, OH 44114
(216) 589-1200

NASHVILLE AREA OFFICE
701 Bradford Ave.,
Nashville, TN 37204
(615) 292-9940

ANN ARBOR AREA OFFICE
2890 Carpenter Rd., Suite 1200
Ann Arbor, MI 48108
(313) 677-0033

MIDWEST Region

Dallas Regional Office
122 W. John Carpenter Frwy, Ste 600
Irving, TX 75039
(214) 281-2000

HOUSTON AREA OFFICE
16701 Greenspoint Park Dr., Ste 100
Houston, TX 77060
(713) 874-0088

LITTLE ROCK AREA OFFICE
323 Center Street, Suite 900
Little Rock, AR 72201
(501) 376-2428

NEW ORLEANS AREA OFFICE
2400 Veterans Memorial Bl., Ste. 340
Kenner, LA 70062
(504) 465-0152

TOPEKA AREA OFFICE
200 East 6th Street
Topeka, KS 66601
(913) 233-5300

DENVER AREA OFFICE
Tower 3
1515 Arapahoe Street, Suite 330
Denver, CO 80202
(303) 623-1430

ALBUQUERQUE AREA OFFICE
4300 San Mateo Blv., N.E., Ste. A-115
Albuquerque, NM 87110
(505) 888-9701

JACKSON AREA OFFICE
2506 Lakeland Dr., Suite 403
Jackson, MS 30208-9752
(601) 932-3349

LUBBOCK AREA OFFICE
5225 S. Loop 289, Suite 116
Lubbock, TX 79464
(808) 794-2899

SAN ANTONIO AREA OFFICE
Airport Center
10100 Reunion Place, Suite 660
San Antonio, TX 78216
(512) 377-3647

OKLAHOMA CITY AREA OFFICE
304 N. Meridian, Suite 12
Oklahoma City, OK 73107
(405) 943-8063, Ext. 25

LINCOLN AREA OFFICE
1200 "N" Street, Suite 626
Lincoln, NB 68508
(402) 476-0373

TULSA AREA OFFICE
Exchange Tower
4500 South Garnett Rd., Ste 930
Tulsa, OK 74146
(918) 665-8595

DES MOINES AREA OFFICE
Regency West 2
1401 50th Street
Des Moines, IA 50265-1013
(515) 222-2100

MINNEAPOLIS AREA OFFICE
4680 Olson Memorial Highway
Golden Valley, MN 55422
(612) 522-2247

WICHITA AREA OFFICE
650 Westdale Dr., Suite 214
Wichita, KS 67209
(316) 942-2498

ST. LOUIS AREA OFFICE
901 North 10th Street
St. Louis, MO 63101
(314) 231-8044

WEST Region

San Francisco Regional Office
1 Montgomery Street, Suite 400
San Francisco, CA 94104
(415) 616-1500

SEATTLE AREA OFFICE
2201 Sixth Ave., Suite 1500
Seattle, WA 98121-1889
(206) 727-5200

SALT LAKE CITY AREA OFFICE
10 East South Temple, Suite 975
Salt Lake City, UT 84133
(801) 363-1243

LA PALMA AREA OFFICE
4 Centerpointe Dr., Fl. 3
La Palma, CA 90623
(714) 228-3600

PORTLAND AREA OFFICE
610 SW Alder, Suite 805
Portland, OR 97205
(503) 242-3852

State	Operations	Rules/Regs	Other clarifications/comments by State
AK	Vol	Alaska Statutes FRT is not a defined term and FRTs are not mentioned. A certified residential RE appraiser can appraise 1-4 unit residential property, or up to 12-unit residential property, if income capitalization is not required. A certified institutional RE appraiser can perform appraisals for a financial institution by which they are employed. It is a misdemeanor to hold oneself out as a certified RE appraiser if you don't possess a certificate, or it has been revoked. Alas. Stat. §08.87.100. A person who is not certified is not precluded from appraising RE for compensation, as long as they don't hold themselves out to be a certified appraiser and if appraisal by a certified appraiser is not required by federal law. Alas. Stat. § 08.87.340. Alaska Administrative Code FRT is mentioned but not defined. "Transaction value" means the amount of the federally-related transaction and is not necessarily the value of the property being appraised. 12 AAC 70.990(6). FRT is not defined. In compliance with 12 U.S.C. 331 [sic] - 3351 (Title XI, Financial Institutions Reform, Recovery and Enforcement Act of 1989), a courtesy license will be issued to a credentialed nonresident for the purpose of providing appraisal services for federally-related transactions in Alaska. 12 AAC 70.920(h). In compliance with 12 U.S.C. 3338 (Financial Institutions Reform, Recovery, and Enforcement Act of 1989), the board will annually send to the Federal Financial Institutions Examination Council, Appraisal Subcommittee, a roster of all real estate appraisers currently certified in Alaska at that time. 12 AAC 70.930(a)(1). [This does not appear to be limited to those performing FRTs.]	
AL	Man	Section 34-27A-2(16) FEDERALLY RELATED TRANSACTION. Any real estate-related financial transaction which: a. A federal financial institutions regulatory agency or the resolution trust corporation engages in, contracts for, or regulates; and b. Requires the services of an appraiser. (22) REAL ESTATE-RELATED FINANCIAL TRANSACTION. Any transaction involving any of the following: a. The sale, lease, purchase, investment in, or exchange of real property, including interests in property, or the financing thereof. b. The refinancing of real property or interests in real property. c. The use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.	
AR	M/FRT	17-14-103. Definitions. (10) "Federal financial institutions regulatory agencies" means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration; (11) "Federally related transaction" means any real estate-related financial transaction which: (A) A financial institution, a federal financial institutions regulatory agency, or the Resolution Trust Corporation engages in, contracts for, or regulates; and (B) In accordance with any federal law, rule, or regulation, as the same may be amended, requires the services of an appraiser: (12) "Financial institution" means an insured depository institution as defined in the Federal Deposit Insurance Act, 12 U.S.C. §1813 (c)(2), or an insured credit union as defined in section 101 of the Federal Credit Union Act, 12 U.S.C. 1751 et seq.	
AZ	Man	32-3601. Definitions In this chapter, unless the context otherwise requires: 13. "Federally related transaction" means any real estate related financial transaction that a federal financial institution's regulatory agency or the resolution trust corporation engages in, contracts for or regulates and that requires an appraisal. 32-3605. State board of appraisal; duties 15. Make a determination and finding if there exists a scarcity of state certified or state licensed appraisers to perform appraisals in connection with federally related transactions in this state and issue resident temporary licenses and certificates pursuant to section 32-3626. 32-3626. Scarcity determination; resident temporary licenses and certificates; exemption -No later than November 1 of each year, the board shall determine and make a finding whether there is a scarcity of state certified or state licensed appraisers in an area within the state to perform appraisals in federally related transactions. 32-3635. Standards of practice D. All federally related appraisals shall be in writing.	
CA	M/FRT	State of California, Bureau of Real Estate Appraisers California Business and Professions Code, DIVISION 4. Real Estate PART 3. Licensing and Certification of Real Estate Appraisers SECTIONS 11300 et seq. CHAPTER 1. DEFINITIONS 11302. For the purpose of applying this part, the following terms, unless otherwise expressly indicated, shall mean and have the following definitions: (h) "Federal financial institutions regulatory agency" means the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Office of Thrift Supervision, Federal Home Loan Bank System, National Credit Union Administration, and any other agency determined by the director to have jurisdiction over transactions subject to this part. (i) "Federally related real estate appraisal activity" means the act or process of making or performing an appraisal on real estate or real property in a federally related transaction and preparing an appraisal as a result of that activity. (j) "Federally related transaction" means any real estate-related financial transaction which a federal financial institutions regulatory agency engages in, contracts for or regulates and which requires the services of a state licensed real estate appraiser regulated by this part. This term also includes any transaction identified as such by a federal financial institutions regulatory agency.	
CNMI	Man	(q) "Federally Related Transaction". The term "federally related transaction" means any real estate related financial transaction which: (1) A federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates; and (2) Requires the services of an appraiser.	§ 125-40-610 Real Estate-related Financial Transactions Not Requiring Appraisal by a Licensed or Certified Appraiser. An appraisal performed by a licensed or certified appraiser (federally related transaction) is not required for any real property-related financial transaction in which: (a) The transaction value is at or below the de minimus level established by a federal financial institutions regulatory agency; (b) A lien on real property has been taken as collateral solely through an abundance of caution and where the terms of the transaction as a consequence have not have been more favorable than it would have been in the absence of the lien; (c) Real property is leased unless the lease is the economic equivalent of a purse or sale of the leased real property; (d) There is a renewal of an existing transaction in which the maturity and amortization of the obligation are intentionally mismatched for re-pricing or credit quality consideration, provided that: (I) The borrower has performed satisfactorily according to the original terms; (2) No new monies have been advanced; (3) The credit standing of the borrower has not deteriorated; and (4) There has been no obvious and material deterioration in market conditions or physical aspects of the property which would threaten the institution's collateral protection. (e) A regulated institution purchases a loan or interest in a loan, pooled loan, or interests in real property, including mortgage-backed securities, provided that the appraisal prepared for each pooled loan or real property interest met the appraisal requirements under federal law, if, applicable, at the time or origination.

CO		**Statute** 12-61-723 [Scope of article-regulated financial institutions] - de Minimis exemption. (1)(a) This article does not apply to an appraisal relating to any real estate-related transaction or loan made or to be made by a Financial Institution or its affiliate if the real estate related transaction or loan is exempt from appraisal regulations established by the primary Federal regulator of the financial institution and the appraisal is performed by (I) An officer, director, or regular salaried employee of the financial institution or its affiliate; or (II) A real estate broker licensed under this article with whom said institution or affiliate has contracted for performance of the appraisal.	
CT		Statute Chapter 400g Sec. 2051 (b) No person licensed as a limited appraiser shall perform an appraisal in connection with a federally related transaction, as defined in FIRREA. Not withstanding any provision of this chapter: (1) Limited appraiser licenses and renewals of such limited appraiser licenses issued pursuant to this chapter shall expire no later than September 30, 2006 and (2) no limited appraiser licenses shall be issued or renewed on or after October 1, 2006. Sec 20-504(2) [Regulations] That a limited appraiser shall in any written statement, including contracts, stationary and business cards, state that such limited appraiser shall not perform an appraisal in connection with a federally related transaction, as defined in FIRREA. Regulations 20-504-1 [Definition] (12) "Federally related transaction" means any real estate related financial transaction which (A) a federal financial institutions regulatory agency engages in, contracts for, or regulates; and (B) requires the services of an appraiser pursuant to FIRREA; (14) Real Estate related financial transaction" ,means a transaction involving (A) the sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof; (B) the refinancing of real property or interests in real property; and (C) the use of real property or interests in real property as security for loan or investment, including mortgage-backed securities (16) "Transaction Value" with regard to federally related transactions means (A) for loans or other extensions of credit, the amount of the loan or extension of credit; (B) for sales, leases, purchases, and investments in or exchanges of real property, the market value of the real property interest involved; and (C) for the pooling of loans or interests in real property for resale or purchase, the amount of the loan or the market value of the real property calculated with respect to each such loan or interest in real property Sec 20-504-3 (continued)	(C) (1) The State certified general appraiser scope of appraisal practice includes the appraisal of all types of real estate, without regard to transaction value, for all types of transactions including federally related transactions (2) The State certified residential appraiser scope of appraisal practice including the appraisal of all residential real estate, without regard to transaction value, for all types of transactions including federally related transactions.
DC	Man	Nothing in Statute. Regulations Federally Related Transaction - any real estate related financial transaction which: 2300.1 This chapter shall apply to holders of and applicants for a license to practice real estate appraising. The purpose of this chapter is to establish and enforce education, experience and practice standards that will allow individuals licensed in the District of Columbia to perform appraisals for federally related and non-federally related real estate transactions. 2306.1(b) [Temporary Practice] The property or properties to be appraised by the individual is part of a federally- related transaction, is located in the District, and the assignment and property or properties are specifically identified in the application; 2324.5 If the Board receives notification from any federal agency or federally-related lending institution that utilizes licensees or certificate holders in real property appraisals that the agency or institution has suspended a licensee from offering appraisal services on federally related transactions, the Board shall conduct an investigation into the circumstances and, if appropriate, commence disciplinary action against the licensee. 2325.1 [Persons Exempt from Licensure] No person in the District of Columbia shall conduct an appraisal for a federally related or non-federally related real estate or real property transaction or represent him or herself as holding a license issued by the Board unless he or she holds an active District of Columbia license. 2325.2 [Persons Exempt from Licensure] a person who is certified by the Office of Tax and revenue (OTR) to perform ad valorem tax appraisal may identify himself or herself as a "certified assessor" if the term is not used in a manner that creates the impression that the person has been licensed, certified, or registered by the Board to perform real property appraisals for federally-related or non-federally related real estate and real property transactions. 2399.1 [Definitions] Complex one to four family residential property appraisal – an appraisal in which the property to be appraised, the form of ownership, or the market conditions are atypical as defined in the bank Holding Company Supervision manual, 1999 edition, page 10, section 2231.0.9.3. For non-federally related transaction appraisals, transaction value shall mean market value. 1 A federal financial institutions regulatory agency engages in, contracts for or regulates; and 2 Requires the services of a licensed or certified appraiser.	
DE	Man	Title 24 - Professions and Occupations § 4002 Definitions. (14) "Federally-related transaction" shall mean a real estate-related financial transaction, which a federal financial institution regulatory agency, such as HUD/FHA, Fannie Mae and Freddie Mac, or the Resolution Trust Corporation engages in, contracts for, or regulates, and which requires the services of an appraiser.	
FL	Man	The 2015 Florida Statutes Title XXXII REGULATION OF PROFESSIONS AND OCCUPATIONS Chapter 475 REAL ESTATE BROKERS, SALES ASSOCIATES, SCHOOLS, AND APPRAISERS 475.611 Definitions.— (1) As used in this part, the term: (p) "Federally related transaction" means any real estate-related financial transaction which a federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates, and which requires the services of a state-licensed or state-certified appraiser.	

GA	M/FRT	Chapter 539-3-.01 Federally Related Transactions. (1) A federally related transaction is any real estate related financial transaction that (A) a federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates; and (B) requires the services of an appraiser.	GA Website: The determination of whether or not an appraisal assignment involves a federally related transaction is important to Georgia appraisers for two reasons: 1. only licensed or certified appraisers may perform an appraisals to be used in federally related transactions and 2. those appraisals must comply with the Uniform Standards of Professional Appraisal Practice (USPAP). Georgia's Appraisal Act [43-39A-2(12)] and the act of Congress that established the regulation of appraisers in the United States — Title XI [12 U.S.C. 3331-3351] in SEC. 1121. Definitions [12 U.S.C. 3350(4)] — define a federally related transaction as any real estate related financial transaction which 1. a federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates; and 2. requires the services of an appraiser. Real Estate Related Transactions - Title XI [12 U.S.C. 3350(5)] also defines a real estate related transaction as "any transaction involving: 1. the sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof; 2. the refinancing of real property or interests in real property; and 3. the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities." (continued..) Therefore, in determining whether an assignment is a federally related transaction , an appraiser must begin by answering two questions. First does the appraisal involve the transfer of an interest in real property, the financing or refinancing of a transfer of an interest in real property, or the use of an interest in real property as security for a loan or for mortgage-backed securities. Second, does the financial transaction for which the appraisal assignment is to be performed involve a federal financial regulatory agency or one of the agencies specifically named in Title XI that require the services of a licensed or certified appraiser. (Board of Governors of the Federal Reserve System [In addition to the 12 member banks, the Federal Reserve has regulatory authority over state-chartered banks and bank holding companies], Federal Deposit Insurance Corporation [In addition to insuring the accounts of depositors in member banks, the FDIC regulates savings banks and state-chartered banks that are not members of the Federal Reserve System], Office of the Comptroller of the Currency [The OCC regulates more than 2,500 national banks all across the U. S.]; and National Credit Union Administration [The NCUA insures the accounts of depositors in federally chartered credit union and regulates those institutions]). Other Affected Financial Institutions - In addition, Title XI specifically requires appraisals by licensed or certified appraisers for financial transactions for the Federal National Mortgage Association (Fannie Mae); the Federal Home Loan Mortgage Corporation (Freddie Mac); or the Resolution Trust Corporation (RTC), the agency created by the Congress to liquidate the assets of the nation's failed savings and loan institutions. Although not specifically mentioned in Title XI, loans insured by the Federal Housing Administration (FHA) and loans guaranteed by the Veterans Administration (VA) are also considered federally related financial transactions. Requiring the Services of an Appraiser - The final consideration in determining whether an assignment involves a federally related transaction is whether the transaction requires the services of an appraiser. Title XI [12 U.S.C. 3341(b)] provides that each federal financial regulatory agency can establish a threshold below which a licensed or certified appraiser is not required for performing an appraisal in connection with a real estate related financial transaction . In 1992 the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve Board, and the Office of Thrift Supervision individually adopted appraisal guidelines that included a threshold transaction amount below which an appraisal would be required. Two years later those agencies formally and jointly adopted a threshold of $250,000, commonly referred to as the " de minimus ." Therefore, in theory a real estate related financial transaction having a value of $250,000 or less is not a federally related transaction . However, the federal financial regulatory agencies and their regulated institutions may require appraisals by licensed or certified appraisers for real estate related financial transactions with values at or below the de minimus , effectively making those transactions federally related . Alternately in lieu of an appraisal, they can order an evaluation of the property containing an opinion of value. According the appraisal guidelines adopted by the federal regulatory agencies, evaluations do not require the services of licensed or certified appraisers and do not have to conform to USPAP. Georgia law requires that a person who engages in the valuation of real property for a fee must have an appraiser classification unless that person falls under the exceptions to the classification requirements. Therefore, any a person performing such an evaluation in Georgia would need to be classified as an appraiser, a real estate licensee, or otherwise exempted from the classification requirements. Moreover, the Appraisal Standards Board has issued an opinion that although an appraiser performing an evaluation could depart from USPAP where departure is permitted, the appraiser would otherwise have to conform to USPAP. Consequently, upon receiving an assignment, an appraiser in consultation with the client should carefully answer the questions regarding the three elements of a federally related transaction : o Does it involve a real estate related financial transaction ? o Does it involve an federal financial regulatory agency? o Is an appraisal required by a federal financial regulatory agency? Even if the answers to all three questions are "no," the appraiser may still be required to conform to USPAP — if the client requires it.
Guam	Man	22 G.C.A. § 30122 § 30122. Temporary Practice. The Director shall issue a temporary practice for a period of six (6) months to an applicant from another state or territory upon filing of an application for a temporary practice and the payment of a temporary practice fee of One Hundred Dollars ($100.00) by an applicant who presents a certificate of good standing to practice real estate appraising in another state, or territory of the United States, or the District of Columbia, provided that: (a) the applicant for temporary practice shall file an irrevocable consent agreeing that in lawsuits and actions arising out of any appraisal work performed in Guam, the service of legal process on the Director shall be valid and binding in all courts as if due service of process had been made directly upon the temporary appraiser. In case any such process is served upon the Director, he or she shall forward a copy of the process, by registered mail, to the main office of the licensee against which the process is directed; (b) the property to be appraised is part of a federally-related transaction. A federally-related transaction is a loan or a credit that is issued or granted by a bank or financial institution that is insured by the Federal Deposit Insurance Corporation or is a member of the Federal Reserve Board, or is sold to GNMA, FNMA, or National Home Mortgage Corporation, or is assisted or guaranteed by a Federal government agency; (c) The appraiser's business is of a temporary nature. The appraisal work to be performed is temporary in nature if such work is estimated to be completed in less than six (6) months; and An applicant may submit more than one (1) application for a temporary license within a period of one (1) year, provided that the applicant complies with all the requirements for the issuance of a temporary license as set forth in this Section.	§ 30101. Legislative Intent. (a) The federal government, as a result of the massive real estate defaults in "savings and loan" financing, has drastically overhauled the standards for real estate appraisers where federally insured financing is involved. The provisions of the federal law (Financial Institution Reform Recovery and Enforcement Act of 1989) go into effect in July of 1991. Unless Guam has complied with the standards prescribed therein federally insured loans by banks and savings and loan associations can no longer be made. Home loans on Guam will thus be essentially shutdown. To comply with the federal law it is the intent of the Legislature to empower the Director of Revenue and Taxation as the regulator of real estate appraisers on Guam, and to assure compliance with the federal guidelines.

HI	Man	§16-114-2 Definitions. As used in chapter 466K, HRS, and in this chapter: "Federally related transaction" means any real estate-related financial transaction entered into on or after October 1, 1991, that: (1) Any federal financial institutions regulatory agency, Resolution Trust Corporation, or any regulated institution engages in or contracts for; and (2) Requires the services of an appraiser. §16-114-19 License or certification required. It shall be unlawful for an individual who is not licensed or certified under chapter 466K, HRS, and this chapter to prepare or hold oneself out as being able to prepare an appraisal in connection with a federally related transaction or non-federally related transaction requiring licensure or certification under chapter 466K, HRS, and this chapter. [Eff 3/11/91; comp 9/23/91; comp 4/17/98; comp 1/10/09; am and comp 8/27/12] (Auth: HRS §466K-3) (Imp: HRS §§466K-1, 466K-3) §16-114-70 State licensed appraiser. A state licensed appraiser is licensed to perform: (1) Noncomplex one-to-four family residential property appraisals in connection with any federally related transaction or non-federally related transaction having a transaction value up to, but not including, $1,000,000; (2) Other appraisals rendered in connection with any federally-related transaction or non-federally related transaction having a transaction value up to, but not including, $250,000; and (3) Appraisals of rural properties where the rural property is a one-to-four family residential property where production of agricultural income is not significant or is primarily used for recreation or other non-income producing purposes. [Eff 3/11/91; am and comp 9/23/91; comp 4/17/98; am and comp 1/10/09; am and comp 8/27/12] (Auth: HRS §466K-3) (Imp: HRS §§466K-1, 466K-3) §16-114-79 Recognition of license or certificate. (a) The director may recognize the license or certification of an appraiser who is currently licensed or certified in another jurisdiction provided: (1) The licensure and certification requirements in that other jurisdiction have not been disapproved by the Appraisal Subcommittee; and provided further that: (A) The property to be appraised is part of a federally related transaction or non-federally related transaction; (B) The appraiser's business is of a temporary nature; and (C) The appraiser applies for the temporary recognition of the license or certificate. (b) The out-of-state appraiser may elect to obtain licensure or certification by this State by filing an application. [Eff 3/11/91; am and comp 9/23/91; comp 4/17/98; am and comp 1/10/09; am and comp 8/27/12] (Auth: HRS §466K-3) (Imp: HRS §466K-3) [CHAPTER 466K] REAL ESTATE APPRAISERS §466K-1 Findings and purpose. The legislature finds that the regulation of real estate appraisers is reasonably necessary to protect consumers. The legislature further finds that 12 United States Code §3301 et seq. requires that real estate appraisals utilized in connection with federally related transactions be performed by individuals who are certified appraisers. The purposes of this chapter are to implement the requirements of 12 United States Code §3301 et seq. and to require that all real estate appraisals be performed by licensed or certified appraisers. The requirements of this chapter do not apply to any real estate appraiser employed by any county for purposes of valuing real property for ad valorem taxation. §466K-4 Practice as a real estate appraiser; uniform standards. (a) No person may practice as a real estate appraiser in this State unless that person has been licensed or certified to practice in accordance with this chapter and rules adopted by the director of commerce and consumer affairs pursuant to chapter 91. All real estate appraisers who are licensed or certified to practice in this State shall comply with the current Uniform Standards of Professional Appraisal Practice approved by the director when performing appraisals in connection with a federally or non-federally related real estate transaction, or certify compliance with the current Uniform Standards of Professional Appraisal Practice in connection with any arbitration proceeding to determine the fair market value, fair market rental value, or fair and reasonable rent of real estate. (b) This section shall not apply to any real estate appraiser employed by any county for purposes of valuing real property for ad valorem taxation. (c) This section shall not apply to a real estate broker or real estate salesperson licensed pursuant to chapter 467 who provides an opinion as to the estimated price of real estate, regardless of whether the real estate licensee receives compensation, a fee, or other consideration for providing the opinion; provided that: (1) The opinion as to the estimated price of real estate shall state that it is not an appraisal; (2) The real estate licensee shall not represent that the licensee is a certified or licensed real estate appraiser; and (3) If the real estate licensee receives compensation related to the sale of property, the licensee shall not receive any additional compensation, fee, or other consideration for providing an opinion as to the estimated price of that property.	
IA	Vol	Iowa appears to be a voluntary state and regulatory jurisdiction is not based on performing FRTs. However, state law incorporates any appraisal standards applying to FRTs. Iowa Code FRT is mentioned but not defined. Iowa Code § 543D.3 The law provides for the voluntary certification of RE appraisers and the mandatory registration of associate RE appraisers [i.e., apprentices]. A person who is not a certified RE appraiser may appraise RE for compensation if certification is not required by this chapter or federal or state law. Iowa Code § 543D.5 1. The board shall adopt rules establishing uniform appraisal standards and appraiser certification requirements . . . .The board shall consider and may incorporate any standards required or recommended by the appraisal foundation or by a federal agency with regulatory authority over appraisal standards or the certification of appraisers for federally related transactions. 2. The uniform appraisal standards shall meet all of the following requirements: a. Require compliance with federal law and appraisal standards adopted by federal authorities as they apply to federally related transactions. . . .Iowa Administrative Code FRT not a defined term and FRTs are not mentioned.	

ID	Man	54-4104.DEFINITIONS. (6) "Federally related transaction" means any real estate related financial transaction that a federally regulated institution, regulatory agency, or the resolution trust corporation engages in, funds, contracts for, or regulates. 010. DEFINITIONS (RULE 10). 10. FIRREA. Title XI, Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, was designed to ensure that more reliable appraisals are rendered in connection with federally related transactions.	
IL	Man	(225 ILCS 458/) Real Estate Appraiser Licensing Act of 2002. "Federally related transaction" means any real estate-related financial transaction in which a federal financial institutions regulatory agency engages in, contracts for, or regulates and requires the services of an appraiser. ... "State certified residential real estate appraiser" means an appraiser who holds a license of this classification under this Act and such classification applies to the appraisal of one to 4 units of residential real property without regard to transaction value or complexity, but with restrictions as to the scope of practice in a federally related transaction in accordance with Title XI, the provisions of USPAP, criteria established by the AQB, and further defined by rule. 225 ILCS 458/5-5)(c) The licensing requirements of this Act do not require a person who holds a valid license pursuant to the Real Estate License Act of 2000, to be licensed as a real estate appraiser under this Act, unless that person is providing or attempting to provide an appraisal report, as defined in Section 1-10 of this Act, in connection with a federally-related transaction.	
IN	Man	N/A	
KS	Man	Article 41 – REAL ESTATE APPRAISERS 58-4102. Definitions (e) ‘‘Federal law’’ means title XI of the financial institutions reform, recovery and enforcement act of 1989 (12 U.S.C. 3331 et seq.) and any other federal law, and any regulations adopted pursuant thereto. (f) ‘‘Federally related transaction’’ means any real estate-related financial transaction which: (1) A federal financial institutions regulatory agency or the resolution trust corporation engages in, contracts for or regulates; and (2) requires the services of an appraiser.... (i) ‘‘Real estate-related financial transaction’’ means any transaction involving: (1) The sale, lease, purchase, investment in or exchange of real property, including interests in property or the financing thereof; (2) the refinancing of real property or interests in real property; (3) the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities; or (4) a federally related transaction. ... 58-4103. Certification or licensure, when required; temporary certification or licensure; penalty for violations; exemptions. (a) Except as provided in subsection (b), no person, other than a state certified or licensed appraiser, shall: (1) Engage in any written appraisal in connection with a real estate-related financial transaction;	
KY	M/FRT	324A.010 Definitions for KRS 324A.010 to 324A.090 (8) "Federally related transaction" means any real estate related financial transaction that: (a) A federal financial institution's regulatory agency engages in, contracts for, or regulates; and (b) Requires the services of an appraiser.	KY FAQ: Do I need to obtain a credential or license in order to appraise real property? Federal law requires all individuals appraising properties in a federally related loan transaction to be either state licensed or certified. The appraisal law in Kentucky contains language that an individual appraiser will be required to have a license or certification only when appraising properties for loans that will be granted by federally insured lenders that are considered federally related transactions, real estate related loan transactions for Government Sponsored Enterprises, or for other clients that require the services of a state licensed or certified real property appraiser
LA	Man	§3409. Disciplinary proceedings F. A licensed real estate appraiser shall not participate in the preparation of federally related real estate appraisals during any period in which his license has been suspended by the board pursuant to adjudicatory proceedings.	
MA	M/FRT	Massachusetts appears to be a mandatory/FRT state. They adopt the federal definition of FRT. Massachusetts General Laws FRT is mentioned but not defined. Appraiser categories are state-certified general RE appraiser, state-certified residential RE appraiser, and state-licensed RE appraiser. No one who is not licensed as such can refer to any appraisal or evaluation using the term “certified.” However, persons who are not state-certified or state-licensed can appraise RE in connection with non-FRTs. Mass. Gen. Laws ch. 112, § 174. The Board shall transmit a roster of state-certified and state-licensed appraisers and the registry fees on an annual basis, or more frequently as required by the Federal Appraisal Subcommittee as required by Title XI. Mass. Gen. Laws ch. 112, § 175(6). The four classes of RE appraisers are: 1. State-certified general – all types of real property. 2. State-certified residential – certain residential real property. 3. State-licensed – persons meeting requirements established by the Board and passing an examination which are, at a minimum, consistent with and equivalent to the requirements of Title XI and any guidelines issued thereunder by the FFIEC or its Federal Appraisal Subcommittee. 4. Appraisal trainee. Mass. Gen. Laws ch. 112, § 178. Code of Massachusetts Regulations 264 CMR 2.03 Definitions. Federally-related Transaction – any real estate-related financial transaction which a federal financial institutions regulatory agency engages in, contracts for, or regulates, and which requires the services of a real estate appraiser. Federally-related Transaction also includes any transaction identified as such by a federal financial institutions regulatory agency. National Registry of Real Estate Appraisers (National Registry) – a list of individuals who are qualified and eligible to perform appraisals in connection with federally related transactions. This registry is maintained by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (FFIEC). Real estate-related Financial Transaction – [same as federal definition.] 264 CMR 6.01 Scope of Practice (2) State-licensed Real Estate Appraisers (a) State-licensed real estate appraisers may appraise: 3. properties as specified by FIRREA, 12 USC 3301 et seq. (3) State-certified Residential Real Estate Appraisers (a) State-certified real estate appraisers may appraise: 3. properties as specified by FIRREA, 12 USC 3301 et seq.	

MD	M/FRT	Maryland Statutes (p) Provide real estate appraisal services. -- "Provide real estate appraisal services" means to make for consideration an appraisal of real estate or prepare or sign an appraisal report in connection with a federally related transaction, as defined in the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989." MD Annotated Code, Business Occupations and Professions, 16-101. "Subject to the provisions of this section, the Commission shall conduct an investigation that relates to any complaint alleging that an unauthorized person has provided real estate appraisal services or home inspection services." [Italics added] MD Annotated Code, Business Occupations and Professions, 16-209 "License required (a) In general. -- After June 30, 1991, and except as otherwise provided in this title, an individual shall be licensed by the Commission to provide real estate appraisal services before the individual may provide real estate appraisal services in the State." [Italics added] MD Annotated Code § 16-301 In order to become certified, "An applicant shall have completed at least 2,000 hours providing real estate appraiser services as a real estate appraiser trainee under the supervision of a licensed or certified appraiser." [Italics added] MD Annotated Code 16-302 Code of Maryland Regulations FRT not a defined term and FRTs are not mentioned.	
ME	Man	Statute Definition: Federally related transaction. "Federally related transaction" means any financial transaction related to real estate that: A. A federal financial institution's regulatory agency or the Resolution Trust Corporation or its successor agency engages in, contracts for or regulates; and [2009, c. 112, Pt. A, §20 (NEW).] B. Requires the services of a real estate appraiser. [2009, c. 112, Pt. A, §20 (NEW).] [2009, c. 112, Pt. A, §20 (RPR) .]	Application Instructions: For federally related transactions, a residential real property appraiser license entitles the holder to appraise noncomplex residential property of one to 4 units having a transaction value of less than $1,000,000 and complex residential property of one to 4 units having a transaction value of less than $250,000. For purposes of this section, "complex residential property of one to 4 units" means property that is atypical based on the nature of the property, the form of ownership or the market conditions. For nonfederally related transaction appraisals, "transaction value" means market value. A residential real property appraiser license entitles the holder to appraise vacant or unimproved land that is used for one to 4 family purposes or for which the highest and best use is for one to 4 family purposes. A residential real property appraiser license does not entitle the holder to appraise subdivisions for which a development analysis and appraisal is necessary.
MI	Man	N/A	
MN	Man	N/A	
MO		Statute Neither Federally related transactions nor real estate related financial transactions are mentioned in MO statute. Rule 20 CRS 2245-1.010 (7) The Commission shall transmit to the Appraisal Subcommittee, at least monthly, a roster listing individuals who have received a state certificate or license and are eligible to perform appraisals in federally-related transactions and a listing of licensed appraisal management companies. 20 CRS 2245-2.010 (3) In accordance with Title Xi of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, all real estate related 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 state- certified or state licensed real estate appraisers. Federally related transactions means any real property-related financial transactions in which a federal financial institutions engages in, contracts for or regulates	
MS	Man	§ 73-34-3. Definitions: (s) "Federally related transaction" means any real estate-related financial transaction which a federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates, and which requires the services of an appraiser. § 73-34-15. Activities authorized by real estate appraisal license: A person licensed as a real estate appraiser is authorized to appraise all types of real estate and real property in this state, including but not limited to, commercial, industrial, residential and special purpose, provided that such appraisal does not involve federally related transactions which would require a certified appraisal.	
MT	M/FRT	Under Montana Code 37-54-201(3), Montana is voluntary for all transactions "not related to a federal agency or project." Elsewhere, the code refers back to section 37-54-201(3) standards apply "regardless of whether the appraisal is a federally related transaction or is capable of being performed by an unlicensed person under 37-54-201(3)." This statement implies that Montana sees the term "federally related transaction" to mean "related to a federal agency or project." However, the term is not defined in the statute. Montana Statutes "This chapter does not preclude a person who is not a licensed or certified real estate appraiser from appraising real property for transactions not related to a federal agency or project for compensation if the person does not purport to be a licensed or certified real estate appraiser. A person who purports that the person or the person's company is licensed under this section or certified under 37-54-302 and 37-54-303 without possessing the applicable license or certificate is guilty of a misdemeanor." Montana Code 37-54-201(3) "(1) A licensed or certified real estate appraiser shall comply with generally accepted standards of professional appraisal practice, evidenced by the uniform standards of professional appraisal practice promulgated by the appraisal standards board of the appraisal foundation. A licensed or certified real estate appraiser shall comply with these standards regardless of whether the appraisal is a federally related transaction or is capable of being performed by an unlicensed person under 37-54-201(3)." Montana Code 37-54-403 "(2) Only a certified real estate appraiser may prepare and sign a certified appraisal report relating to real estate or real property in this state. If an appraisal report is prepared, signed, and certified by a certified real estate appraiser, a person licensed under this chapter who assisted in the preparation of the appraisal may cosign the appraisal report" Montana Code 37-54-301 Montana Administrative Code FRT not a defined term and FRTs are not mentioned. Economic Affairs Interim Committee Questionnaire In response to a questionnaire from the Montana Economic Affairs Interim Committee, the Montana Department of Labor and Industry states that "Montana is a non-mandatory state as it relates to the licensure of real estate appraisers. If an individual is doing appraisals that are not for federally related transactions, they may do so. The individual may not identify themselves as licensed or certified." The Department further explains that it passed its licensing and certification standards in response to a "federal mandate for states to oversee the licensing of real estate appraisers" so that Montana appraisers can do work on federally related transactions. See http://leg.mt.gov/content/Committees/Interim/2013-2014/Economic-Affairs/Committee-Topics/HB525/rept-ques-real-estate-apprais.pdf.	

NC	Man	N/A	
ND	M/FRT	North Dakota is a mandatory state. Regulatory jurisdiction is not based on performing FRTs. N.D. Century Code FRT is not a defined term and FRTs are not mentioned. A person may not engage in the business of or act as a certified or licensed appraiser without obtaining a permit. N.D. Cent. Code § 43-23.3-04. The classes of permits are apprentice; licensed (must meet minimum requirements set by the Board); certified residential (same; Board requirements cannot exceed those of Appraisal Foundation); certified general (same). N.D. Cent. Code § 43-23.3-06. N.D. Administrative Code FRT not a defined term and FRTs are not mentioned.	(Although we had listed as Vol, ND recently claims to beM/FRT, CHAPTER 43-23.3 REAL ESTATE APPRAISERS states: -04. Permit required - Exemptions. Except as provided in this section, a person may not directly or indirectly engage in, advertise, conduct the business of, or act in any capacity as an apprentice, licensed, or certified appraiser without first obtaining a permit as provided in this chapter… An appraiser, apprenticed, licensed, or certified in another state may not engage in, advertise, conduct the business of, or act in any capacity as an appraiser in this state without first obtaining a temporary permit under section 43-23.3-11.)
NE	Man	N/A	
NH	M/FRT	CHAPTER 310-B 310-B:1 Purpose. – The purpose of this chapter is to bring New Hampshire into compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. However, any real estate appraisal service performed by an individual licensed or certified under this chapter shall be subject to the supervision of the board. 310-B:2 Definitions. – In this chapter: IX. "Federally-related transaction" means any transaction which: (a) A federal financial institution's regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates; and (b) Requires the services of an appraiser. X. "Federal financial institutions regulatory agencies" means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration. XI. "Financial institution" means an insured depository institution as defined is section 1813 of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 or an insured credit union as defined in section 1752 of such title.	
NJ	Man	45:14F-2. Definitions: "Federally related transaction" shall have the meaning ascribed to that term in sect on 11 2 1 of Title XI of Pub .L.101-73 (12 U.S.c. s.3350).	
NM	Man	16.62.3.8 LICENSE: A holder of a license may appraise complex residential or nonresidential real estate provided such appraisals are not described or referred to as meeting the requirements of FIRREA. The holder of a license may not assume or use any title, designation or abbreviation likely to create the impression of certification. A. For federally related transactions, the licensed real estate appraiser classification applies to the appraisal of non-complex one to four residential units having a transaction value less than $1,000,000 and complex one to four residential units having a transaction value less than $250,000. B. Complex one-to four-family residential property appraisal means one in which the property to be appraised, the form of ownership, or the market conditions are atypical. For non-federally related transaction appraisals, transaction value shall mean market value. 16.62.4.8 RESIDENTIAL CERTIFICATION: A holder of a residential certificate is eligible to prepare appraisals of all residential real estate for federally related transactions or other uses. He/she may appraise nonresidential real estate provided such appraisals are not described or referred to as meeting the requirements of FIRREA. The holder of a residential certificate may not assume or use any title, designation or abbreviation likely to create the impression of general certification. ARTICLE 14 Appraisal Management Company Registration 47-14-3. Registration required. B. A person, corporation, partnership, sole proprietorship, subsidiary, limited liability company or any other business entity seeking the registration required by Subsection A of this section shall: (1) register with the appraisal subcommittee or the board and be subject to supervision by the board; (2) verify that only licensed or certified appraisers are used for federally related transactions; ARTICLE 30 Real Estate Appraisers 61-30-11. Qualifications for license E. Persons who do not meet the qualifications for licensure are not qualified for appraisal assignments involving federally related transactions.	
NV	Man	N/A	
NY	M/FRT	New York is a voluntary state. Neither the statutes nor the regulations significantly incorporate the concept of FRTs into any of their requirements. New York Statutes "Nothing in this article shall preclude a person who is not a state certified or licensed real estate appraiser or a licensed real estate appraiser assistant from appraising real estate for compensation." NY CLS Exec § 160-b New York Codes, Rules, and Regulations FRT not a defined term and FRTs are not significantly mentioned.	
OH	M/FRT	Ohio is a mandatory state; all appraisals for all transactions must be done by a licensed or certified appraiser. Very little is tied to FRTs. Neither the Ohio statutes nor the Ohio regulations define FRT. Ohio Statutes: "Subject to division (B) of this section, no person shall perform a real estate appraisal for a mortgage loan if the person is not licensed or certified under this chapter to do the appraisal." ORC 4763.19(A) "(2) The board shall recognize on a temporary basis a certification or license issued in another state and shall register on a temporary basis an appraiser who is certified or licensed in another state if all of the following apply: (a) The temporary registration is to perform an appraisal assignment that is part of a federally related transaction." ORC 4763.05(E)(2): "In engaging in appraisal activities, a person certified, registered, or licensed under this chapter shall comply with the applicable standards prescribed by the board of governors of the federal reserve system, the federal deposit insurance corporation, the comptroller of the currency, the office of thrift supervision, the national credit union administration, and the resolution trust corporation in connection with federally related transactions under the jurisdiction of the applicable agency or instrumentality. A certificate holder, registrant, and licensee also shall comply with the uniform standards of professional appraisal practice, as adopted by the appraisal standards board of the appraisal foundation and such other standards adopted by the real estate appraiser board, to the extent that those standards do not conflict with applicable federal standards in connection with a particular federally related transaction." ORC 4763.13(A): "Subject to division (B) of this section, no person shall perform a real estate appraisal for a mortgage loan if the person is not licensed or certified under this chapter to do the appraisal." ORC 4763.19(A) Ohio Administrative Code I could not find any mention of FRTs or other relevant material in the Ohio Administrative Code.	

OK	Vol		Real Estate and Federally Related Transactions - Explained To begin, the Oklahoma Certified Real Estate Appraiser's Act provides and defines the following: § 858-701. Legislative Intent - Purpose of Act. It is the intent of the Legislature to develop a real estate appraiser certification process which meets the federal guidelines set forth in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The purpose of the Oklahoma Certified Real Estate Appraisers Act is to provide appraisers within the state a process for certification which will allow them to participate in a federally related transaction and real estate-related financial transactions of the agencies, instrumentalities and federally recognized entities as defined and recognized in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. It is not the intent of this legislation to prevent any person who is currently conducting business as an appraiser from continuing such action unless such action involves a federally related transaction or a real estate-related financial transaction as defined in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. § 858-702. Application of Act. A. This act shall only apply to: 1. Any appraisal or appraiser involving the following: a. a federally related transaction, b. real estate-related financial transactions of the agencies, instrumentalities, and federally recognized entities covered by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and c. any real estate-related transactions where an appraisal report was made under a written agreement that the appraisal report would follow the Uniform Standards of Professional Appraisal Practice guidelines or where a written appraisal states that it is in compliance with the Uniform Standards of Professional Appraisal Practice; and Title XI [12 U.S.C. 3350(5)] defines a real estate related transaction as "any transaction involving: 1. the sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof; 2. the refinancing of real property or interests in real property; and 3. the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities." Therefore, in determining whether an assignment is a federally related transaction, an appraiser must ask himself two questions: 1. Does the appraisal involve the transfer of an interest in real property, the financing or refinancing of a transfer of an interest in real property, or the use of an interest in real property as security for a loan or for mortgage-backed securities? 2. Does the financial transaction for which the appraisal assignment is to be performed involve a federal financial regulatory agency or one of the agencies specifically named in Title XI that require the services of a licensed or certified appraiser? Federal Financial Regulatory Agencies Title XI identifies the following agencies as federal financial regulatory agencies: (A) the Board of Governors of the Federal Reserve System (In addition to the 12 member banks, the Federal Reserve has regulatory authority over state-chartered banks and bank holding companies); (B) Federal Deposit Insurance Corporation (FDIC) (In addition to insuring the accounts of depositors in member banks, the FDIC regulates savings banks and state-chartered banks that are not members of the Federal Reserve System); (C) Office of the Comptroller of the Currency (OCC) (The OCC regulates more than 2,500 national banks all across the U. S.); (D) Office of Thrift Supervision (OTS) (The OTS regulates the nation's savings and loan or thrift institutions); and (E) National Credit Union Administration (NCUA) (The NCUA insures the accounts of depositors in federally chartered credit union and regulates those institutions). Other Affected Financial Institutions In addition, Title XI specifically requires appraisals by licensed or certified appraisers for financial transactions for the Federal National Mortgage Association (Fannie Mae); the Federal Home Loan Mortgage Corporation (Freddie Mac); or the Resolution Trust Corporation (RTC), the agency created by the Congress to liquidate the assets of the nation's failed savings and loan institutions. Although not specifically mentioned in Title XI, loans insured by the Federal Housing Administration (FHA) and loans guaranteed by the Veterans Administration (VA) are also considered federally related financial transactions. Requiring the Services of an Appraiser The final consideration in determining whether an assignment involves a federally related transaction is whether the transaction requires the services of an appraiser. Title XI [12 U.S.C. 3341(b)] provides that each federal financial regulatory agency can establish a threshold below which a licensed or certified appraiser is not required for performing an appraisal in connection with a real estate related financial transaction . In 1992 the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve Board, and the Office of Thrift Supervision individually adopted appraisal guidelines that included a threshold transaction amount below which an appraisal would be required. Two years later, those agencies formally and jointly adopted a threshold of $250,000, commonly referred to as the "de minimus." Therefore, in theory a real estate related financial transaction having a value of $250,000 or less is not a federally related transaction. However, the federal financial regulatory agencies and those they regulate may require appraisals by licensed or certified appraisers for real estate related financial transactions with values at or below the de minimus, effectively making those transactions federally related. Alternately, in lieu of an appraisal, they can order an evaluation of the property containing an opinion of value. According the appraisal guidelines adopted by the federal regulatory agencies, evaluations do not require the services of licensed or certified appraisers and do not have to conform to USPAP.
OR	Man	N/A	
PA	Man	§ 36.1. Definitions. Federally-related transaction—A real estate-related financial transaction which a Federal financial institution regulatory agency or the Resolution Trust Corporation engages in, contracts for or regulates, and which requires the services of an appraiser.	
PR	Man	N/A	
RI		Neither federally related transactions nor real estate related financial transactions are mentioned in RI statute or regulation.	
SC	Man	SECTION 40 60 20. Definitions.(12) "Federally related transaction" means any real estate related financial transaction which a federal financial institution regulatory agency engages in, contracts for, or regulates.	
SD	Man	20:14:04:01. Federally related transactions. For the purposes of this article, a federally related transaction is any real estate-related transaction, as defined in § 20:14:04:02, entered into after December 31, 1991, which federal regulatory agencies engage in, contracts for, or regulates, and which requires the services of an appraiser.	20:14:04:04. Appraisal not required. To determine whether or not an appraisal is needed under this article in connection with a federally related transaction, a financial institution shall comply with the threshold levels set by the federal financial institutions regulatory agencies, as applicable. Threshold levels are specified in § 20:14:04:05. An appraisal performed by a state-certified general, state-certified residential, or state-licensed appraiser is not required for any of the following real estate-related financial transactions: (1) The transaction value threshold level is less than that required by the applicable regulatory agency; (2) A lien on real estate has been taken as collateral solely through an abundance of caution, and the terms of the transaction as a consequence have not been made more favorable than they would have been in the absence of a lien; (3) A lease of real estate is entered into, unless the lease is the economic equivalent of a purchase or sale of the lapsed real estate; (4) There is a subsequent transaction resulting from a maturing extension of credit meeting the following conditions: (a) The borrower has performed satisfactorily according to the original terms; (b) No new moneys have been advanced other than as previously agreed; (c) The credit standing of the borrower has not deteriorated; and (d) There has been no obvious and material deterioration in market conditions or physical aspects of the property which would threaten the institution's collateral protection; or (5) A regulated institution purchases a loan or interest in a loan, pooled loans, or interests in real estate, including mortgage-backed securities; however, the appraisal prepared for each pooled loan or real estate interest must meet the requirements of this section, if applicable. 20:14:04:05. Threshold levels. Each federal financial institution's regulatory agency may establish a threshold level at or below which a certified or licensed appraiser is not required to perform appraisals in connection with federally related transactions. Threshold levels are as follows: (1) National Credit Union Administration, 12 C.F.R. § 722.3(a)(1) effective May 31, 2007; (2) OCC, 12 C.F.R. § 34.43, as published on 59 Fed. Reg. 29,499 (June 7, 1994); (3) FDIC, 12 C.F.R. § 323.3, as published on 59 Fed. Reg. 29,501 (June 7, 1994); (4) Fed, 12 C.F.R. § 225.63, as published on 63F Fed. Reg. 65532 (November 27, 1998). 20:14:04:10. Appraisal by either a state-certified general, state-certified residential, or state-licensed appraiser. Appraisals for federally related transactions not requiring the services of a state-certified general appraiser may be performed by either a state-certified general, state-certified residential, or state-licensed appraiser.
TN	Man	62-39-104. Applicability. (d) (1) This chapter does not apply to any evaluation of the value of real estate serving as collateral for a loan made by a federally regulated financial institution or to any evaluation of the value of the assets of a trust held by the institution; provided, that: (A) The applicable federal regulator does not require an appraisal by a state-licensed or state-certified appraiser for the loan or trust; (B) The evaluation is used solely by the financial institutions in their records to document the collateral or asset value; (C) The evaluation shall be labeled on its face "this is not an appraisal"; and (D) Individuals performing these evaluations may be compensated for their services.	

TX	Man	Chapter 153 Rules Relating to Provisions of the Texas Appraiser Licensing and Certification Act §153.1 Definitions The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise: 24.Federal financial institution regulatory agency--The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit Union Administration, or the successors of any of those agencies. 25. Federally related transaction--Any real estate-related transaction that requires the services of an appraiser and that is engaged in, contracted for, or regulated by a federal financial institution regulatory agency. 42. Real estate-related financial transaction--Any transaction involving: the sale, lease, purchase, investment in, or exchange of real property, including an interest in property or the financing of property; the financing of real property or an interest in real property; or the use of real property or an interest in real property as security for a loan or investment including a mortgage-backed security.	
UT	Man	Definitions: (s) (m) "Federally related transaction" means a real estate related transaction that is required by federal law or by federal regulation to be supported by an appraisal prepared by: (i) a state- licensed appraiser; or (ii) a state-certified appraiser.	
VA	Man	"Federally related transaction" means any real estate-related financial transaction which: 1. A federal financial institutions regulatory agency engages in, contracts for or regulates; and 2. Requires the services of an appraiser.	
VI	Man	N/A	
VT	M/FRT	Vermont is a mandatory for FRTs. For non-FRT appraisals, no license is required. Vermont does not define “federally related transaction” in either its statutes or regulations. Vermont Statutes “(a) Unless licensed in accordance with the provisions of this chapter, no person may: (1) Perform an appraisal in a federally related transaction when a licensed or certified appraiser is required by the Act.” Vermont Statute Title 26, §3312(a) Code of Vermont Rules- Administrative Rules of the Vermont Board of Real Estate Appraisers “Only individuals licensed by the Board may perform appraisals in a federally related transaction for a fee or may represent themselves as certified real estate appraisers in Vermont. No license is required to perform real estate appraisals in other transactions. However, a certified appraiser is subject to the Board's disciplinary authority when performing all real estate appraisals, whether or not the appraisal could have been performed by an unlicensed person.” Administrative Rules of the Vermont Board of Real Estate Appraisers	
WA	Man	18.140.010 Definitions. 18.140.010 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise. (14) "Federally related transaction" means any real estate-related financial transaction that the federal financial institutions regulatory agency or the resolution trust corporation engages in, contracts for, or regulates; and that requires the services of an appraiser. . 18.140.020 Use of title by unauthorized person. (6) This chapter does not preclude an individual person licensed by the state of Washington as a real estate broker or as a real estate salesperson from issuing a brokers price opinion. However, if the brokers price opinion is written, or given as evidence in any legal proceeding, and is issued to a person who is not a prospective seller, buyer, lessor, or lessee as the only intended user, then the brokers price opinion shall contain a statement, in an obvious location within the written document or specifically and affirmatively in spoken testimony, that substantially states: "This brokers price opinion is not an appraisal as defined in chapter 18.140 RCW and has been prepared by a real estate licensee, licensed under chapter 18.85 RCW, who . . . . . (is/is not) also state-certified or state-licensed as a real estate appraiser under chapter 18.140 RCW." However, the brokers price opinion issued under this subsection may not be used as an appraisal in conjunction with a federally related transaction. Chapter 308-125 WAC 308-125-010 WAC 308-125-010 Definitions. (1) Words and terms used in these rules shall have the same meaning as each has in the Certified Real Estate Appraiser Act, (chapter 18.140 RCW) and the Uniform Standards of Professional Appraisal Practice (USPAP). (2) "Appraisal foundation" means a private association of appraiser professional organizations. The appraisal foundation develops appraisal standards which the regulatory agencies must use as minimum standards for federally related transactions and it develops qualification criteria for appraisers.	
WI	M/FRT	Wisconsin is a mandatory state for FRTs only. Appraisers doing non-federally related transactions do not need to get licensed or certified and are under very limited oversight from the state. Wisconsin’s definition of “Federally Related Transaction” is the same as 12 USC 3350(4). Wisconsin Statutes: “Nothing in this chapter shall be construed to prohibit a person who is not a certified appraiser or licensed appraiser from appraising real estate or from cosigning an appraisal report with a certified appraiser or licensed appraiser if the person complies with s. 458.055.” Wis. Stat. § 458.02 “Federally related transaction” has the meaning given in 12 USC 3350 (4).” Wis. Stat. § 458.01(10) Wisconsin Administrative Code: “‘Federally related transaction’ means any real estate related financial transaction which a federal financial institutions regulatory agency engages in, contracts for or regulates and requires the services of an appraiser.” Wisconsin Code SPS 85.100(13) Position Statements Related to Real Estate Appraisal Issued by the Real Estate Appraisers Board “DO I NEED A LICENSE OR CERTIFICATION IN ORDER TO PERFORM APPRAISALS IN WISCONSIN?” “The answer is no for ‘non-federally related transactions’ and yes for ‘federally related transactions.’” “Non-federally related transactions: A credential is not required to perform appraisals involving ‘non-federally related transactions’. Refer to Wis. Stats.s. 458.02, which provides that an individual is not prohibited from practicing as an appraiser without a credential; provided that the individual does not use titles as prohibited under s. 458.055, Stats.” “Federally related transactions: A credential is required to perform appraisals involving ‘federally related transactions’. Refer to 12 U.S.C. 3342, which provides that a State certified appraiser shall be required for all federally related transactions having a value of one million dollars or more and that 1-to-4 unit, single family residential appraisals may be performed by State licensed appraisers unless the size and complexity requires a State certified appraiser.”	
WV	Man	N/A	
WY	Vol	FRT is not a defined term and FRTs are not mentioned. A person may not engage in the business of or act as a certified appraiser without obtaining a certificate. Wyo. Stat. § 33-39-101. [Note, Wyoming does not appear to have a “licensed” category.] The three classes of appraisers are: i. Certified residential – 1-4 unit residential real property ii. Certified general – all types of real property iii. Appraisal trainee – can only assist a certified appraiser Wyo. Stat. § 33-39-110. It is a misdemeanor to act or purport to act as a certified RE appraiser without first obtaining a permit. Wyo. Stat. § 33-39-129. Certified RE Appraiser Board Rules FRT is not a defined term and FRTs are not mentioned.	

AMENDED IN ASSEMBLY APRIL 22, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL No. 624

Introduced by Assembly Member Wilk

February 24, 2015

An act to amend Sections 11302 and 11319 of the Business and Professions Code, relating to real estate appraisers.

LEGISLATIVE COUNSEL'S DIGEST

AB 624, as amended, Wilk. Real estate appraisers: standards of conduct.

Existing law, the Real Estate Appraisers' Licensing and Certification Law, regulates the licensing of real estate appraisers and provides definitions of specified terms that govern the construction of that law. Existing law provides that the Uniform Standards of Professional Appraisal Practice sets forth the minimum standards of conduct and performance for real estate appraisers in any work or service performed that is addressed by those standards.

This bill would instead provide that the Uniform Standards of Professional Appraisal Practice constitutes the minimum standard of conduct and performance for federally related real estate appraisal activity, as defined. The bill would revise existing, and additionally include new, definitions for specified terms for purposes of the Real Estate Appraisers' Licensing and Certification Law. The bill would also authorize, if a licensee is performing a nonfederally related appraisal activity, a standard of valuation practice, as defined, for a licensee if

that practice is disclosed to, and agreed upon, by the client, and if that practice is described in an appraisal, as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 11302 of the Business and Professions Code is amended to read:

11302. For the purpose of applying this part, the following terms, unless otherwise expressly indicated, shall mean and have the following definitions:

(a) "Department" means the Department of Consumer Affairs.

(b) "Appraisal" means a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion *in a federally related transaction* as to the market value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

The term "appraisal" does not include an opinion given by a real estate licensee or engineer or land surveyor in the ordinary course of his or her business in connection with a function for which a license is required under Chapter 7 (commencing with Section 6700) or Chapter 15 (commencing with Section 8700) of Division 3, or Chapter 3 (commencing with Section 10130) or Chapter 7 (commencing with Section 10500) and the opinion shall not be referred to as an appraisal. This part does not apply to a probate referee acting pursuant to Sections 400 to 408, inclusive, of the Probate Code unless the appraised transaction is federally related.

(c) "Appraisal Foundation" means the Appraisal Foundation that was incorporated as an Illinois not-for-profit corporation on November 30, 1987.

(d) (1) "Appraisal management company" means any person or entity that satisfies all of the following conditions:

(A) Maintains an approved list or lists, containing 11 or more independent contractor appraisers licensed or certified pursuant to this part, or employs 11 or more appraisers licensed or certified pursuant to this part.

(B) Receives requests for appraisals from one or more clients.

(C) For a fee paid by one or more of its clients, delegates appraisal assignments for completion by its independent contractor or employee appraisers.

(2) "Appraisal management company" does not include any of the following, when that person or entity directly contracts with an independent appraiser:

(A) Any bank, credit union, trust company, savings and loan association, or industrial loan company doing business under the authority of, or in accordance with, a license, certificate, or charter issued by the United States or any state, district, territory, or commonwealth of the United States that is authorized to transact business in this state.

(B) Any finance lender or finance broker licensed pursuant to Division 9 (commencing with Section 22000) of the Financial Code, when acting under the authority of that license.

(C) Any residential mortgage lender or residential mortgage servicer licensed pursuant to Division 20 (commencing with Section 50000) of the Financial Code, when acting under the authority of that license.

(D) Any real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code, when acting under the authority of that license.

(3) "Appraisal management company" does not include any person licensed to practice law in this state who is working with or on behalf of a client of that person in connection with one or more appraisals for that client.

(e) "Appraisal Subcommittee" means the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

(f) "Controlling person" means one or more of the following:

(1) An officer or director of an appraisal management company, or an individual who holds a 10 percent or greater ownership interest in an appraisal management company.

(2) An individual employed, appointed, or authorized by an appraisal management company that has the authority to enter into a contractual relationship with clients for the performance of appraisal services and that has the authority to enter into agreements with independent appraisers for the completion of appraisals.

(3) An individual who possesses the power to direct or cause the direction of the management or policies of an appraisal management company.

(g) "Director" or "chief" means the Chief of the Bureau of Real Estate Appraisers.

(h) "Federal financial institutions regulatory agency" means the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Federal Home Loan Bank System, National Credit Union Administration, Consumer Financial Protection Bureau, and any other agency determined by the director to have jurisdiction over transactions subject to this part.

(i) "Federally related real estate appraisal activity" means the act or process of making or performing an appraisal on real estate or real property in a federally related transaction and preparing an appraisal as a result of that activity.

(j) "Federally related transaction" means any real estate-related financial transaction which a federal financial institutions regulatory agency engages in, contracts for or regulates and which requires the services of a state licensed real estate appraiser regulated by this part. This term also includes any transaction identified as such by a federal financial institutions regulatory agency.

(k) "License" means any license, certificate, permit, registration, or other means issued by the bureau authorizing the person to whom it is issued to act pursuant to this part within this state.

(*l*) "Licensure" means the procedures and requirements a person shall comply with in order to qualify for issuance of a license and includes the issuance of the license.

(m) "Office" or "bureau" means the Bureau of Real Estate Appraisers.

(n) "Registration" means the procedures and requirements with which a person or entity shall comply in order to qualify to conduct business as an appraisal management company.

(o) "State licensed real estate appraiser" is a person who is issued and holds a current valid license under this part.

(p) "Uniform Standards of Professional Appraisal Practice" are the standards of professional appraisal practice established by the Appraisal Foundation for use in a federally related transaction.

(q) "Course provider" means a person or entity that provides educational courses related to professional appraisal practice.

(r) "Nonfederally related real estate appraisal activity" means the act or process of making or performing an appraisal on real estate or real property for any purpose other than a federally related transaction.

(s) "Standard of valuation practice" means any nationally or internationally recognized valuation standard addressing the credibility of an appraisal or an appraisal review.

SEC. 2. Section 11319 of the Business and Professions Code is amended to read:

11319. Notwithstanding any other provision of this code, the following shall apply:

(a) The Uniform Standards of Professional Appraisal Practice constitute the minimum standard of conduct and performance for federally related real estate appraisal activity.

(b) If a licensee also is certified by the Board of Equalization, the licensee shall follow the standards established by the Board of Equalization when fulfilling the licensee's responsibilities for assessment purposes.

(c) If a licensee is performing a nonfederally related appraisal activity, a standard of valuation practice may be utilized if that practice is disclosed to, and agreed upon, by the client, and if that practice is described in the appraisal. If a licensee utilizes a standard of valuation practice other than the Uniform Standards of Professional Appraisal Practice pursuant to this subdivision, the licensee shall comply with the Ethics, Record Keeping, Competency, and Scope of Work rules of the Uniform Standards of Professional Appraisal Practice contained in the 2014–2015 edition of the Uniform Standards of Professional Appraisal Practice.

O

Proposed Changes to 61J1-9.001

Rule 61J1-9.001, F.A.C.
Fla. Admin. Code r. 61J1-9.001

61J1-9.001. Standards of Appraisal Practice.

(1) All registered, licensed, or certified appraisers shall comply with the 2016-2017 Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2016, which is incorporated by reference, when performing an appraisal for a federally related transaction. The copyrighted material may be viewed at the Division of Real Estate, 400 West Robinson Street, Hurston Building, North Tower, Suite N801, Orlando, Florida 32801. The incorporated material will be available for public inspection and examination at the Department of State, Administrative Code and Register Section, Room 701, The Capitol, Tallahassee, Florida 32399-0250.

(2) Notwithstanding any other provision of law, a registered, licensed, or certified appraiser may comply with an equivalent standard of valuation practice when performing a non-federally-related real estate appraisal activity.

(3) Nothing in this section shall be construed as to limit the ability of a registered, licensed, or certified appraiser to comply with the Uniform Standards of Professional Appraisal Practice when performing a non-federally-related real estate appraisal activity.

(4) A registered, licensed, or certified appraiser that performs a non-federally related appraisal activity in compliance with an equivalent standard of valuation practice shall disclose to the client at the time of engagement and within the body of the appraisal report the equivalent standard of valuation practice according to which the appraisal was developed, reported or reviewed.

(5) Notwithstanding any other provision of law, the board may commence a disciplinary action against a registered, licensed or certified appraiser that has performed a non-federally related real estate appraisal activity in compliance with an equivalent standard of valuation practice only for a violation of F.R.S. 475.610 et seq. or a violation of F.AC. 61J1-2, -3, -4, -5, -6, -7, -8, -10, and -11.

(6) Notwithstanding any other provision of law, a licensed or certified real estate appraiser may provide an evaluation of real property in connection with a real estate-related financial transaction where an appraisal by a licensed or certified real estate appraiser is not required by the state or federal financial institution's regulatory agency engaging in, contracting for or regulating such real estate-related financial transaction or regulating the financial institution or lender engaged in or about to engage in such real estate-related financial transaction. The evaluations provided by such persons shall comply with any standards imposed by the state or federal financial institution's or lender's regulatory agencies for evaluations.

(7) For purposes of this section, "Federal Financial Institutions Regulatory Agencies" means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration.

(8) For purposes of this section, "Federally related transaction" means any real estate-related financial transaction which:

(a) A federal financial institutions regulatory agency engages in, contracts for, or regulates; and
(b) Requires the services of an appraiser.

(9) For purposes of this section, "Non federally-related real estate appraisal activity" means to develop an appraisal, report the results of an appraisal, or provide an appraisal review for any purpose other than a federally related transaction.

(10) For purposes of this section, "Real estate related financial transaction" means any transaction involving:

(a) the sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof;

(b) the refinancing of real property or interests in real property; and

(c) the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

(11) For purposes of this section "Equivalent Standard of Valuation Practice" means the:

(a) Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada;
(b) European Valuation Standards of The European Group of Valuers' Associations;
(c) International Valuation Standards of the International Valuation Standards Council;
(d) Standards of Valuation Practice and Valuers Code of Professional Ethics of the Appraisal Institute; or
(e) Valuation Standards of the Royal Institution of Chartered Surveyors.

<BillNo> <Sponsor>

HOUSE BILL 2060

By Casada

AN ACT to amend Tennessee Code Annotated, Title 62, Chapter 39, relative to real estate appraisers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 62-39-329, is amended by deleting the section and substituting instead the following:

(a) It is the intent of this chapter that real estate appraisals be performed in accordance with generally accepted appraisal standards.

(b) State licensed or certified real estate appraisers must comply with the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the appraisal standards board (ASB) of the appraisal foundation when performing appraisals for federally related transactions and any other duly established standards of the commission. The commission shall not establish any criteria for licensure that are more stringent than the criteria established by the federal appraiser qualification board (AQB).

(c) A state licensed or certified real estate appraiser may comply with a standard of valuation practice other than the USPAP promulgated by the ASB of the appraisal foundation when performing an appraisal, an analysis, or a valuation appraisal for any purpose other than a federally related transaction.

SECTION 2. The Tennessee Real Estate Appraisers Commission is authorized to promulgate rules to effectuate the purposes of this act. The rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

Here are some draft responses (in **blue text**) to the respective points:

He said appraisers are losing business in the commercial field with clients that just want an income opinion of profitability and potential.

> **Which appraisers? Where is this documented? USPAP allows for a very limited scope of work, provided the assignment results are credible. If "others" are doing less, what benefit are opinions and conclusions that fail to be credible?**

He said appraiser's can't do Tax Rebuttal work because USPAP says you can't be an advocate for one side or the other.

> **False. USPAP does not prohibit an appraiser from acting in an advocacy role, as long as it is clear that the individual is not acting as an independent, impartial, and objective appraiser at the same time. In other words, USPAP requires an appraiser to not misrepresent his or her role in an assignment. You can be advocate, but you cannot be an advocate <u>and</u> impartial *at the same time*.**

He stated that ROW work up front requires a lessor degree of work with them only wanting a projection of a total acquisition costs for several parcels but not needing a full appraisal at that time.

> **Again, USPAP allows for a limited scope of work as long as the assignment results are credible. Are clients interested in obtaining assignment results that are <u>not</u> credible? How is public trust served?**

He also said that state of Georgia has not adopted USPAP so there appraisers could do so much more than those in Tennessee.

> **Georgia may not have adopted USPAP in name; it simply takes all of the USPAP requirements and codifies them independently. Therefore, Georgia appraisal standards are *de facto* USPAP standards. It's important to remember that if Georgia did not require USPAP compliance for appraisers performing FRTs, Georgia would not be in compliance with Title XI and would face non-recognition by the ASC. Since that hasn't happened in over 25 years, the notion that Georgia hasn't adopted USPAP is patently false.**

He also said that this bill and /or law will only affect about 5% - 10% of all appraisal work out there.

> **This suggests that 90-95% of all transactions are FRTs. Although the definition of FRT is up for debate, Jim Park estimates that less than 20% of all transactions are actually FRTs, meaning alternative standards could be performed in 80% or more of the transactions. Further, Jim Park claims to have a document obtained from AI's website (since removed) that confirms AI's interpretation that only a small number of transactions qualify as FRTs.**

The thing I found most interesting is that he said it is basically self-governing and therefore of no costs to the administration of regulations for the TN. R.E. Appr. Commission.

> **This is wholly inconsistent with the California findings.**

He also stated that this is "NOT" a double standard and will benefit the public.

> **The public would not benefit to learn that different standards can be used for different types of appraisal assignments. Business owners, attorneys, municipalities, state governments, and others may all wonder why there is a set of national uniform standards appraisers are mandated to use in assignments for federally-regulated financial institutions, but appraisers are not required to follow such standards to perform appraisals for their purposes.**

MEMORANDUM

TO: **Executive Committee of the Board of Trustees**

FROM: **David Bunton**

RE: **Appraisal Institute Federal Legislative Initiative**

DATE: **January 6, 2016**

In December, Appraisal Institute representatives circulated draft legislation in the U.S. Congress in an effort to find a sponsor to introduce the proposed bill. A copy of the draft legislation is attached for your reference.

The drafted legislation includes the following proposals:

Appraisal Subcommittee

- Abolish the Appraisal Subcommittee, and transfer most of the ASC's responsibilities to the Conference of State Bank Supervisors (CSBS), a Washington, DC based non-profit organization that is essentially the national association for state banking regulators.

  *One of the current ASC areas of authority that is eliminated is the ability to make grants to the states, a program that funds the highly successful State Investigator Training Program.

  *Note: The CSBS was not contacted by the Appraisal Institute about this proposal. Upon learning of it, CSBS contacted the federal financial institution regulatory agencies to notify them that they were unaware of the effort and do not support it.

State Appraiser Regulatory Agencies

- Limit "monitoring" the activities of the state appraiser regulatory agencies by the CSBS. The state appraiser regulatory agencies would be required to engage an independent auditor every two years to make a determination if it is in compliance with Federal legislation.

The Appraisal Foundation/Education

- Prohibit The Appraisal Foundation from "directly or indirectly offering qualifying or continuing education , accreditation, or credentialing programs for state certified or licensed appraisers."

  *This would in all likelihood prohibit us from offering the 7- and 15-hour National USPAP Course materials, the online USPAP courses through McKissock, and the AQB Certified USPAP Instructor Program.

The Appraisal Foundation/Qualifications

- Remove the AQB authority to set minimum requirements for trainee and supervisory appraisers.

The Appraisal Foundation/Standards

- Require that USPAP be "made available to the public, without charge, in a searchable electronic format accessible through the internet."

The Appraisal Foundation/Reporting

- Require that The Appraisal Foundation submit an annual report describing its activities (including its audited financial statements) to the Secretary of the Department of Housing and Urban Development. The Secretary must then transmit the report to the House Financial Services Committee and the Senate Committee on Banking, Housing and Urban Affairs within 30 days of receipt.

Appraisal Methods and Techniques

- Prohibit federal financial institution regulatory agencies from requiring "compliance with a particular appraisal method or technique."

  *This underscores their ongoing concern about the Appraisal Practices Board.

.....

(Original Signature of Member)

114TH CONGRESS
1ST SESSION

H. R. _____

To abolish the Appraisal Subcommittee and transfer its functions to the Conference of State Bank Supervisors, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

A BILL

To abolish the Appraisal Subcommittee and transfer its functions to the Conference of State Bank Supervisors, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Modernizing Appraisal Regulations Act of 2015".

SEC. 2. ABOLISHMENT OF APPRAISAL SUBCOMMITTEE.

(a) TRANSFER OF REGISTRY DATA.—Immediately following the date of the enactment of this Act, the Ap-

1 praisal Subcommittee shall transfer to the Conference of
2 State Bank Supervisors, for use in a Nationwide Appraisal
3 Licensing System, the following:

4 (1) The national registry of State certified or li-
5 censed appraisers who are eligible to perform ap-
6 praisals in federally related transactions.

7 (2) The national registry of appraisal manage-
8 ment companies and any subsidiaries of an appraisal
9 management company.

10 (b) TRANSFER OF ASSETS.—

11 (1) FIRST TRANSFER.—Immediately following
12 the date of the enactment of this Act, 25 percent of
13 the funds of the Appraisal Subcommittee shall be
14 transferred to the Secretary of Housing and Urban
15 Development for use by the Conference of State
16 Bank Supervisors to develop the capacity of the Na-
17 tionwide Appraisal Licensing System to process ap-
18 plications for—

19 (A) the certification and licensing of indi-
20 viduals who are qualified to perform appraisals
21 in connection with federally related trans-
22 actions; and

23 (B) the registration of appraisal manage-
24 ment companies and any subsidiary of an ap-
25 praisal management company.

1 (2) SECOND TRANSFER.—On the transfer date,
2 any remaining assets or funds of the Appraisal Sub-
3 committee shall be transferred to the Secretary of
4 Housing and Urban Development for use by the
5 Conference of State Bank Supervisors to carry out
6 this Act.
7 (c) RESOLUTION OF FUNCTIONS.—During the period
8 beginning on the date of enactment of this Act and ending
9 on the transfer date, the Financial Institutions Examina-
10 tion Council shall complete the disposition and resolution
11 of all the functions of the Appraisal Subcommittee, includ-
12 ing—
13 (1) the administration and wind-up of all Ap-
14 praisal Subcommittee functions to be transferred to
15 the Conference of State Bank Supervisors; and
16 (2) any actions that may be necessary to wind-
17 up any outstanding affairs of the Appraisal Sub-
18 committee.
19 (d) DEFINITIONS.—In this section, the following defi-
20 nitions apply:
21 (1) CONFERENCE OF STATE BANK SUPER-
22 VISORS.—The term "Conference of State Bank Su-
23 pervisors" means the nationwide non-profit organi-
24 zation of State banking regulators.

1 (2) NATIONWIDE APPRAISAL LICENSING SYS-
2 TEM.—The term "Nationwide Appraisal Licensing
3 System" means any system developed and main-
4 tained by the Conference of State Bank Supervisors
5 and the American Association of Residential Mort-
6 gage Regulators for the State licensing and certifi-
7 cation of individuals who are qualified to perform
8 appraisals in connection with federally related trans-
9 actions and the registration of appraisal manage-
10 ment companies and any subsidiaries of an appraisal
11 management company.
12 (3) TRANSFER DATE.—The term "transfer
13 date" means the date on which the Conference of
14 State Bank Supervisors certifies to the Secretary of
15 Housing and Urban Development and the Financial
16 Institutions Examination Council that the Nation-
17 wide Appraisal Licensing System has the capacity
18 to—
19 (A) process applications for—
20 (i) the certification and licensing of
21 individuals who are qualified to perform
22 appraisals in connection with federally re-
23 lated transactions; and

1 (ii) the registration of appraisal man-
2 agement companies and any subsidiaries of
3 an appraisal management company; and
4 (B) monitor State appraiser certifying and
5 licensing agencies, as determined by the Sec-
6 retary of Housing and Urban Development.

7 **SEC. 3. REPEAL OF AUTHORITIES OF THE APPRAISAL SUB-**
8 **COMMITTEE.**

9 On the transfer date defined in section 2(d)—
10 (1) section 1011 of the Federal Financial Insti-
11 tutions Examination Council Act of 1978 (12 U.S.C.
12 3310) is repealed; and
13 (2) sections 1103, 1104, 1105, 1106, 1108, and
14 1118 of the Financial Institutions Reform, Recov-
15 ery, and Enforcement Act of 1989 (12 U.S.C. 3331
16 et seq.) are repealed.

17 **SEC. 4. TRANSFER OF AUTHORITIES TO THE CONFERENCE**
18 **OF STATE BANK SUPERVISORS.**

19 (a) FUNCTIONS OF THE CONFERENCE OF STATE
20 BANK SUPERVISORS.—Section 1102 of the Financial In-
21 stitutions Reform, Recovery, and Enforcement Act of
22 1989 is amended to read as follows:

1 **"SEC. 1102. FUNCTIONS OF THE CONFERENCE OF STATE**
2 **BANK SUPERVISORS.**

3 "The Secretary shall enter into an agreement with
4 the Conference of State Bank Supervisors, under which
5 the Conference of State Bank Supervisors shall—

6 "(1) monitor the requirements established by
7 States—

8 "(A) for the certification and licensing of
9 individuals who are qualified to perform ap-
10 praisals in connection with federally related
11 transactions; and

12 "(B) for the registration and supervision
13 of the operations and activities of an appraisal
14 management company and any subsidiaries of
15 an appraisal management company;

16 "(2) maintain a national registry of State cer-
17 tified and licensed appraisers who are eligible to per-
18 form appraisals in federally related transactions
19 through a Nationwide Appraisal Licensing System;

20 "(3) maintain a national registry of appraisal
21 management companies and any subsidiaries of an
22 appraisal management company through a Nation-
23 wide Appraisal Licensing System; and

24 "(4) submit an annual report to the Congress
25 and the Secretary not later than June 15 of each
26 year that contains a description of each activity of

1 the Conference of State Bank Supervisors and the
2 manner in which each activity was carried out dur-
3 ing the preceding year.".
4 (b) FEES, LICENSING, AND AUDIT REQUIREMENTS
5 FOR APPRAISERS.—Section 1109 of the Financial Institu-
6 tions Reform, Recovery, and Enforcement Act of 1989 (12
7 U.S.C. 3338) is amended—
8 (1) by amending the section heading to read as
9 follows: "**FEES, LICENSING, AND AUDIT RE-**
10 **QUIREMENTS.**";
11 (2) in subsection (a)—
12 (A) by striking "the Council" and inserting
13 "the Secretary" each place such term appears;
14 (B) by striking "the Appraisal Sub-
15 committee" and inserting "the Conference of
16 State Bank Supervisors" each place such term
17 appears; and
18 (C) in paragraph (4), by striking "the
19 Subcommittee's" and inserting "the Conference
20 of State Bank Supervisors's" each place such
21 term appears;
22 (3) in subsection (b)—
23 (A) in the heading, by striking "APPRO-
24 PRIATED OR";
25 (B) by striking "appropriated for or";

1 (C) by striking paragraphs (3) and (5);

2 (D) by redesignating paragraph (4) as
3 paragraph (3);

4 (E) by redesignating paragraph (6) as
5 paragraph (4);

6 (F) in paragraph (4) (as redesignated), by
7 striking "surrendered, revoked, or suspended"
8 and inserting "surrendered or revoked"; and

9 (G) by striking "the Appraisal Sub-
10 committee" and inserting "the Conference of
11 State Bank Supervisors" each place such term
12 appears; and

13 (4) by adding at the end the following new sub-
14 sections:

15 "(c) MONITORING OF STATE APPRAISER CERTIFYING
16 AND LICENSING AGENCIES.—Under the agreement de-
17 scribed in subsection (a), the Conference of State Bank
18 Supervisors shall monitor each State appraiser certifying
19 and licensing agency for the purposes of determining
20 whether such agency—

21 "(1) has policies, practices, funding, staffing,
22 and procedures that are consistent with this title;

23 "(2) processes complaints and completes inves-
24 tigations in a reasonable time period;

1 "(3) reports complaints and adjudicated dis-
2 ciplinary actions on a timely basis to the national
3 registries on appraisers and appraisal management
4 companies maintained by the Conference of State
5 Bank Supervisors;
6 "(4) accepts courses approved by the Course
7 Approval Program of the Appraisal Foundation; and
8 "(5) facilitates a process for appraisers and ap-
9 praisal management companies to challenge the ac-
10 curacy of information maintained by the Conference
11 of State Bank Supervisors.
12 "(d) AUDIT.—
13 "(1) IN GENERAL.—To be in compliance with
14 this title, each State appraiser certifying and licens-
15 ing agency shall have periodic audits performed by
16 an independent auditor. Each audit shall describe
17 and give an opinion on each State's compliance with
18 the requirements of subsection (c) and shall be con-
19 ducted—
20 "(A) not later than 1 year after the effec-
21 tive date of the Modernizing Appraisal Regula-
22 tions Act of 2015;
23 "(B) not later than 1 year after the date
24 of completion of the audit required under sub-
25 paragraph (A); and

1 "(C) every 2 years after the date of com-
2 pletion of the audit required under subpara-
3 graph (B).
4 "(2) REPORTS.—
5 "(A) TO SECRETARY.—Not later than 30
6 days after conducting an audit pursuant to
7 paragraph (1), each State appraiser certifying
8 and licensing agency—
9 "(i) shall submit to the Secretary a
10 report describing the results of an audit,
11 including the opinion of the auditor on the
12 State's compliance with the requirements
13 of subsection (c), completed pursuant to
14 paragraph (1); and
15 "(ii) may submit such report to the
16 Conference of State Bank Supervisors.
17 "(B) TO CONGRESS.—The Secretary shall
18 compile the reports submitted pursuant to sub-
19 paragraph (A) and shall submit to Congress the
20 compilation not later than 30 days after receipt
21 of the final such report.
22 "(e) RECOGNITION.—The Conference of State Bank
23 Supervisors and all agencies, instrumentalities, and Feder-
24 ally recognized entities under this title shall not recognize
25 appraiser certifications and licenses from States whose ap-

1 praisal policies, practices, funding, staffing, or procedures
2 are found to be inconsistent with this title, as determined
3 by the Secretary after receiving 2 consecutive adverse
4 audit opinions under subsection (d).".

5 (c) FUNCTIONS OF FEDERAL FINANCIAL INSTITU-
6 TIONS REGULATORY AGENCIES RELATING TO APPRAISAL
7 STANDARDS.—Section 1110 of the Financial Institutions
8 Reform, Recovery, and Enforcement Act of 1989 (12
9 U.S.C. 3339) is amended by striking "responsibilities."
10 and inserting "responsibilities, except that no agency or
11 instrumentality shall require compliance with a particular
12 appraisal method or technique.".

13 (d) PUBLIC AVAILABILITY OF APPRAISAL STAND-
14 ARDS.—Section 1111 of the Financial Institutions Re-
15 form, Recovery, and Enforcement Act of 1989 (12 U.S.C.
16 3340) is amended—

17 (1) by amending the section heading to read as
18 follows: "**APPRAISAL STANDARDS**";

19 (2) by striking "Appraisal standards estab-
20 lished" and inserting

21 "(a) PROPOSAL AND ADOPTION.—Appraisal stand-
22 ards established"; and

23 (3) by inserting at the end the following new
24 subsection:

1 "(b) PUBLICATION OF USPAP.—The Uniform
2 Standards of Professional Appraisal Practice shall be—
3 "(1) made available to the public, without
4 charge, in a searchable electronic format accessible
5 through the internet; and
6 "(2) updated not later than 30 days after the
7 Appraisal Foundation makes any changes to the
8 Uniform Standards of Professional Appraisal Prac-
9 tice.".
10 (e) REPEAL OF QUALIFICATION REQUIREMENTS FOR
11 CERTAIN APPRAISERS.—Section 1116(e) of the Financial
12 Institutions Reform, Recovery, and Enforcement Act of
13 1989 (12 U.S.C. 3345(e)) is repealed.
14 (f) BACKUP AUTHORITY.—The Financial Institutions
15 Reform, Recovery, and Enforcement Act of 1989 (12
16 U.S.C. 3331 et seq.) is amended by inserting after section
17 1118 the following new section:
18 **"SEC. 1118A. BACKUP AUTHORITY.**
19 "If the Secretary determines, based on the results of
20 2 consecutive audits of a State conducted pursuant to sec-
21 tion 1109(d), that the Conference of State Bank Super-
22 visors failed to meet the requirements of this title for es-
23 tablishing a licensing, certification, registration, and moni-
24 toring system with respect to that State, the Secretary
25 may establish and maintain a licensing, certification, reg-

1 istration, and monitoring system to replace the system of
2 the Conference of State Bank Supervisors for such
3 State.".

4 (g) RECOGNITION OF STATE CERTIFIED OR LI-
5 CENSED APPRAISERS.—

6 (1) IN GENERAL.—Section 1119 of the Finan-
7 cial Institutions Reform, Recovery, and Enforcement
8 Act of 1989 (12 U.S.C. 3348) is amended—

9 (A) by striking subsection (a) and redesig-
10 nating subsections (b) and (c) as subsections
11 (a) and (b), respectively;

12 (B) in subsection (a) (as redesignated)—

13 (i) by striking "Council, the Appraisal
14 Subcommittee" and inserting "Secretary,
15 the Conference of State Bank Super-
16 visors";

17 (ii) by striking "the Appraisal Sub-
18 committee or a State agency" and insert-
19 ing "a State agency"; and

20 (iii) by striking "terminates when the
21 Appraisal Subcommittee" and inserting
22 "terminates when the Conference of State
23 Bank Supervisors"; and

24 (C) in subsection (b) (as redesignated)—

1 (i) by striking "Appraisal Sub-
2 committee" and inserting "Conference of
3 State Bank Supervisors" each place such
4 term appears; and
5 (ii) by striking the second sentence.
6 (2) CONFORMING AMENDMENT.—Section
7 1120(a) of such Act is amended—
8 (A) by striking "the Appraisal Sub-
9 committee" and inserting "the Conference of
10 State Bank Supervisors"; and
11 (B) by striking "section 1119(b)" and in-
12 serting "section 1119(a)".
13 (h) AMENDMENTS TO DEFINITIONS.—Section 1121
14 of the Financial Institutions Reform, Recovery, and En-
15 forcement Act of 1989 (12 U.S.C. 3350) is amended—
16 (1) by amending paragraphs (2) and (3), re-
17 spectively, to read as follows:
18 "(2) CONFERENCE OF STATE BANK SUPER-
19 VISORS.—The term 'Conference of State Bank Su-
20 pervisors' means the nationwide non-profit organiza-
21 tion of State banking regulators.
22 "(3) SECRETARY.—The term 'Secretary' means
23 the Secretary of Housing and Urban Development.";
24 and

1 (2) by amending paragraph (8) to read as fol-
2 lows:
3 "(8) NATIONWIDE APPRAISAL LICENSING SYS-
4 TEM.—The term 'Nationwide Appraisal Licensing
5 System' means a system developed and maintained
6 by the Conference of State Bank Supervisors and
7 the American Association of Residential Mortgage
8 Regulators for the State licensing and certification
9 of individuals who are qualified to perform apprais-
10 als in connection with federally related transactions
11 and the registration of appraisal management com-
12 panies and any subsidiaries of an appraisal manage-
13 ment company, or any system established by the
14 Secretary under section 1118A.".
15 (i) MISCELLANEOUS PROVISIONS.—Section 1122 of
16 the Financial Institutions Reform, Recovery, and Enforce-
17 ment Act of 1989 (12 U.S.C. 3351) is amended—
18 (1) in subsection (a)(2), by striking ", as deter-
19 mined by the Appraisal Subcommittee,";
20 (2) by amending subsection (c) to read as fol-
21 lows:
22 "(c) PROFESSIONAL APPRAISAL DESIGNATIONS.—
23 Nothing in this title shall prohibit a financial institution
24 or its agent from giving special consideration to appraisers
25 who have earned a designation from a private professional

1 organization that exceeds the requirements for a State cer-
2 tified real estate appraiser or a State licensed appraiser
3 under section 1116.";
4 (3) by striking subsections (d), (f), (g), (h), and
5 (i);
6 (4) by redesignating subsection (e) as sub-
7 section (d); and
8 (5) by inserting at the end the following new
9 subsections:
10 "(e) LIMITATION.—The Appraisal Foundation may
11 not directly or indirectly offer qualifying or continuing
12 education, accreditation, or credentialing programs for
13 State certified or licensed appraisers.
14 "(f) REPORT.—The Appraisal Foundation shall sub-
15 mit an annual report describing the activities of the Ap-
16 praisal Foundation (including its audited financial state-
17 ments) to the Secretary, and the Secretary shall submit
18 a copy of that report to the Committee on Financial Serv-
19 ices of the House of Representatives and the Committee
20 on Banking, Housing, and Urban Affairs of the Senate,
21 not later than 30 days after the date of receipt of that
22 report by the Secretary.' "'.
23 (j) APPRAISAL MANAGEMENT COMPANY MINIMUM
24 REQUIREMENTS.—Section 1124 of the Financial Institu-

1 tions Reform, Recovery, and Enforcement Act of 1989 (12
2 U.S.C. 3353) is amended—
3 (1) in subsection (e), by striking "the Appraisal
4 Subcommittee" and inserting "the Conference of
5 State Bank Supervisors"; and
6 (2) in subsection (f)(2), by striking "Subject to
7 the approval of the Council, the Appraisal Sub-
8 committee" and inserting "The Secretary".
9 (k) CLERICAL AND CONFORMING AMENDMENTS.—
10 (1) CONFORMING AMENDMENT.—Section
11 1125(b) of the Financial Institutions Reform, Recov-
12 ery, and Enforcement Act of 1989 (12 U.S.C.
13 3354(b)) is amended by striking "the Appraisal Sub-
14 committee and".
15 (2) DELETION OF REFERENCES TO THE RESO-
16 LUTION TRUST CORPORATION.—Such Act is further
17 amended—
18 (A) by striking "and the Resolution Trust
19 Corporation" each place such term appears;
20 (B) in section 1120(a)(2) by striking ",
21 the Federal Home Loan Mortgage Corporation,
22 or the Resolution Trust Corporation" and in-
23 serting "or the Federal Home Loan Mortgage
24 Corporation"; and

1 (C) in section 1121(4)(A), by striking "or
2 the Resolution Trust Corporation".
3 (3) NATIONAL HOUSING ACT AMENDMENTS.—
4 Section 202(g) of the National Housing Act (12
5 U.S.C. 1708(g)) is amended by—
6 (A) striking paragraph (2); and
7 (B) redesignating paragraphs (3), (4), and
8 (5) as paragraphs (2), (3), and (4), respec-
9 tively.
10 (l) EFFECTIVE DATE.—The amendments made by
11 this section shall take effect on the transfer date defined
12 in section 2(d).