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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

June 28, 2000

Sam E. Blackburn  
Executive Director  
Kentucky Real Estate Appraisers Board  
1025 Capital Center Drive, Suite 100  
Frankfort, KY 40601-8205

Dear Mr. Blackburn:

Thank you for your May 30, 2000 letter commenting on the Appraisal Qualifications Board's ("AQB") May 10, 2000 Exposure Draft regarding a number of actions designed to improve the quality and consistency in the instruction of the Uniform Standards of Professional Appraisal Practice ("USPAP"). In your letter, you stated that the Appraisal Foundation and the AQB "proposed the National USPAP Course for two reasons: (1) To promote better and consistent instruction of USPAP and (2) Reduce sponsor fees from the sale of course material." You believe that the second reason is inappropriate, and that the Appraisal Subcommittee ("ASC") should not support the AQB's actions. You further suggested that fees generated from this mandated course should "be deducted from the ASC's annual appropriation to the Appraisal Foundation."

While we cannot speak for the Appraisal Foundation and the AQB, the ASC staff's understanding is that the AQB is proposing these changes solely to inject badly needed quality control into the USPAP educational process. If they are adopted, revenue certainly will be generated. In addition, State appraiser regulatory agencies will have much less discretion in approving initial and continuing education USPAP courses and USPAP instructors.

We have enclosed for your information a copy of our comment letter to the AQB regarding the Exposure Draft. As you will see from that letter, we too have concerns about the process, cost, and administrative burden involved in the AQB's reviewing and approving "equivalent" USPAP courses. Moreover, we urge the deletion of Part E: *Proposed USPAP Instructor and Evaluation Policy for National Course Providers* because the AQB's authority under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI") does not extend to "National Course Providers." We also noted that Title XI's split of authority between the Federal financial institutions regulatory agencies and the ASC, the States, and the private sector (*i.e.*, the Appraisal Foundation and its Boards) contemplates that such authority rests with the States. Finally, we commented that the AQB should be sensitive to preserving as much as possible competition in the educational provider marketplace and among instructors. The AQB, in particular, should consider the effects of its initiative on small education providers. These providers, among other things, provide educational services to remote parts of the United States and its territories.

Please contact us if you have further questions.

Sincerely,

Ben Henson  
Executive Director

Enclosure