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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

March 14, 2007

Jim Martin, Executive Director  
Arkansas Appraiser Licensing and Certification Board  
101 East Capitol, Suite 430  
Little Rock, AR 72201

Dear Mr. Martin:

Please accept this letter as our interim response to your January 18 and February 16, 2007 letters regarding our July 19, 2006 field review letter. I understand that Marc Weinberg, ASC General Counsel, spoke with you yesterday, among other things, to obtain clarifying information regarding the status of the 30 certified appraisers who relied, in whole, or in part, on *ad valorem* tax appraisal experience to obtain their credentials. I also understand that you discussed the mass appraisal experience issue in general, and that additional factors came to light that might impact the appropriate resolution of our concerns. We will respond to your letters once all the pertinent facts are established.

Turning to the data clarification portion of your discussion, Mr. Weinberg informed me that 30 certified appraisers had fee and/or *ad valorem* tax appraisal experience. Nineteen of these appraisers had a combination of fee and *ad valorem* tax appraisal experience. You received experience logs from 16 of these appraisers and have determined from reviewing those logs that those appraisers have the necessary fee appraisal experience hours and number of months to qualify for their credentials under the AQB's certification criteria.

Three of the 19 appraisers failed to provide logs detailing their fee appraisal experience. Two of these three appraisers failed to provide logs regarding their fee appraisal experience because they stated that they could not locate the records because of their age. The third appraiser, whose credential became effective on April 9, 1996, performed fee appraisals after 1998, but could not locate his/her records. You agreed to contact these three appraisers again to obtain experience logs.\*

As discussed with Mr. Weinberg, because these 19 appraisers would be qualifying for certification on the basis of fee appraisal work, the Appraiser Licensing & Certification Board ("Board") would need to qualify them under the same process used for other fee appraisers seeking State certification. That process, as we understand it, fully complies with the AQB's minimum experience requirements for certification because the State routinely reviews each appraiser's work product to determine whether it is USPAP compliant.

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\* While the third appraiser would not be required under USPAP to maintain his work files prior to 2002, it is unclear whether that appraiser, since that time, had earned sufficient fee appraisal experience to support his or her credential.

We suggest, if you have not already done so, that you check the application files of these appraisers to determine whether those files included acceptable, verifiable experience documentation when the credential was first issued. If so, the State will need only to inform us that it reviewed those files and found that sufficient supporting documentation exists.

Turning to other matters, you informed Mr. Weinberg that the Board decided that the experience of the remaining 12 certified appraisers who were (and still are) solely performing *ad valorem* tax appraisals, was in compliance with USPAP Standard 6, as required by AQB certification criteria. The Board did not ask these appraisers to provide experience logs, and the Board did not review their experience to determine whether it was USPAP Standard 6 compliant.

We understand that the Board took this position because the State's *ad valorem*/tax assessment system requires work to comply with IAAO Standards. Appraisers performing assessment work under contract to the State have that work reviewed by personnel in the State agency that oversees those functions. If that work is not compliant with IAAO Standards, the work is rejected and conforming work must be performed. The Board determined that this system, therefore, provides the Board with reasonable assurance that mass appraisal work performed by tax assessors complies with USPAP Standard 6.

The assurances provided by this system **might** provide us with a reasonable factual basis to conclude that the qualifying experience of these appraisers had been verified in acceptable manner. Please provide us with a detailed description of this process, including underlying State statutes, regulations, written procedures, and the like, to enable us to make this determination. In addition, please explain why the Board believes that compliance with IAAO Standards necessarily results in compliance with USPAP Standard 6. Lastly, we understand that you have requested a letter from the appropriate State agency that oversees and manages the State assessment process to support the Board's decision to conclude that *ad valorem* tax appraisal work performed in the State is reviewed for USPAP Standard 6 compliance. We would appreciate receiving a copy of that letter.

I would like to emphasize that the ASC's focus is on whether these 30 appraisers conform to AQB certification criteria **today** and, therefore, meet Title XI's requirements to continue to hold a certified appraiser credential. For this purpose, qualifying experience could have been earned at any time, up until today.

Once we receive more information, it may be beneficial for ASC staff to meet with the Board and its staff to discuss this situation, potential solutions, and probable outcomes.

We look forward to receiving your response. Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director