

**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

October 6, 1997

Mr. [redaction]

Dear Mr. [redaction]:

This letter responds to your September 30, 1997 letter to me regarding "challenge examinations." Specifically, you are referring to a procedure where an appraiser can take an examination without having attended the associated training course. If the appraiser passes the examination, the course provider provides a certificate of course completion. You express concern that some States will not accept for certification credit the educational hours associated with challenge courses.

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI") requires, among other provisions, that State certified appraiser must meet the minimum criteria established by the Appraiser Qualifications Board ("AQB"). The AQB's minimum standards specify that a State appraiser certifying and licensing agency may grant credit for courses via the challenge examination method "**provided** that such credit was granted by the course provider **prior** to July 1, 1990, and provided further that the state agency is satisfied with the quality of the challenge examination that was administered by the course provider." [Emphasis added] Therefore, States are prohibited by AQB criteria and Title XI from considering for the certified appraiser designation any education hours obtained by challenge examination after July 1, 1990.

I discussed this issue today with AQB Chairman Steve Williams. Mr. Williams confirmed our understanding of the AQB's criteria and stated that there is no pending action to change the criteria as it relates to challenge examinations.

Sincerely,

Ben Henson  
Executive Director

cc: [redactions]