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Appraisal Subcommittee

Federal Financial Institutions Examination Council

September 14, 1999

Jed K. Deters, Chairperson
Kentucky Real Estate Appraisers Board
1025 Capital Center Drive, Suite 100
Frankfort, KY 40601-8205

Dear Mr. Deters:

Thank you for your cooperation and your staff's assistance in the July 22-23, 1999 Appraisal Subcommittee ("ASC") review of the Kentucky Real Estate Appraisers Board ("Board") and appraiser regulatory program ("Program"). Based on our review, Kentucky has an effective Program. Board actions appeared fair and equitable. Complaints were investigated and resolved in a timely manner. And, all files were well documented. We offer two comments for your consideration.

- **Certified residential appraisers may only appraise residential properties while licensed appraisers may appraise certain commercial properties.**

Based on Board regulations, certified residential appraisers may appraise only residential properties while licensed appraisers may appraise both residential properties and certain commercial properties. The Board should consider revising its regulations to eliminate this artificial impediment. Most States allow certified residential appraisers to appraise commercial properties equivalent to the licensed classification.

- **The Real Estate Appraisal Voluntary Certification Act ("Act") refers to the 1997 version of the Uniform Standards of Professional Appraisal Practice ("USPAP").**

When identifying the document with which the work of licensed, certified residential, certified general, and trainee appraisers must comply, the Act references the 1997 version of USPAP. We understand that, in practice, the Board supports the appraiser's use of the most current version of USPAP and supplies all license and certificate holders with a copy of the current USPAP each year. The Board also has specified that, for enforcement cases, the appraiser will be evaluated based on the version of USPAP in effect at the time the report was prepared. The Act should be amended to reference the most current version of USPAP.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time 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.

If you have any questions, please contact us.

Sincerely,

Herbert S. Yolles
Chairman