

Appraisal Subcommittee
Federal Financial Institutions Examination Council

October 3, 1997

Mr. George E. Junnier, Chair
Georgia Real Estate Appraisers Board
Suite 1000, International Tower
229 Peachtree Street, NE
Atlanta, GA 30303-1605

Dear Mr. Junnier:

Thank you for responding to our July 25, 1997 letter regarding continuing education and credential renewal periods. You raised several issues in your letter, which are discussed below in the order presented.

In your opening paragraph you stated that our "letter offers no reasonable basis for its directive to affected state agencies." The letter that you received was sent to approximately 46 States and territories that, based on our records, had *consistent* continuing education and credential renewal cycles. This letter was general in nature and was intended to inform "non affected" States of the issue, but not request or require any specific actions. We sent a different letter to the ten States that, based on our records, had *inconsistent* continuing education and credential renewal cycles. This letter to "affected" States was more detailed and provided more background and support. Our determination of affected States was based on responses to our *Annual Survey of State Appraiser Regulatory Agencies* that had been received in the September-October, 1996 time frame. Based on information provided in your letter, Georgia's December 26, 1996 rule change moved Georgia from the "non-affected" category to the "affected" category. Following is a recap of the basis for our decision regarding this issue and for the directive to the affected State agencies.

Section 1116 (a) of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI") clearly authorizes the Appraiser Qualifications Board of the Appraisal Foundation ("AQB") to establish the minimum qualifications criteria for certified real estate appraisers. States, under Sections 1116(a) and 1118 of Title XI, must conform to those qualifications requirements. The AQB, therefore, has the authority to adopt, and necessarily interpret, these qualifications requirements. In that regard, the AQB's qualifications criteria for certified appraisers states:

II.A.4. Continuing
Education

a The equivalent of ten classroom hours of instruction in courses or seminars for *each year during the period preceding the renewal is required.* (For example, a two-year licensure term would require twenty hours.) [Emphasis added.]

The purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his/her skill, knowledge and competency in real estate appraising.

Continuing education hours may be obtained anytime *during the term*.
[Emphasis added.]

Under Title XI, the ASC required to oversee the States' appraiser regulatory programs to ensure that States implement Title XI in a manner consistent with, among other things, the AQB's minimum qualifications criteria for certified appraisers. While carrying out that responsibility, we discovered an apparent inconsistency between the AQB criteria and the credential renewal and continuing education cycles in several States. Indeed, a State raised this issue as a result of an ASC on-site review of the State program. Before responding to the State that raised this issue, we decided to obtain a clarification from the AQB. We requested this clarification in Ben Henson's May 27, 1997 letter to the AQB. The AQB's June 16, 1997 response clearly sets forth its position by "confirm[ing] that the intent of this requirement is that the appraiser must obtain ten hours of continuing education for each year of the period preceding the renewal. In this context, the state practices described above are not consistent with the AQB's continuing education requirement."

Your second paragraph cited a series of examples and asserted a number of conclusions. As noted in our May 1997 letter to the AQB, we believe that the States have logical reasons for their policies. As noted above, however, interpretation of, and modification to, the AQB criteria is the AQB's responsibility under Title XI. We would be happy to participate in a joint meeting with the States and the AQB to discuss this issue, if both parties are interested. The upcoming Association of Appraiser Regulatory Officials ("AARO") and Appraisal Foundation meetings in November might provide an excellent opportunity for such a forum.

In your next to last paragraph, you stated that you forwarded a copy of your Notice of Intent to change your rules to us, and that you did not receive any response. I regret that we did not note the importance of your proposed change and provide comments at that time. Georgia has been exemplary in furnishing proposed actions for our review. We will attempt to be more diligent in providing quality reviews of those proposals in the future.

In summary, Title XI effectively requires a State's continuing education period for its certified appraisers to run concurrently with its credential renewal period. We, therefore, have no other choice at this time but to inform you that Georgia needs to initiate the necessary action to correct this inconsistency. Possible options include changing the continuing education period to coincide with the credential renewal period or vice versa. Within 60 days, please provide us a written notification regarding your plans and timetable for addressing this issue. If Georgia, and any other interested States, would like to petition the AQB for reconsideration of this issue, you may delay responding until after the November 1997 Appraisal Foundation and AARO conferences.

Sincerely,

Herbert S. Yolles
Chairman