

# Appraisal Subcommittee

Federal Financial Institutions Examination Council

March 1, 1996

Mr. John P. Crawford  
Insurance Commissioner and  
Chair of the Oklahoma Real Estate  
Appraisers Board  
1901 N. Walnut Street  
Oklahoma City, OK 73105

Dear Mr. Crawford:

The Appraisal Subcommittee ("ASC") is pleased to note that the Oklahoma Real Estate Appraisers Board ("Board") has sponsored and obtained both regulatory and legislative changes to accomplish certain ASC recommendations made since the July 8, 1992 field review of the Oklahoma appraiser regulatory program. We have reviewed proposed legislation recently approved by the Board for filing with this year's legislative session. We believe that this legislation, *if passed*, will satisfactorily resolve the ASC's longstanding concerns regarding the scope of the Board's jurisdiction.

The State of Oklahoma has: (1) reduced its fee for temporary practice from \$200 to \$50 and now issues such permits on an assignment basis; (2) removed the thresholds of appraiser transactional authority from the statute; (3) established an audit program to verify the experience claims of certified appraisers; and (4) eliminated the examination requirement for out-of-State appraisers seeking a certificate or license by reciprocity. We understand that the proposed legislation will require a State certified/licensed appraiser to conform with the Uniform Standards of Professional Appraisal Practice ("USPAP") in the performance of an appraisal: (1) in any federally related transaction, (2) for real estate-related financial transactions of federally related entities, (3) where a written agreement exists that an appraisal must comply with USPAP, or (4) where an appraisal states in a written appraisal report that it is in compliance with USPAP. We further understand that, when performing valuation related assignments not covered in points (1) through (4) above, all State credentialed appraisers will be held accountable to a code of ethics based upon, but not incorporating, the code of ethics of USPAP.

The current Oklahoma statute requires that only those appraisals performed by credentialed appraisers in federally related transactions conform to USPAP (*i.e.*, appraisals for transactions governed by the Federal financial institutions regulatory agencies' regulations). Appraisals completed in transactions for other Federal agencies or Government Sponsored Enterprises, such as the Federal Housing Administration, Department of Veterans Affairs, Farmers Home Administration, Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Association ("Freddie Mac"), are not considered federally related transactions under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989. The Office of Management and Budget, however, requires all Federal agencies using credit granting or condemnation authority to use certified and licensed appraisers in the performance of appraisals, and requires those appraisals to conform to USPAP. Congress also expected that the appraisals for Fannie Mae and Freddie Mac would conform to USPAP, and both Government Sponsored Enterprises have such requirements. The ASC believes that if a State certified or licensed appraiser and a user of appraisal services both agree that the work product is an appraisal, the appraiser must conform to the generally accepted standards of professional appraisal practice in the performance of that assignment.

We sincerely hope for the prompt and successful passage of the proposed legislation so that we may resolve the ASC 's concerns in this area and count Oklahoma's appraisal regulatory program among the better programs in the country.

If you have any questions, please do not hesitate to contact us

Sincerely,

Diana L. Garmus  
Chairperson