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Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 17, 2004

Mr. Robert Provart
Chairperson, Wyoming Certified Real Estate
Appraisers Board
2020 Carey Ave, Suite 100
Cheyenne, WY 82002-0180

Dear Mr. Provart:

Thank you for the cooperation and your staff's assistance in the July 6-7, 2004 Appraisal Subcommittee ("ASC") review of Wyoming's appraiser regulatory program ("Program").

In most respects, Wyoming's Program appears to function effectively and in compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). Complaint investigations were well documented and case resolutions appeared fair and equitable. File material pertaining to the certification of appraisers was well maintained and processed effectively. Our review identified the following areas that need your attention.

- **Although Wyoming has implemented the January 1, 2003 Appraiser Qualifications Board ("AQB") criteria changes in practice, the Board has not amended its regulations to codify the changes.**

AQB criteria changes that became effective January 1, 2003, contained a number of provisions regarding certified appraisers. Among others, these changes included provisions regarding the 15-hour National USPAP Course, the 7-hour National USPAP Update Course, and the use of AQB-certified USPAP instructors. While Wyoming has implemented the criteria changes in practice, the Board has not made conforming amendments to its regulations.

The Board needs to amend its regulations to adopt the January 1, 2003 AQB criteria changes. Also, because of the difficulties in coordinating the two-year USPAP Update Course cycle with Wyoming's three-year renewal cycle, the Board needs to determine how Wyoming will resolve this timing difference. We strongly encourage the Board to submit proposed regulatory amendments for ASC review prior to adopting the amendments.

- **Wyoming does not implement the AQB's experience criteria appropriately.**

AQB criteria specify that applicants for appraiser credentials must document 2,500 hours of acceptable experience for the certified residential classification and 3,000 hours for the certified general classification. Most States require the applicant to submit a log summarizing the

appraisals performed and the hours being claimed for each appraisal. The State reviews the log and determines whether the hours claimed are reasonable for the type of appraisal performed.

Wyoming bases application approval on the number of appraisals instead of the number of hours. This approach can be effective and acceptable provided the State performs the necessary research to support the number of hours allowed for various types of appraisals. Wyoming, however, awards the same number of hours for all commercial appraisals, regardless of the type or complexity of the property, and the same number of hours for all residential appraisals.

During our review, neither Wyoming's Board members nor staff could explain the reasoning or provide support for using number of appraisals rather than experience hours. Board members indicated that the Board might need to revamp its experience requirements and to draft regulations changing the experience requirements from appraisal reports to experience hours.

If the Board determines that it has to maintain the appraisal-based experience provision, the Board needs to develop a matrix assigning the equivalency of its appraisal-based experience component to the hourly requirement specified in AQB criteria. Also, the Board needs to support the hours allowed per assignment type. Alternatively, the Board could replace the appraisal-based approach with the hours-based approach used in most States.

- **The Board has not amended its regulations to incorporate AQB criteria regarding distance education.**

Wyoming has not amended its regulations to incorporate AQB criteria regarding distance education. In practice, however, Wyoming accepts only AQB-compliant distance education courses. The Board needs to amend its regulations to conform to AQB criteria and to avoid conflicts between its regulations and practice.

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

Virginia M. Gibbs
Chairman

cc: Donna Rice, Executive Director