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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

April 2, 2008

Mr. Lester G. Abrams  
Arizona Board of Appraisal  
1400 West Washington, Suite 360  
Phoenix, Arizona 85007

Dear Mr. Abrams:

Thank you for the Arizona Board of Appraisal's ("Board") cooperation and assistance in the January 15-17, 2008 Appraisal Subcommittee ("ASC") review of the Arizona real estate appraiser regulatory program ("Program"). Based on our review, Arizona needs to address one concern to bring the Program into substantial compliance with Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI).

- **Arizona statutes regarding reinstatement of the credentials for military personnel returning from active military duty did not conform to AQB criteria.**

In May 2006, the AQB adopted an Interpretation to its criteria stating that State appraiser regulatory agencies may allow credential holders returning from active military duty to be placed in active status for a period of up to 90 days pending completion of all continuing education requirements. Arizona statutes permit credential holders returning from active military duty to return to active status for a period of up to 180 days pending completion of all continuing education requirements. This is more than the number of days allowed by AQB criteria.

While on site, ASC staff discussed this deficiency with the Board, Program staff and legal counsel. We understand that they did not realize that the statutes were not AQB compliant and agreed that they need revision. Program staff believed that no requests had been received for a deferral of the required continuing education from credential holders returning from active military duty. Our review of meeting minutes and application files also failed to identify any individuals inappropriately credentialed on this basis.

To remedy this concern, the Board needs to:

1. Cease allowing individuals to reinstate a certification without meeting the AQB criteria;
2. Initiate the process for amending the statutes as soon as possible to ensure that the State's law conforms with the AQB Interpretation noted above;
3. Keep us advised about the status of the amendment as they go through the legislative process; and
4. Provide us a copy of the statutes as finally adopted.

Please respond to our findings and recommendations within 60 days following the receipt of this letter. Until the expiration of that period or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

Please contact us if you have further questions.

Sincerely,

Virginia M. Gibbs  
Chairman

cc: Deborah Pearson, Executive Director