

□ □ □ □ □ □

Appraisal Subcommittee

Federal Financial Institutions Examination Council

Bulletin No. 2011-01
Issue Date: March 18, 2011

To: State Appraiser Regulatory Officials

Subject: Statutory Provisions Affecting State Appraiser Regulatory Programs

The Appraisal Subcommittee (ASC) is issuing this Bulletin to State Appraiser Regulatory Officials to provide information on compliance with certain provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). The Dodd-Frank Act amended several sections of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA Title XI). This Bulletin addresses the following provisions:

- Reciprocity
- Qualification requirements for State licensed appraisers
- Minimum requirements for trainee appraisers and supervisory appraisers
- Course approval program of the Appraisal Foundation's Appraiser Qualifications Board (AQB)
- ASC monitoring of funding and staff resources available to State appraiser regulatory programs (State Programs)

This Bulletin outlines changes to the ASC's process for monitoring State Programs, the requirements that States must implement, with statutory references, as well as the effective dates for compliance. Recognizing States may need to amend their rules and/or regulations, or revise their operating procedures, the ASC is providing States with a two-year implementation period for certain of the above provisions. As part of its State Compliance Review Process, the ASC will continue to evaluate State Programs for compliance with FIRREA Title XI and the ASC Policy Statements, including those that cover topics in the Dodd-Frank Act.

Provisions with a Two-Year Implementation Period

Effective July 1, 2013, the ASC will begin reviewing State Programs for compliance with the following three requirements. Over the next two years, the ASC will monitor States' efforts to implement the requirements.

- ***Reciprocity***: Provisions of the Dodd-Frank Act require States to have in place a policy for issuing a reciprocal certification or license to an appraiser from another State under specific conditions. Moreover, a federally regulated financial institution may not engage a certified or licensed appraiser to perform an appraisal of a property for a federally related transaction unless the State wherein the appraiser is credentialed has such a reciprocity policy in place. The State's reciprocity policy must meet the following conditions:

1. The appraiser licensing and certification program of the other State is in compliance with the provisions of FIRREA Title XI; and

2. The appraiser holds a valid certification from a State with requirements for certification or licensing that meet or exceed the certification and licensure standards established by the State where an individual seeks reciprocity.

Statutory and Policy References: FIRREA Title XI § 1122 (b), 12 U.S.C. 3351, as amended by the Dodd-Frank Act; FIRREA Title XI § 1122 (b), 12 U.S.C. 3351; ASC Policy Statement 6.

- ***Certification and Licensing Requirements for State licensed appraisers:*** The Dodd-Frank Act defines a “State licensed appraiser” as an individual who has satisfied the requirements for State licensing in a State with criteria for the licensing of a real estate appraiser currently that meet or exceed the minimum criteria issued by the AQB for the licensing of real estate appraisers. Therefore, if a State has a licensed category, the minimum qualification criteria issued by the AQB is mandatory.

Statutory Reference: FIRREA Title XI § 1116 (c), 12 U.S.C. 3345, as amended by the Dodd-Frank Act. *See also* AQB Real Property Appraiser Qualification Criteria.

- ***Certification and Licensing Requirements — Minimum Qualification Requirements:*** The Dodd-Frank Act mandates that any minimum qualification requirements established by a State for individuals in the position of “Trainee Appraiser” and “Supervisory Appraiser” must meet or exceed the minimum qualification requirements of the AQB.

Statutory Reference: FIRREA Title XI § 1116 (e), 12 U.S.C. 3345, as amended by the Dodd-Frank Act. *See also* AQB Real Property Appraiser Qualification Criteria.

The AQB’s minimum qualification criteria may be subject to amendment from time to time by the AQB and is available at the Appraisal Foundation’s website under the “Qualifications” tab referencing “Real Property Criteria.” (www.appraisalfoundation.org)

Revisions to State Compliance Review Process

While the Dodd-Frank Act contains a number of mandates addressing the authority and responsibilities of the ASC, the ASC is now formally incorporating the following two requirements into its State Compliance Review process. The revisions take effect on July 1, 2011, and do not necessarily require States to revise rules and/or regulations. States that will need to revise rules and/or regulations should advise the ASC as soon as possible.

- The Dodd-Frank Act requires the ASC to encourage States to accept courses approved by the AQB Course Approval Program. While the ASC currently reviews States’ practices in this area as part of the Compliance Review process, the ASC will formally ask a State whether or not the State uses the AQB Course Approval Program as part of a Compliance Review conducted after July 1, 2011. Accordingly, the ASC will continue to encourage States to accept courses approved by the AQB Course Approval Program.

Statutory References: FIRREA Title XI § 1122 (h), 12 U.S.C. 3351, as amended by the Dodd-Frank Act.

- The Dodd-Frank Act requires the ASC to monitor a State Program for the purposes of determining whether a State has policies, practices, procedures, funding, and staffing consistent with the purpose of FIRREA Title XI. The ASC's longstanding practice is to monitor the adequacy of a State Program's policies, practices and procedures. Recently, the ASC has been requesting funding and staffing data for State Programs as part of the Compliance Review process and will formally request the information from State Programs for Compliance Reviews conducted after July 1, 2011.

Statutory References: FIRREA Title XI § 1118 (a), 12 U.S.C. 3347, as amended by the Dodd-Frank Act.

For further information, contact James R. Park, Executive Director, at (202) 595-7575 or Jim@ASC.gov, or Alice M. Ritter, General Counsel, at (202) 595-7577 or Alice@ASC.gov.

Sincerely,



Deborah S. Merkle
Chairman