



TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD

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Commissioner
512-465-3900

May 24, 2007

Mr. Ben Henson
Executive Director
Appraisal Subcommittee
Via E-mail: ben@asc.gov

RE: Response to March 28, 2007 letter related to Proposed Amendments to ASC Policy Statement 10(G).

Dear Mr. Henson:

I am writing this letter as Chairman of the Texas Appraiser Licensing and Certification Board (TALCB). It was a pleasure to visit with you and your staff at the Spring 2007 AARO Conference. Commissioner Thorburn and his staff members, Della Linquist (Director of Enforcement) and Gwen Jackson (Director of Licensing) gave favorable comments regarding the information presented by the Appraisal Subcommittee and the Appraisal Foundation. The TALCB is very interested in comments regarding Proposed Amendments to ASC Policy Statement 10. The Texas Appraiser Licensing and Certification Board met on May 3rd and 4th and feel we have common objectives with the stated ASC guidelines in Statement 10(G). One of the main objectives of the TALCB is that, prior to issuance of appraiser certification or license, the applicants possess the necessary experience to perform appraisals within the State of Texas. All six items listed under Statement 10(G) appear reasonable. However, the TALCB has significant concern over what was stated verbally at the ASC presentation in St. Petersburg versus the written text in proposed Statement 10(G).

1. Validation of Qualifying Experience and Proper Use of Experience Logs - The text presented appears logical in that "States, in some reliable manner, must validate that the experience listed on the log actually exists." Based on 2007 audit, Texas shifted from accepting affidavits to requiring detailed logs for all applicants.
2. Determinations of USPAP Compliance - We agree that "States must determine by some reasonable method, whether applicants are capable of performing appraisals that are USPAP compliant." Currently, the Texas Appraiser and Licensing Certification Act, Section 1103.205 and Section 1103.206 (See website at www.talcb.state.tx.us/ActAndRules) establishes 5% as an appropriate sampling technique. The TALCB can review the statute during the next 2009 Session of the Texas Legislature. Our current concern is that your written policy appears workable but statements made in St. Petersburg indicated that the ASC is considering a 100% audit. Without significant changes in the Texas Act, a 100% audit is not legal. In addition, a 100% audit will require substantial increase in staff and related funding. We are currently in the process of gaining

additional funds to expedite our complaint process which the ASC justifiably indicates needs improvement. To conduct 100% audit on new applicants is currently outside the TALCB's financial reality and would be outside your defined reasonable method. It is noted that all Appraiser Trainees are required to operate under the direct supervision of a licensed or certified sponsor. Thus, USPAP non-compliance would be a violation for the sponsor as well as the trainee.

Items 3, 5 and 6 seem reasonable statements, except for the logic of skipping over Item 4. Clarification of "adequate documentation" could be an issue depending on which side the review is critiqued.

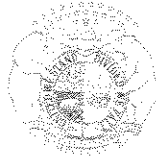
Once again, the TALCB and the ASC have common objectives. We have enjoyed our mutual goal of improving the Appraiser Certification and Licensing process in Texas. Denise Graves has been very helpful and, from our viewpoint, has efficiently and effectively carried out the balance between Federal oversight and State implementation of AQB and ASB requirements.

We will continue to monitor your position related to experience documentation and look forward to implementing an efficient and effective blend between rule creation and rule enforcement.

Respectfully,



Larry D. Kokel, Chair



MAY 24

Matt Blunt
Governor
State of Missouri

David T. Broeker, Director
DIVISION OF PROFESSIONAL REGISTRATION

Department of Insurance
Financial Institutions
and Professional Registration
Douglas M. Ommen, Director

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Vanessa Beauchamp
Executive Director

May 21, 2007

Ben Henson
Appraisal Subcommittee
2000 K Street NW
Suite 310
Washington DC 20006

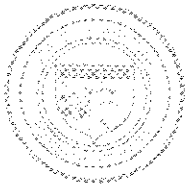
Dear Mr. Henson:

The Missouri Real Estate Appraisers Commission recently met and reviewed the proposed revisions to Policy Statement 10.

Please be advised that the Commission is in agreement with the proposed changes.

Sincerely,

Vanessa Beauchamp
Executive Director



ARIZONA BOARD OF APPRAISAL

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JUN 2 2007

May 31, 2007

Appraisal Subcommittee
2000 K Street NW, Suite 310
Washington, DC 20006

Re: Proposed Amendments to ASC Policy Statement 10

Gentlemen:

The Arizona Board of Appraisal has reviewed the proposed revisions to *ASC Policy Statement 10: Enforcement*.

The Board has requested that I make the following comment:

The Board feels that it is already complying with the requirements as stated in the proposed revisions. The Board supports the proposed revisions.

Sincerely,

A handwritten signature in cursive script, reading "Deborah G. Pearson".

Deborah G. Pearson
Executive Director



T.J. McCarthy & Associates, Ltd.
Real Estate Appraisers & Consultants

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June 13, 2007

Appraisal Subcommittee
Mr. Ben Henson, Executive Director
2000 K Street, NW
Suite 310
Washington, DC 20006

Re: Proposed Amendments to ASC
Policy Statement 10

Dear Mr. Henson,

The Illinois Real Estate Appraisal Board has reviewed the proposed amendments to ASC Policy Statement 10: Enforcement. We found the proposed amendments to be helpful as a guidance tool for our licensing agency when considering application for certification relating to AQB criteria conformance and USPAP compliance.

The main concern of our Board focused on State implementation of the proposed amendments by the ASC. We would ask the ASC to consider an implementation date of January 1, 2008 to coincide with the AQB's proposed changes to the real property appraiser qualification criteria. This would provide our licensing agency with a marginal grace period to review and refine our current policies and procedures as they relate to Statement 10.

We appreciate the opportunity to review and comment on the proposed revisions to Statement 10. Thank you for your time and consideration.

Sincerely,

T.J. McCarthy, SRA
Chair Illinois Real Estate Appraisal Board



**OKLAHOMA REAL ESTATE
APPRAISER BOARD**
OKLAHOMA INSURANCE DEPARTMENT

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June 13, 2007

Federal Financial Institutions Examination Council
Appraisal Subcommittee
Attn: Ben Henson
2000 K Street, Northwest, Suite 310
Washington, D.C. 20006

RE: Proposed Amendments to ASC Policy Statement 10

Dear Mr. Henson:

At its June 1, 2007 regular session, the Oklahoma Real Estate Appraiser Board voted to direct me to prepare and forward a letter indicating their support for the proposal to amend Policy Statement 10 as indicated in your March 28, 2007 letter. There are, however, several items that appear to be typographical errors in your letter and attachment. Although I am sure these have been addressed at this point, I will point them out. If I have missed something, or if I have misunderstood something, please inform me of that by email.

On the third page of your letter, you indicate, in the section entitled "Application to licensed level real estate appraisers", that the AQB's requirement for licensure is 2000 hours over 24 months. I believe that the present AQB requirement is simply 2000 hours. (Page 10, Criteria, Version 4.) I think that the requirement, effective January 1, 2008, will be 2000 hours over a period of not less than twelve months. (Page 35, Criteria, Version 4.)

Also on the third page of the letter, in the paragraph immediately above the title mentioned above, and repeated in the attachment in the second paragraph of G. 3., there is what appears to me to be a typo in the last sentence of the paragraphs indicating 24 or 36 months. I think this should agree with the first sentence of each which states 24 to 30 months.

Again, if I have missed something, I need to know and would appreciate an short email. If I can be of service, please do not hesitate to contact me at your convenience.

Sincerely,


GEORGE R. STIRMAN III, Director
Real Estate Appraiser Board

Jim Doyle
Governor

WISCONSIN DEPARTMENT OF
REGULATION & LICENSING

Celia M. Jackson
Secretary



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June 27, 2007

Mr. Ben Henson
Executive Director
Appraisal Subcommittee
Federal Financial Institutions Examination Council
2000 K Street, NW, Suite 310
Washington, DC 20006

Re: Proposed Amendments to ASC Policy Statement 10

Dear Mr. Henson:

The Wisconsin Real Estate Appraisers Board has requested that I convey the following comments to you relating to the Proposed Amendments to Policy Statement 10:

1) Letter: Application to licensed level real estate appraisers. Although not part of the actual text of the proposed amendment to Statement 10, there is a reference on page 3 of your letter indicating that applicants for licensure currently are required by State law to have at least 2,000 hours of experience gained over at least a 24-month period. Unless more recent changes have been made to the AQB Real Property Appraiser Criteria, the revised Criteria states that licensed appraiser experience will need to be obtained in no fewer than 12 months.

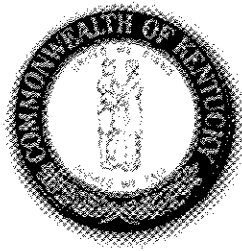
2. Proposed Amendment: Validation of Qualifying Experience and Proper Use of Experience Logs. The Board recommends that, in the last sentence, the words "to have the ability" be inserted after "State agency". The Board opined that it is unlikely information contained on an experience log will be sufficient to validate the existence of an appraisal, or to determine whether an applicant is capable of performing USPAP-compliant work. It is more likely that the information on the experience log will provide the State agency with the ability to determine what additional information (appraisal reports, work files, etc.) will be required in order to evaluate an applicant's experience.

If you have any questions, please contact me at (608) 266-3679.

Sincerely yours,

Ruby Jefferson-Moore
Legal Counsel
Wisconsin Real Estate Appraisers Board

Ernie Fletcher
Governor



BOARD MEMBERS
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Dorsey G. Hall, Vice-Chair - Banking Member
Loren C. Huff - Consumer Member
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Theresa C. Marshall - Banking Member

STAFF
Larry Disney - Executive Director
Angie Thomas - Staff Assistant
Janie Gross - Executive Secretary

Kentucky Real Estate Appraisers Board

April 10, 2007

Mr. Ben Henson, Executive Director
Appraisal Subcommittee
2000 K Street, NW, Suite 310
Washington, DC 20006

Subject: Proposed Amendments to ASC Policy Statement 10

Dear Mr. Henson:

Please accept the following as an initial response to the March 28, 2007 request for comment concerning the above referenced.

There were five (5) items listed as guidance regarding how State agencies can ensure that applicants for certification and licensure have the necessary experience to perform appraisals in connection with federally related transactions and real estate related financial transactions that require the services of State licensed or certified real estate appraisers under Federal law. Therefore, I will provide comment on the basis of the five (5) listed items.

1. **Validation of Qualifying experience and Proper Use of Experience Logs** – Would the ASC consider a State appraiser regulatory agency to be in compliance with this expectation if the agency requires sufficient information to be included in the experience log for locating the subject properties listed?
2. **Determination of USPAP Compliance** – Without question the Ad Valorem work must comply with Standards Rule 6 of USPAP. Additionally, if a person who works for a government agency or some other group outside fee appraisals of real property for lending purposes, I suppose the ASC will expect that that work must also comply with USPAP?



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If the answer for the above question is yes, can we assume that if a State regulatory agency requires sample reports to be submitted for review prior to a license or certification being issued, and those samples must comply with USPAP Standards Rule 2 reporting and the workfile with Standards Rule 1, that an agency has met an initial part of validating the experience?

Although it is noted "The ASC will review each State's method on a case-by-case basis, does the ASC have any suggestion or will additional guidance be offered for what steps a State appraiser agency should assume to be an acceptable exercise of due diligence when setting up an experience review process?

- Determination of Experience Hours and Time Periods** – It is assumed that the key for this expectation will be the beginning date and ending date, but there will be no expectation of any specific total number of hours earned within a specific period of time. The experience will simply be a cumulative total number of hours during the specified period of time claimed. Is that assumption basically correct?

Will the ASC have any specific expectation for how State appraiser regulatory agencies require and verify a sampling of various property complexities or property types?

Is it expected that State appraiser regulatory agencies should verify that an applicant has completed a sampling of various property types during the experience time claimed?

Is it expected that State appraiser regulatory agencies should examine the beginning experience versus the ending experience for any specific time differences in completing similar property type appraisal assignments? For example, would it not be reasonable to expect that as one gains experience appraising the same property type in the same market area the time required to complete the process will also be less? Would the ASC expect to see the same total hours claimed for each assignment of a similar property type throughout the total time claimed for experience?

- Applicability to Licensed Appraisers** – Would the ASC have any problem with a State appraiser regulatory agency having the same number of years, and the same experience hour requirements for the Licensed Residential Real Property Appraisers as the Certified Residential Real Property Appraisers?

Also, would the ASC have any problem with the agency requiring the same type demonstration report expectations of the Licensed applicant as that of the Certified Residential applicant?



5. **Supporting Documentation** – What type of documentation does the ASC consider reasonable when describing “adequate” documentation?

Would the following be considered “adequate:”

- Experience log with the information noted as minimum in the AQB criteria;
- Requirement for sample reports to be submitted periodically throughout the applicants training time;
- Use of review forms by Board members and Board approved screeners who will objectively comment on the first and second level submission and the final demonstration sample prior to the credential being awarded;
- A method for judging the number of hours claimed for each assignment prior to the experience being granted; and
- A method for judging variety and type of properties appraised and claimed for credit.

I thank you for this opportunity to comment and I look forward to hearing additional comments and rationale at the St. Petersburg AARO conference in early May.

Sincerely,

Larry Disney
Executive Director

cc: File



Subject: Proposed amendments to ASC Policy Statement 10

From: "Nikole Urban" <Nikole.Urban@state.tn.us>

Date: Mon, 09 Apr 2007 08:58:51 -0500

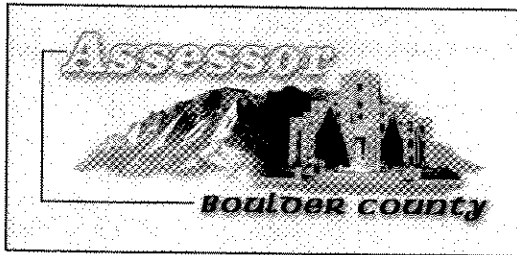
To: <ben@asc.gov>

Ben,

The recommended changes proposed to Statement 10 appear to be very good changes. I had only one problem and that was on page 3 it reads for the licensed level experience must be gained over a 24 month period, I believe the recommendation from the AQB was that it read "2000 hours in no less than 12 months." Tennessee is fine with the 24 months, because that is our requirement for that designation anyhow, but I just thought I would point that out for clarification.

Best regards,

Nikole Urban
Administrative Director
Real Estate Appraiser Commission
State of Tennessee



Cindy Domenico

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June 25, 2007

Virginia Gibbs
Chair, FFIEC Appraisal Subcommittee
2000 K Street, N.W., Suite 310
Washington, DC 20006

Re: Proposed Amendments to ASC Policy Statement 10

Dear Ms. Gibbs and Members of the Subcommittee:

Thank you for this opportunity to comment on the proposed changes to Section G of ASC Policy Statement 10. I request that these remarks be included in the official record of your proceedings.

In general, the proposed changes are necessary to address observed shortcomings of several state's programs for review of the real estate experience claimed by applicants for licensure and certification. The states desire to the job well, but face significant hurdles in terms of budget levels, staffing levels, and competency of staff to perform the reviews.

I have concerns with the opening paragraph of Section G, wherein it states that the states must ensure that applicants have the experience necessary to perform appraisals in federally related transactions and real estate related financial transactions. This does not appear to be the intent of Section 1116(a) of Title XI, FIRREA. That section sets the AQB Appraiser Qualification Criteria as the standard for certification, not whether the applicant is qualified to perform FRT's or appraisals for real estate related financial transactions. Indeed, it is possible to meet the AQB Criteria without ever having performed an appraisal used in an FRT or real estate related financial transaction. Examples include mass and individual property appraisals for *ad valorem* tax purposes, probate appraisals, farm and ranch appraisals, litigation appraisals, conservation easement appraisals, 1031 exchange appraisals, and others.

The COMPETENCY RULE of the Uniform Standards of Professional Appraisal Practice was put in place in recognition of the fact that appraisal practice encompasses a very broad range of clients, other users, uses, purposes, and assignment types. The AQB recognizes this range in its Criteria, listing, without limitation, 10 areas of appraisal practice that constitute acceptable experience, and 15 areas of acceptable continuing education. Appraisal regulations adopted by every federal instrumentality I have reviewed all emphasize the responsibility of the agency to select an appraiser competent for the assignment.

The requirement for review of work product in the second paragraph of Section G, subsection 2 raises concerns with the ability of the states to comply. Two areas of concern arise, the capacity

of the state's staffs, and their competency to perform the reviews. Review of work product takes time, and states may not have the budget to hire the necessary staff. This requirement may force the states into diversion of staff from other vital work, such as investigation of complaints. The competency issue is significant- will the states be able to attract and retain staff with the education and experience needed to identify acceptable work product?

Review of mass appraisal work product poses a particular conundrum for the states. How is the applicant to submit a report or work file of a mass appraisal? The Boulder County Assessor values over 120,000 properties every other year using proprietary vendor software systems. Will the states need access to such software to evaluate the experience of an individual applicant? And will the states have staff or board members sufficiently sophisticated to evaluate the work product? Review of mass appraisal system output requires a high degree statistical analysis.

I strongly endorse your efforts to push the states to a higher level of performance, but also urge you to be aware of the challenges your demands pose to the states.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'S. Leach', with a long, sweeping underline.

Stewart A. Leach
Senior Mentor Appraiser
Colorado Certified General Appraiser CG 1726