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Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 12, 2018

Via Email

Mr. Mark A. Lewis, Chair
Appraiser Qualifications Board
The Appraisal Foundation
1155 15th Street, NW
Suite 1111
Washington, DC 20005

Dear Chair Lewis:

The Appraisal Subcommittee (ASC) staff appreciates the opportunity to comment on the Fourth Exposure Draft of Proposed Changes to the *Real Property Appraiser Qualification Criteria* (AQB Criteria). These comments reflect the opinions of ASC staff and are not necessarily those of the ASC or its member agencies.

The proposed criteria include a provision for successful completion of college-level courses in lieu of a Bachelor's Degree. In the past, the AQB Criteria included a college course equivalency provision that was difficult for State Regulators to enforce and led to its inconsistent application. In its rationale for eliminating the "in lieu of" option in 2011, the AQB indicated that "regulators, applicants and grantors of appraisal credentials all expressed difficulties in evaluating the equivalency of the 'in lieu' option."¹ This reversion to "in lieu of" criteria has the potential to recreate the problems that existed prior to 2011 by requiring States to determine whether a course submitted meets AQB requirements. For the States, this is difficult, costly and time consuming and often results in a judgement call which may not be uniformly applied between States. In addition, it may be unclear to potential applicants which courses would meet the college course equivalency. If the AQB includes the "in lieu of" provisions in the final AQB Criteria, the AQB should provide an interpretation to the Criteria indicating what topics should be included in specific classes in order for them to qualify for "in lieu of" status. The College Level Examination Program® (CLEP) credit and Associates Degree requirement are more easily verified by State regulators.

The Exposure Draft includes an alternative path to a certified residential appraisal credential based on experience at a lower level. However, the provision of III B appears to be negated by III F. Appraisers and the public may be better served by providing a path for State licensed appraisers in good standing to qualify for a higher-level credential in lieu of the degree requirement. ASC staff supports the alternative path and suggests that the AQB remove Licensed Residential from III F.

¹ Fourth Exposure Draft of Proposed Revisions to the Future *Real Property Appraiser Qualification Criteria*, Section 2 Rationale p.9, June 17, 2011.

The reduction in hours appears reasonable given increased education requirements over the years, and the introduction of the National Appraiser Licensing Exams in 2008. However, the AQB should carefully consider removal of the minimum period allowed to accumulate those hours since it serves as a guard against appraisers attempting to accumulate their experience hours by working inordinate hours, thereby potentially diminishing the value of their experience.

Historically, changes made to the AQB Criteria altered minimum requirements States had to implement in order to comply with Title XI. In the case of the proposed criteria, it would permit States to apply a lesser requirement for credentialing. Therefore, if adopted, States will have several options:

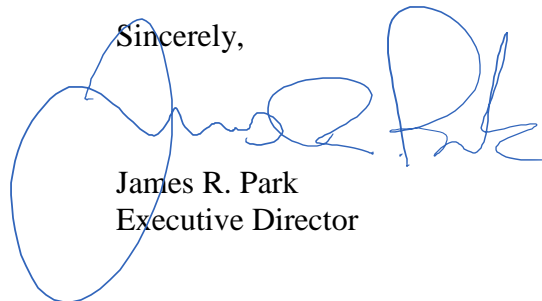
- (1) to implement the lesser requirement by choice;
- (2) to maintain 2015 minimum requirements; or
- (3) for States that by law cannot maintain any requirement over the minimum AQB Criteria, adoption of the proposed criteria will be necessary.

For States that fall within the third option, statutory and/or regulatory changes will likely be required to implement such changes. ASC staff urges the AQB to consider an implementation period to allow those States time to amend their regulations in order to not be out of compliance with their own State laws.

As a final comment, Title XI provides two paths that promote mobility of appraisers from State to State (reciprocity and temporary practice permits). Mobility may be reduced if States have varying minimum qualifications, particularly in the case of reciprocity. Therefore, the AQB should be cognizant of the fact that the proposed changes to the AQB Criteria which would allow States to have varying minimum credentialing requirements may negatively impact credentialing by reciprocity.

ASC staff recognizes the significant challenges for the AQB posed by today's marketplace and appraisal regulatory system. We also appreciate the significant effort and resources the AQB has devoted to this project. Please contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "James R. Park", is written over the typed name and title. The signature is fluid and cursive, with a large loop at the beginning and a distinct end.

James R. Park
Executive Director