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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

January 18, 2002

John McCann, President  
New Jersey Board of Real Estate Appraisers  
P.O. Box 45032  
Newark, NJ 07101

Dear Mr. McCann:

Thank you for your cooperation and assistance in the December 10-12, 2001 Appraisal Subcommittee ("ASC") review of the New Jersey real estate appraiser regulatory program ("Program"). In most respects, the Program functions in a manner consistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). However, one area needs your attention.

New Jersey does not require an appraiser who is upgrading from the Licensed classification to the Certified Residential classification to take the Certified Residential examination. This policy is inconsistent with Title XI and AQB Criteria. We understand that the rationale behind New Jersey's policy is that, prior to January 1995, the same examination was given to applicants for both the Licensed and Certified Residential classifications. However, in January 1995, the AQB endorsed a separate examination for the Certified Residential classification. Appraisers must meet the requirements (*i.e.*, experience, education, and examination) that are in effect at the time they apply for an appraiser classification. Therefore, appraisers applying for the Certified Residential classification beginning in January 1995, whether initially or by upgrade, must pass the certified residential examination.

To meet AQB Criteria and Title XI requirements, the Board must:

1. Identify all appraisers who have upgraded from any appraiser classification to a certified residential classification since January 1, 1995;
2. Within 60 days of receipt of our letter, provide us a listing of upgraded appraisers who did not take the correct examination;
3. Require appraisers to take the correct examination within 120 days after receipt of this letter;
4. Downgrade appraisers who failed the certification examination to the level for which they qualify;
5. Provide written progress reports to us monthly until the above actions have been completed; and
6. Immediately stop issuing credentials for appraisers that do not take the correct examination.

Please respond to our findings and recommendations within 60 days. 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.

If you have any questions, please contact us.

Sincerely,

Thomas E. Watson, Jr.  
Chairman