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Appraisal Subcommittee

Federal Financial Institutions Examination Council

Certified Mail – Return Receipt Requested

February 9, 1999

Louise A. Holt, Administrative Assistant
State of Delaware
Division of Professional Regulation
Cannon Building, Suite 203
P.O. Box 1401
Dover, DE 19903

Dear Ms. Holt:

In our March 5, 1998 letter, we raised concerns about Delaware's licensing and certification procedures. In subsequent telephone conversations, we learned that Delaware does not take any steps to assure that only State certified or licensed appraisers who have paid National Registry fees and who are on the National Registry perform appraisals in connection with federally related transactions.

Appraisal Subcommittee Policy Statement 8.A., adopted under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, in pertinent part, states:

Only appraisers on the National Registry are eligible to perform appraisals in connection with federally related transactions. Some States may give State certified or licensed appraisers an option of not paying Registry fees. If a State certified or licensed appraiser chooses not to pay the fee, then the credentialing State agency must ensure that any potential user of that appraiser's services is aware that the appraiser's certificate or license is limited to performing appraisals in connection with non-federally related transactions. The State agency must place a conspicuous notice directly on the face of any evidence of the appraiser's authority to appraise stating, "Not Eligible To Appraise Federally Related Transactions."

Delaware must conform to this Policy Statement as soon as possible. Because the State's practice apparently has been in place for a substantial period of time, you must take the following steps:

- **Recall all licenses/certificates that have been issued to appraisers that have not paid National Registry fees and over-stamp the documents, "Not Eligible To Appraise Federally Related Transactions"; and**
- **Notify all financial institutions doing business in Delaware about this situation, describing how institutions can determine whether an appraiser is eligible to appraise in connection with federally related transactions.**

Please notify us by March 31, 1999, of the curative actions you propose to take and a timetable for their implementation. ASC staff will be performing an on-site review of your appraiser regulatory program on March 15-16 and attending your March 16th Appraisal Board meeting. At that time, ASC staff will discuss this issue and your proposed actions with you and the Appraisal Board. If you have any questions, please contact us.

Sincerely,

Ben Henson
Executive Director