

**RECOMMENDATIONS FOR AMENDING TITLE XI
OF THE FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND
ENFORCEMENT ACT OF 1989 (12 U.S.C. 3332)**

TO

THE HOUSING AND TRANSPORTATION SUB-COMMITTEE OF
THE UNITED STATES SENATE'S
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

PREPARED BY

GEORGIA REAL ESTATE APPRAISERS BOARD

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Mr. Chairman and members of the Committee

Thank you for the opportunity to present the views of the Georgia Real Estate Appraiser Board on how Congress should amend Title XI. Many other state regulators share our views.

Enacted with good intentions, Title XI today unnecessarily imposes on appraisers an unwieldy federal regulatory superstructure not imposed on other trades or professions. We urge Congress to replace that superstructure with a traditional, less costly framework – one more consistent with the Tenth Amendment to the Constitution.

Our Board believes Title XI needs to change for three reasons. First, the Appraisal Subcommittee has met its goals. Title XI charged the Appraisal Subcommittee primarily (a) to see that all States regulate appraisers and (b) to oversee the development of the Uniform Standards of Professional Appraisal Practice. It has done so. Congress should now commend the Appraisal Subcommittee for a job well done and sunset its operations.

Second, States can provide better regulation. States have many advantages over the federal government in regulating appraisers. We cite but four here:

- a. The States have over a century of experience in successfully regulating businesses and professions that affect the public interest.
- b. A State's regulatory mistake has negative repercussions only Statewide, not Nationwide as does a federal mistake.
- c. Because the States investigate and discipline appraisers, they can identify and act on problems requiring regulatory attention quicker than can the Appraisal Subcommittee and the Appraisal Foundation.
- d. The Appraisal Subcommittee and the Appraisal Foundation have chosen to make policy decisions in closed-door meetings as they strive directly or indirectly to impose "one size fits all" policies on 55 regulatory jurisdictions and approximately 90,000 appraisers. Such secrecy is not only inappropriate, but counterproductive because it causes a loss of public confidence in both the decision makers and the regulatory process.

Our third reason for seeking change is that the negative unintended consequences of Title XI outweigh the positive results. We cite five of those here:

- inhibiting the effectiveness of market controls in preventing poor appraisals;
- increasing the cost of regulation;
- requiring State governments to enforce criteria and standards developed by a private entity over which no government asserts much influence or control;
- denying over 90,000 appraisers the stakeholder rights in regulating their own profession that other state-level regulated professions enjoy; and finally
- profiteering by The Appraisal Foundation. We cite but one example here. Georgia's appraisal schools tell us that they must pay the Appraisal Foundation at least \$38.00 each time an appraiser takes a course on appraisal standards. Under its putative Title XI authority, the AQB, a Foundation subsidiary, forces all appraisers to take that course as a condition for becoming or remaining classified. By using its regulatory authority to enhance its financial position, the Appraisal Foundation has misused and

abused its regulatory role to reap nearly two million dollars a year from appraisers. The Appraisal Foundation adopted this profiteering scheme despite the fact that the Appraisal Subcommittee has paid it, and will continue to pay it, over nine million dollars in taxes collected from appraisers to develop appraiser criteria and appraisal standards.

Redressing these problems will require redirecting the focus of Title XI. Thus, the Georgia Board respectfully asks that Congress examine broader issues than those addressed in the GAO's report and amend Title XI as we have suggested in Exhibit A of the written report that we are tendering to you.

Congress should not yield to the sirens' song that "continuing federal regulation will lead to increased quality in real estate appraisals." Quality of work product only improves significantly through the individual practitioner's effort under the stimulus of the marketplace. State regulation can effectively establish minimum entry requirements and is removing dishonest and incompetent practitioners.

Thus, we ask Congress to end the unintended negative consequences of Title XI by sun-setting the Appraisal Subcommittee and turning appraisal regulation over to the States.

Mr. Chairman, we appreciate your Committee's time and consideration of our views.

RATIONALE FOR AMENDING TITLE XI
GEORGIA REAL ESTATE APPRAISERS BOARD
MARCH 2004

The Georgia Real Estate Appraisers Board (Board) has reviewed the General Accounting Office's (GAO) study on the implementation of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3332) (hereinafter Title XI). The title of that report, *REGULATORY PROGRAMS Opportunities to Enhance Oversight of the Real Estate Appraisal Industry* (hereinafter GAO 2003 Report), regrettably belies the fact that the only opportunity it identifies to "enhance oversight" is to tweak the operations authority of the Appraisal Subcommittee (ASC).

As we expected, the GAO 2003 Report found no major scandal or even serious deficiency in the work of the Appraisal Subcommittee. The Board expected none because it has found the individuals working at the ASC to be dedicated, conscientious, competent, and well-intentioned. While they operate in extraordinary and unwarranted secrecy, they have never seemed venal in their efforts. Both the Appraisal Subcommittee and the Appraisal Foundation have chosen to make policy decisions in secret, closed-door meetings as they strive directly or indirectly to impose "one size fits all" policies on 55 regulatory jurisdictions and approximately 90,000 appraisers. Such secrecy is not only inappropriate, but counterproductive because it causes a loss of public confidence in both the decision makers and the process.

Both regulators and appraisers have complained that their voices go unheeded by the ASC, the Appraiser Qualifications Board (AQB), and the Appraisal Standards Board (ASB). The ASC, the AQB, and the ASB feed that feeling because they chose to deliberate and make decisions behind closed doors. Even their "Requests for Comments" procedures have not been enough to overcome the sense of unheeding and out-of-touch regulators. Many Georgia appraisers view the current "Requests for Comments" approach as a wink and a nod from the "appraisal elite" in Washington to make it appear they will listen to the average appraiser.

Unfortunately, it appears that the absence of poor performance by a governmental agency may have resulted in the GAO's failing to examine critically the fundamental regulatory structure Title XI has imposed on the appraisal industry – a structure not imposed on any other trade or profession. Instead, in spite of (or perhaps because of) the fact that Title XI addresses subject matter that the Constitution's Tenth Amendment reserved to the States, the GAO 2003 Report assumes the validity of the current federal regulatory structure and proposes that a few minor adjustments would result in better regulation.

The GAO 2003 Report

The Board sees at least six major problems with the GAO 2003 Report.

First, buried on page 35 is the GAO's discovery that 22 (41%) of the States believe that the ASC should be eliminated and only 17 (31%) of the States would retain the ASC. The study apparently found similar numbers for the private Appraisal Foundation. **The GAO 2003 Report fails to highlight the existence of that high level of dissatisfaction from State regulators.** The study should have more prominently let Congress know of that unrest among the States. The number of States who would sunset the ASC at least reflect the fundamental problem with imposing private and federal regulation into a traditional state function. The GAO 2003 Report stands silent on that fundamental issue.

Second, **the GAO 2003 Report makes no analysis of the cost efficiency of the ASC's doling out over \$9,000,000.00 tax dollars to the Appraisal Foundation to develop standards and qualifications without any competitive bidding.** Of course, Title XI mandates the use of the Appraisal Foundation. The GAO 2003 Report fails to analyze whether less expensive alternatives exist. Instead, it simply urges the ASC to give the Foundation more money because the Foundation says it needs it. The study fails to evaluate whether such increased expenditures are in fact warranted.

Third, the GAO 2003 Report's analysis of the Appraisal Qualifications Board's (AQB) course and instructor approval programs simply assumes that they are appropriate and desirable. It fails to identify the underlying **profiteering** taking place. It fails to acknowledge the **inherent conflict of interest** in allowing the AQB to profit from requiring providers and appraisers to pay them fees for courses and

course materials when the AQB mandates that all appraisers take those course as a condition for becoming or remaining classified.

The Appraisal Foundation has abused its regulatory role under Title XI to profiteer at the expense of appraisers. Georgia's appraisal schools tell us that they must pay the Foundation at least \$38.00 each time an appraiser takes a course on appraisal standards (See Exhibit B). Under its putative Title XI authority, the AQB, a Foundation subsidiary, forces all appraisers to take that course as a condition for becoming or remaining classified. By its regulatory authority to enhance its financial position, **the Appraisal Foundation has misused and abused its appraisal regulatory role** to reap approximately two million dollars a year from appraisers. (Many appraisers described it to the Board as "legalized extortion.") The Appraisal Foundation adopted this profiteering scheme despite the fact that the Appraisal Subcommittee paid it (and continues to pay it) over nine million dollars in taxes collected from appraisers to create appraiser criteria and appraisal standards.

This AQB money-making program is the most extravagant example of their profiteering from their regulatory role. However, such programs are typical of the Appraisal Foundation's operations. Consider three other examples:

- a. The Foundation began such programs by negotiating with one of the major providers of appraiser qualifying examinations, Assessment Systems, Inc., to pay them a fee (we were told the amount was \$10.00) per examination it administered in order to carry the Foundation's endorsement of the examination. Shortly, thereafter they began maintaining that Title XI authorized them to approve all examinations regardless of whether a state or private vendor developed and administered them.
- b. At nearly the same time, they began requiring appraisers to purchase the Uniform Standards for Professional Appraisal Practice (USPAP) from them at a per copy cost of \$30.00. Since those Standards are required by law, they should be available at no cost to the public just as any other law is.
- c. The Foundation also mandates that all persons who teach their required course on standards must be approved by the AQB before teaching it. Such instructors are mandated to take a course offered only by the AQB at a cost of \$425.00 each. This

requirement applies even to college professors many of whom have been successfully teaching appraisal standards for years and to instructors already approved by state regulators to teach appraisal courses.

Fourth, **the GAO 2003 Report does not examine whether there is a present need for federal level regulation.** It simply assumes the need for and the efficacy of the regulatory structure in Title XI. That willingness to presume the viability of the current regulatory structure leads it to suggest that the ASC will slay the dragon of poor appraisals and result in the perfection of appraisals in real estate transactions if only (a) the ASC doles out more money to the Appraisal Foundation, (b) the ASC is more consistent in its reviews of state regulation, and (c) the states would just better fund their appraisal regulatory bodies.

Fifth, **the GAO 2003 Report fails to identify a problem of sufficient scope to justify a federal response.** Those who maintain that a major problem exists with real property appraisals have offered only anecdotal “evidence.” For example, federal regulators tend to take any conviction of an appraiser for wrong-doing or any example of a poor appraisal report by a single appraiser as evidence of the need for more and broader regulation or new education requirements. But do appraisal problems really justify the federal response?

How many and what types of appraisals are deficient in federally related transactions? Since Georgia requires all appraisers to be classified, in 2002 the GREAB asked Georgia’s Department of Banking and Finance (GDBF) for data on the number of lending transactions reported to that agency that required appraisals (both federally related and non-federally related). In calendar year 2000 (GDBF’s most recent year with complete data), the GDBF reported 270,560 such lending transactions. The GREAB’s Fiscal Years 2001, 2002, & 2003, the GREAB received 293 complaints alleging value disputes or violations of appraisal standards. Most of those complaints contained allegations about appraisals conducted in years other than calendar year 2000. However, if you make the generous assumption that 100 of those complaints related to the 270,560 GDBF reported transactions conducted in 2000, that constitutes less than four hundredths of one percent (00.036 %). Investigative findings revealed that most of the challenged appraisals did not contain significant violations of standards. Thus, the GREAB

finds that complaints of less than four hundredths of one percent (00.036 %) of appraisals done for Georgia mortgage transactions is hardly a high enough incidence of disciplinary complaints to warrant federal intervention. This Georgia data appears to be similar to data supplied by Fannie Mae to State regulators.

In October of 2002, Clint Chappell of Fannie Mae told State regulators that his office had sent to 45 states from one to one hundred appraisals about which they had concerns. He could not give us a grand total. Assuming that they sent all 45 states 100 cases, the total referred to the States would be 4,500. Page 32 of Fannie Mae's 2001 Annual Report indicated that Fannie Mae held 11.7 million mortgages. Dividing 4,500 by 11,700,000, reveals that Fannie Mae would have identified concerns with less than four thousandths of one percent of the appraisals on which they rely.

The GREAB asked that the GAO request that federal lending institutions provide it with such data for exclusively federally related lending. We did not find that data in the GAO 2003 Report. In order to justify any level of federal intervention in the appraisal process, that data should reflect a substantially different scope of appraisal problems in federally related transactions. Even then any federal intervention should focus on specific requirements for appraisal assignments (HUD & Fannie Mae have such requirements), not on regulating appraiser professionals.

Certainly, the Board believes that State regulators should deal with any problem appraisal appropriately. However, given the numbers above, federal action in this area appears to be shooting a pea with a cannon.

Sixth, by assuming the viability of the current Title XI structure, **the GAO 2003 Report failed to probe fundamental questions** such as:

- a. why have federal regulation of appraisers when no other trade or profession is regulated at the federal level?
- b. if federal regulation was needed in 1989 in order to assure that all states regulated appraisers, why should federal regulation continue now that all States have appraisal regulatory bodies?

- c. why did the ASC through its “Statements” tell the States not to adopt laws that will unduly restrict entry to the field and simultaneously gives the Appraisal Foundation millions of dollars to develop appraiser criteria that will now double requirements for entry to the profession?
- d. why does federal law allow two private boards to set standards and qualifications for the appraisal profession without any review by elected or appointed governmental officials and then force those standards on state governments for enforcement?
- e. why not rely on the market place to help stop poor appraising? why has the ASC not encouraged lenders simply to stop using appraisers whose product they find deficient?

The Board’s Recommendations

Congress passed Title XI seeking to assure reasonable regulation of the real estate appraisal industry. While a number of its provisions have been successfully implemented, Title XI has also generated a number of unintended problems, such as:

- increasing the cost of regulation;
- inhibiting the effectiveness of market controls in preventing poor appraisals;
- requiring state governments to enforce criteria and standards developed by a private entity over which they have little influence and no control;
- allowing lenders to control the financing of developing appraisal standards and appraiser criteria, thus jeopardizing appraiser independence;
- denying over 90,000 appraisers stakeholder rights in regulating their own profession that other state level regulated professions enjoy. Title XI has effectively lodged all control of the profession in five appraisers to set appraiser criteria and five appraisers to establish appraisal standards. The work of these people is not subject to governmental review. Thus, since he or she has no control and little say in setting criteria and standards, the average appraiser is effectively disenfranchised as a stakeholder in the profession; and
- profiteering from its regulatory role by the Appraisal Foundation as cited above.

Redressing these problems will require more than minor amendments to Title XI. Redressing these problems will require substantive changes in Title XI. Only making amendments that will address the small problems the GAO report has identified will not significantly improve the regulation of appraisers nor will it better protect the public interest. Thus, the Georgia Board respectfully asks that Congress examine broader issues than those addressed in the GAO's report.

Major amendments are necessary to assure a cost efficient regulation of the industry, to allow consumers and appraisers more direct access to the regulatory process, and to reduce to appropriate levels the involvement of the federal government in a regulatory area reserved to the states by the Tenth Amendment to the United States Constitution. The Board asks that Congress make the changes to Title XI identified in the attached legislation (Exhibit A) for three reasons:

10. **The Appraisal Subcommittee (ASC) has served its purpose.** Under the capable, strong leadership of Executive Directors Ted Baker and Ben Henson, as required by Title XI, the ASC has:
 - a. overseen the creation of regulatory boards in all affected jurisdictions. As a result of the ASC's action, we now have a nationwide system of state regulatory agencies. That nationwide system allows the member regulatory organizations of Federal Financial Institutions Examination Council (FFIEC) to require that all appraisals used by their member institutions be performed by state licensed or certified appraisers. The overlapping regulation by the ASC is no longer necessary;
 - b. funded a private trade association to establish standards for appraisals and criteria for appraisers. The Uniform Standards of Professional Appraisal Practice (USPAP) are now in place. Those standards, adopted and refined by the Appraisal Standards Board (ASB), did not exist before Title XI. But they exist now and eliminate the need for any further action in that area by the ASC. If at a future date the Federal Financial Institutions Examination Council wants the ASB to consider revisions to USPAP,

they can request such consideration directly and pay for any funding they believe is appropriate; and

- c. established the National Registry to assist in meeting its administrative responsibilities. Its primary function is to provide the ASC with a method of verifying that the states are collecting and forwarding to it the operational fee Title XI allows it to receive from appraisers. Our proposed amendments to Title XI would render that function unnecessary. Its secondary function of providing the public with a list of qualified appraisers was an apparent need envisioned before the technological revolution of the 90s. Most states now make their lists of appraisers available on the Internet. If some comprehensive list is actually needed, other existing entities can meet that secondary function of the National Registry. In addition, more current data is available directly from the states.

2. **State regulatory bodies can and do revoke the right to practice of unscrupulous and incompetent practitioners.** Title XI marks the only time that the federal government has sought to involve itself in professional licensing, a regulatory activity traditionally reserved to the states consistent with the Tenth Amendment. Since a number of states did not regulate appraisers before Title XI, federal intervention may have been warranted. However, that intervention is no longer needed. All states now have regulatory bodies established consistent with the requirements of Title XI, and those bodies are acting to remedy or remove incompetent practitioners and to remove the unscrupulous. The GAO's 2003 Report reflects that state regulatory bodies have imposed 644 revocations and a total of 4,360 disciplinary actions ranging from warnings to revocations. Federal law need do nothing more than require that lenders use state licensed or certified appraisers.

States have many advantages over the federal government in regulating appraisers. For example:

- A State's regulatory mistake has negative repercussions only Statewide, not Nationwide as does a federal mistake.

- The States have over a century of experience in successfully regulating businesses and professions that affect the public interest.
 - Because the States investigate and discipline appraisers, they can identify and act on problems requiring regulatory attention quicker than the Appraisal Subcommittee and the Appraisal Foundation.
 - The Appraisal Subcommittee and the Appraisal Foundation have chosen to make policy decisions in closed-door meetings as they strive directly or indirectly to impose “one size fits all” policies on 55 regulatory jurisdictions and approximately 90,000 appraisers. Such secrecy is not only inappropriate, but counterproductive because it causes a loss of public confidence in both the decision makers and the regulatory process.
- **Nothing requires lenders to utilize appraisers they may view as incompetent, unscrupulous, or not performing appraisals consistent with desired standards.** Anytime a lender determines that an appraisal was not performed in accordance with USPAP or other special requirements of the lender, the lender can simply refuse to give the appraiser further assignments. The lender does not need to have that deficiency verified by a regulatory body. Indeed, such a marketplace response can far more promptly and effectively provide remediation of appraiser performance and encourage appraiser expertise than any governmental regulation. Governmental regulation should remove the incompetent and the unscrupulous, while the marketplace verifies and rewards levels of expertise.

Lenders should make a concerted effort to improve their knowledge about appraisal reports and how to read and analyze them properly. Lenders uncritical analysis of an appraisal’s bottom line value no doubt contributes significantly to their making poor loans.

Amending Title XI as the Board recommends below would result in at least five benefits:

1. **Demonstrate that Congress can identify a need to act, design and implement a plan of action, and sunset a program when its need expires.** Title XI responded to a perceived need to regulate appraisers as a part of the effort to prevent future debacles such as the

savings and loan crisis. The establishment of effective regulation at the state level and the development of USPAP proved to be an effective plan of action. Congress can sunset the ASC as a job well done.

2. **Allow marketplace controls rather than government intervention help improve the quality of appraisals.** Apparently, many lenders mistakenly assume that they must let government regulators address inadequate appraisals. While certainly they should report to governmental regulators appraisers who appear to violate USPAP and other requirements, they are not bound to continue using such appraisers. If lenders refuse to use the services of certain appraisers because of perceived deficiencies in their appraisals, the marketplace will then effectively address the issue of appraisal quality.
3. **Remove even the appearance of inconsistency with the Tenth Amendment.** The regulation of trades and professions is an activity the Tenth Amendment reserves to the states. These amendments to Title XI would assure that state control is preserved.
4. **Remove the constitutional problems that arise when a federal statute allows a private trade association to make laws that state governments must enforce.** Title XI currently requires the states to adopt and enforce USPAP. Those standards appear to be substantive and reasonable. They certainly may be appropriate for use by contract between appraisers and lenders (as a condition of doing appraisal work, the lender can require that the appraiser comply with USPAP in performing the appraisal assignment). However, USPAP is the work product of a private entity, not a legally constituted government. USPAP often fails to delineate clearly permitted or prohibited behavior. Its standards also frequently require pages of explanatory material (labeled in USPAP itself as “Comment,” “Opinion,” or “Interpretations”). In sum, they often lack the clarity and precision required by the courts to enforce them. However, by amending Title XI as we propose, states could sanction an appraiser for failure to use USPAP in a “federally related transaction” as required by the appraiser’s client without necessarily inserting USPAP into state law and creating the enforcement problems the current law generates. (For example, Montana has had to deal with a law suit that challenged its inclusion of USPAP in state law.)

Similarly, Title XI currently allows a private entity, the Appraisal Qualifications Board (AQB), to establish education, examination, and experience criteria for appraisers without governmental oversight. To the extent that its work may have been needed to generate generally uniform requirements nationwide, the AQB's basic task is complete; and it should function like any other private entity by making recommendations, not requirements, to governmental regulatory entities.

5. **Reduce fees and help reduce the size of the federal government.** Over 90,000 appraisers pay over two million dollars a year to the ASC. Certainly, given the size of the federal budget, eliminating the ASC and its fees may seem a minor step toward reducing fees and the size of government. Yet since it represents a program that has achieved its goal, the Congress can demonstrate that it will act to eliminate programs that are no longer needed, whether the program is large or small.

For all of these reasons the Board asks that Congress take legislative action that will amend Title XI to provide the following:

- Sunset the Appraisal Subcommittee;
- Allow states to establish reasonable education, examination, and experience criteria for appraiser classifications (rather than the Appraisal Qualifications Board, a private entity) after affording interested parties (for example, local appraisers, the AQB, and consumers such as lenders) the opportunity to express their recommendations.
- Authorize lenders to use any classified appraiser they choose so long as that appraiser holds a classification issued by the regulatory agency in such appraiser's State of residence;
- Require that lenders utilize appraisers classified by state regulatory agencies in all "federally related transactions" (as that term is currently defined in Title XI);

- Require that all appraisals conducted in “federally related transactions” be conducted in accordance with the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Board of The Appraisal Foundation;
- Provide that any unexpended funds collected by the Appraisal Subcommittee as previously authorized by Title XI shall be paid to The Appraisal Foundation to establish an endowment to help fund the operation of the Appraisal Standards Board; and
- Allow the members of Federal Financial Institutions Examinations Council to contract with the Appraisal Standards Board to research issues and promulgate opinions on appraisal standards.

Title XI has imposed on appraisers a federal regulatory structure not imposed on any other trade or profession. We urge that Congress restructure appraisal regulation under a more traditional, less costly framework as envisioned by the Tenth Amendment. Doing so can provide the consuming and lending public the same or even stronger protections from the work of incompetent or dishonest appraisers that the current Title XI regulatory framework seeks to offer. Doing so can simultaneously reduce the size of government and provide some tax relief.

PROPOSED AMENDMENTS TO TITLE XI of 12 U.S.C. 3331-3351

(Existing Legislation with Proposed Changes and as Noted. Rationale for changes in italics.)

SEC. 1101. Purpose [12 U.S.C. 3331]

The purpose of this title is to provide that Federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.

~~SEC. 1102. Establishment of Appraisal Subcommittee of the Federal Financial Institutions Examination Council~~ [12 U.S.C. 3310]

~~The Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3301 et seq.) is amended by adding at the end thereof the following new section:~~

~~SEC. 1011. Establishment of Appraisal Subcommittee~~

~~There shall be within the Council a subcommittee to be known as the "Appraisal Subcommittee", which shall consist of the designees of the heads of the Federal financial institutions regulatory agencies. Each such designee shall be a person who has demonstrated knowledge and competence concerning the appraisal profession.~~

~~SEC. 1103. Functions of Appraisal Subcommittee~~ [12 U.S.C. 3332]

~~(a) In general. The Appraisal Subcommittee shall =~~

~~1. monitor the requirements established by States for the certification and licensing of individuals who are qualified to perform appraisals in connection with federally related transactions, including a code of professional responsibility;~~

~~(2) monitor the requirements established by the Federal financial institutions regulatory agencies and the Resolution Trust Corporation with respect to=~~

~~(A) appraisal standards for federally related transactions under their jurisdiction, and~~

~~(B) determinations as to which federally related transactions under their jurisdiction require the services of a State certified appraiser and which require the services of a State licensed appraiser;~~

~~(3) maintain a national registry of State certified and licensed appraisers who are eligible to perform appraisals in federally related transactions; and~~

~~(4) transmit an annual report to the Congress not later than January 31 of each year which describes the manner in which each function assigned to the Appraisal Subcommittee has been carried out during the preceding year.~~

~~(b) Monitoring and reviewing Foundation. The Appraisal Subcommittee shall monitor and review the practices, procedures, activities, and organizational structure of the Appraisal Foundation.~~

~~SEC. 1104. Chairperson of Appraisal Subcommittee; term of Chairperson; meetings [12 U.S.C. 3333]~~

~~(a) Chairperson. The Council shall select the Chairperson of the subcommittee. The term of the Chairperson shall be 2 years.~~

~~(b) Meetings; quorum; voting. The Appraisal Subcommittee shall meet at the call of the Chairperson or a majority of its members when there is business to be conducted. A majority of members of the Appraisal Subcommittee shall constitute a quorum but 2 or more members may hold hearings. Decisions of the Appraisal Subcommittee shall be made by the vote of a majority of its members.~~

~~SEC. 1105. Officers and staff — [12 U.S.C. 3334]~~

~~The Chairperson of the Appraisal Subcommittee shall appoint such officers and staff as may be necessary to carry out the functions of this title consistent with the appointment and compensation practices of the Council.~~

~~SEC. 1106. Powers of the Appraisal Subcommittee — [12 U.S.C. 3335]~~

~~The Appraisal Subcommittee may, for the purpose of carrying out this title, establish advisory committees, hold hearings, sit and act at times and places, take testimony, receive evidence, provide information, and perform research, as the Appraisal Subcommittee considers appropriate.~~

~~SEC. 1107. Procedures for establishing appraisal standards and requiring the use of certified and licensed appraisers — [12 U.S.C. 3336]~~

~~Appraisal standards and requirements for using State certified and licensed appraisers in federally related transactions pursuant to this title shall be prescribed in accordance with procedures set forth in section 553 of title 5, United States Code, including the publication of notice and receipt of written comments or the holding of public hearings with respect to any standards or requirements proposed to be established.~~

~~SEC. 1108. Startup funding [12 U.S.C. 3337]~~

~~a. In general. For purposes of this title, the Secretary of the Treasury shall pay to the Appraisal Subcommittee a one-time payment of \$5,000,000 on the date of the enactment of this Act. Thereafter, expenses of the subcommittee shall be funded through the collection of registry fees from certain certified and licensed appraisers pursuant to section 1109 or, if required, pursuant to section 1122(b) of this title.~~

~~(b) Additional funds. Except as provided in section 1122(b) of this title, funds in addition to the funds provided under subsection (a) may be made available to the Appraisal Subcommittee only if authorized and appropriated by law.~~

~~(c) Repayment of Treasury loan. Not later than September 30, 1998, the Appraisal Subcommittee shall repay to the Secretary of the Treasury the unpaid portion of the \$5,000,000 paid to the Appraisal Subcommittee pursuant to this section.~~

***Rationale:** The Appraisal Subcommittee has performed its job well in securing nationwide regulation of real estate appraisers. Due to the Subcommittee's efforts, there is now a nationwide system of state regulatory agencies. Since all appraisals used by lending institutions for federally related transactions must be performed by state licensed or certified appraisers, there is no need for further oversight by the Appraisal Subcommittee. Moreover, since the Subcommittee funded the Appraisal Qualifications and Standards Boards' efforts to establish uniform minimal standards for appraiser classification, and since the Uniform Standards of Professional Appraisal Practice (USPAP) are firmly in place, there is no further need for the Subcommittee to involve itself in setting minimal standards.*

~~SEC. 1109. Roster of State ~~certified or licensed~~ classified appraisers; ~~authority to collect and transmit fees~~ [12 U.S.C. 3338]~~

(a) In general. Each State with an appraiser ~~certifying and licensing~~ regulatory agency whose ~~certifications and licenses comply with this title~~, shall maintain and make reasonably available to the public

~~(1) transmit to the Appraisal Subcommittee, no less than annually, a roster listing individuals who have received a State classification to conduct real estate appraisal activities in federally related transactions and the scope of practice authorized by these classifications. and s Such roster shall be reasonably available to the public. certification or license in accordance with this title; and~~

~~(2) collect from such individuals who perform or seek to perform appraisals in federally related transactions, an annual registry fee of not more than \$25, such fees to be transmitted by the State agencies to the Council on an annual basis. Subject to the approval of the Council, the Appraisal Subcommittee may adjust the dollar amount of registry fees, up to a maximum of \$50 per annum, as necessary to carry out its functions under this title.~~

~~(b) Use of amounts appropriated or collected. Amounts appropriated for or collected by the Appraisal Subcommittee under this section shall be used-~~

~~(1) to maintain a registry of individuals who are qualified and eligible to perform appraisals in connection with federally related transactions;~~

~~(2) to support its activities under this title;~~

~~(3) to reimburse the general fund of the Treasury for amounts appropriated to and expended by the Appraisal Subcommittee during the 24-month startup period following the date of the enactment of this title; and~~

~~(4) to make grants in such amounts as it deems appropriate to the Appraisal Foundation, to help defray those costs of the foundation relating to the activities of its Appraisal Standards and Appraiser~~

Qualification Boards:

(b) Endowment to Appraisal Foundation

Beginning on January 1, 2005, the registry fee previously collected from individuals who perform or seek to perform appraisals in federally related transactions shall no longer be required. All funds collected by the Appraisal Subcommittee through registry fees in effect prior to January 1, 2005, and unexpended as of that date shall be paid to the Appraisal Foundation for the establishment of an endowment to help defray those costs of the Foundation relating to the activities of its Appraisal Standards Board.

***Rationale:** The purpose underlying the establishment of a National Registry is no longer relevant. Due to technological advances and existing statewide registration of appraisers, lists of qualified appraisers are now readily available to the consuming public. The amendments still require the states to make such lists available for public inspection.*

SEC. 1110. Functions of the Federal financial institutions regulatory agencies relating to appraisal standards [12 U.S.C. 3339]

Each Federal financial institutions regulatory agency and the Resolution Trust Corporation shall prescribe appropriate standards for the performance of real estate appraisals in connection with federally related transactions under the jurisdiction of each such agency or instrumentality. These rules shall require, at a minimum:

- (1) that real estate appraisals be performed in accordance with generally accepted appraisal standards as evidenced by the appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation; and
- (2) that such appraisals shall be written appraisals.

Each such agency or instrumentality may require compliance with additional standards if it makes a determination in writing that such additional standards are required in order to properly carry out its statutory responsibilities. Nothing in this title shall be construed to limit the authority of State appraiser regulatory agencies to regulate real estate appraisals utilized in connection with non-federally related transactions or to prevent such agencies from imposing additional regulations for real estate appraisals

utilized in connection with federally related transactions which do not conflict with the provisions contained herein.

***Rationale:** Clarifies that state appraiser regulatory agencies maintain their authority to regulate non-federally related transactions and to impose requirements on other transactions that do not conflict with the USPAP.*

~~SEC. 1111. Time for proposal and adoption of standards [12 U.S.C. 3340]~~

~~Appraisal standards established under this title shall be proposed not later than 6 months and shall be adopted in final form and become effective not later than 12 months after the date of the enactment of this Act.~~

***Rationale:** This provision is now moot.*

~~SEC. 1112. Functions of the Federal financial institutions regulatory agencies relating to appraiser qualifications [12 U.S.C. 3341]~~

~~(a) In general. Each Federal financial institutions regulatory agency and the Resolution Trust Corporation shall prescribe, in accordance with sections 1113 and 1114 of this title, which categories of federally related transactions should be appraised by a State ~~certified~~ classified real estate appraiser and which by a State licensed appraiser under this title.~~

~~(b) Threshold level. Each Federal financial institutions regulatory agency and the Resolution Trust Corporation may establish a threshold level at or below which a State certified or licensed classified real estate appraiser is not required to perform appraisals in connection with federally related transactions, if such agency determines in writing that such threshold level does not represent a threat to the safety and soundness of financial institutions.~~

~~(c) GAO study of appraisals in connection with real estate related financial transactions below the threshold level.=~~

~~(1) Study required. At the end of the 18-month period, and the end of the 36-month period, beginning on the date of the enactment of this subsection [October 29, 1992], the Comptroller General of the United States shall conduct a study on the adequacy and quality of appraisals or evaluations conducted in connection with real estate related financial transactions below the threshold level established under subsection (b), taking into account =~~

~~(A) the cost to any financial institution involved in any such transaction;~~

~~(B) the possibility of losses to the Bank Insurance Fund, the Savings Association Insurance Fund, or the National Credit Union Share Insurance Fund;~~

~~(C) the cost to any customer involved in any such transaction; and~~

~~(D) the effect on low-income housing.~~

~~(2) Reports to Congress and the appropriate Federal financial institutions regulatory agencies. Upon completing each of the studies required under paragraph (1), the Comptroller General shall submit a report on the Comptroller General's findings and conclusions with respect to such study to the Federal financial institutions regulatory agencies, the Committee on Banking, Finance and Urban Affairs of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate, together with such recommendations for legislative or administrative action as the Comptroller General determines to be appropriate.~~

***Rationale:** Changes the reference from "certified or licensed" appraisers to "classified" appraiser, thereby permitting state regulatory agencies to establish their own classifications consistent with federal requirements. Similar changes made throughout this proposal. GAO study requirement now moot.*

SEC. 1113. Transactions requiring the services of a State ~~certified~~ classified real estate appraiser [12 U.S.C. 3342]

In determining whether an appraisal in connection with a federally related transaction shall be performed by a State ~~certified~~ classified real estate appraiser, an agency or instrumentality under this title shall consider whether transactions, either individually or collectively, are of sufficient financial or public policy importance to the United States that an individual who performs an appraisal in connection with such transactions should be a State ~~certified~~ classified real estate appraiser, ~~except that .~~ A State classified real estate appraiser shall be required for all federally related transactions in accordance with the provisions of section 1116 (c) of this chapter.

~~(1) a State certified appraiser shall be required for all federally related transactions having a value of \$1,000,000 or more; and~~

~~(2) 1-to-4 unit, single family residential appraisals may be performed by State licensed appraisers unless the size and complexity requires a State certified appraiser.~~

***Rationale:** Replaces current required classifications for federally related transactions with a minimum of two, as indicated below. Consistent with current state appraisal laws and permits flexibility for additional state classifications which are not inconsistent.*

~~SEC. 1114. Transactions requiring the services of a State licensed appraiser [12 U.S.C. 3343]~~

~~All federally related transactions not requiring the services of a State certified appraiser shall be performed by either a State certified or licensed appraiser.~~

***Rationale:** No longer needed, given amendments providing for a state classified appraiser and requirement that all federally related transactions be performed by such.*

~~SEC. 1115. Time for proposal and adoption of rules [12 U.S.C. 3344]~~

~~As appropriate, rules issued under sections 1113 and 1114 shall be proposed not later than 6 months and shall be effective upon adoption in final form not later than 12 months after the date of the enactment of this Act.~~

***Rationale:** Provision is now moot.*

~~SEC. 1116. Certification and licensing rRequirements for State classified real estate appraisers
[12 U.S.C. 3345]~~

~~(a) In general. For purposes of this title, the term "State certified classified real estate appraiser" means any individual who has satisfied the requirements for receiving a State's classification as certification in a State or territory whose criteria for certification as a real estate appraiser currently meets the minimum criteria for certification issued by the Appraiser Qualification Board of the Appraisal Foundation. a State classified real estate appraiser. If such appraiser's State of residence has a State appraiser regulatory agency, the appraiser must be classified in that State.~~

(b) Restriction. No individual shall be a State ~~certified~~ classified real estate appraiser under this section unless such individual has achieved a passing grade upon a suitable examination administered by a the appraiser regulatory agency of the State or territory that is consistent with and equivalent to the Uniform State Certification Examination issued or endorsed by the Appraiser Qualifications Board of the Appraisal Foundation in which the appraiser is classified and has met any other education and experience requirements the State or territory deems appropriate.

(c) Definition. As used in this section, the term "State licensed appraiser" means an individual who has satisfied the requirements for State licensing in a State or territory. Classifications. Each State or territory with an appraiser regulatory agency shall establish at least two classifications of appraisers with (1) one classification limited to appraising residential properties with a value of less than \$1,000,000.00 and commercial properties with a value of less than \$250,000.00 and (2) one classification permitted to appraise any type of property of any value.

(d) Additional qualification criteria. ~~Nothing in this title shall be construed to prevent any Federal agency or instrumentality under this title from establishing such additional qualification criteria as may be necessary or appropriate to carry out the statutory responsibilities of such department, agency, or instrumentality.~~

(e) Authority of the Appraisal Subcommittee. ~~The Appraisal Subcommittee shall not set qualifications or experience requirements for the States in licensing real estate appraisers, including a de minimus [sic] standard. Recommendations of the Subcommittee shall be nonbinding on the States.~~

Rationale: (1) Requires appraisers to receive classification in their State of residence, (2) gives authority to the State regulatory agencies administer examinations and set education and experience requirements for classification of appraisers, (3) sets two minimum classifications which must be offered by all state regulatory agencies.

SEC. 1117. Establishment of State appraiser ~~certifying and licensing~~ regulatory agencies [12 U.S.C. 3346]

To assure the availability of State ~~certified and licensed~~ classified real estate appraisers for the performance in a State of appraisals in federally related transactions and to assure effective supervision of the activities of ~~certified and licensed~~ classified real estate appraisers, a State may establish a State appraiser ~~certifying and licensing~~ regulatory agency. If a State chooses not to establish such a State appraiser regulatory agency, lenders in federally related transactions shall make use of State classified real estate appraisers classified from another state. In any event, a lender in a federally related

transaction may utilize any real estate appraiser of the lender's choice provided (1) the lender satisfies any requirements of any Federal regulatory agency responsible for overseeing the activities of the lender; and (2) the appraiser used holds a State classification issued by a State appraiser regulatory agency as required in section 1116 of this chapter.

~~SEC. 1118. Monitoring of State appraiser certifying and licensing agencies [12 U.S.C. 3347]~~

~~(a) In general. The Appraisal Subcommittee shall monitor State appraiser certifying and licensing agencies for the purpose of determining whether a State agency's policies, practices, and procedures are consistent with this title. The Appraisal Subcommittee and all agencies, instrumentalities, and federally recognized entities under this title shall not recognize appraiser certifications and licenses from States whose appraisal policies, practices, or procedures are found to be inconsistent with this title.~~

~~(b) Disapproval by Appraisal Subcommittee.- The Federal financial institutions regulatory agencies, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Resolution Trust Corporation shall accept certifications and licenses awarded by a State appraiser certifying the licensing agency unless the Appraisal Subcommittee issues a written finding that-~~

~~(1) the State agency fails to recognize and enforce the standards, requirements, and procedures prescribed pursuant to this title;~~

~~(2) the State agency is not granted authority by the State which is adequate to permit the agency to carry out its functions under this title; or~~

~~(3) decisions concerning appraisal standards, appraiser qualifications, and supervision of appraiser practices are not made in a manner that carries out the purposes of this title.~~

~~(c) Rejection of State certifications and licenses:~~

~~(1) Opportunity to be heard or correct conditions. Before refusing to recognize a State's appraiser certifications or licenses, the Appraisal Subcommittee shall provide that State's certifying and licensing agency a written notice of its intention not to recognize the State's certified or licensed appraisers and ample opportunity to provide rebuttal information or to correct the conditions causing the refusal.~~

~~(2) Adoption of procedures. The Appraisal Subcommittee shall adopt written procedures for taking actions described in this section.~~

~~(3) Judicial review. A decision of the subcommittee under this section shall be subject to judicial review.~~

Rationale: Appraisal Subcommittee oversight no longer necessary. As long as an appraiser is classified by a state agency, federal lending institutions may utilize the services of that appraiser in federally related transactions.

SEC. 1119. Recognition of State ~~certified and licensed~~ classified real estate appraisers for purposes of this title [12 U.S.C. 3348]

~~(a) Effective date for use of certified or licensed appraisers only.-(1) In general. Not later than December 31, 1992~~ After January 1, 2005, all appraisals performed in connection with federally related transactions shall be performed only by ~~individuals certified or licensed~~ individuals classified as real estate appraisers in accordance with the requirements of this title.

~~(2) Extension of effective date. Subject to the approval of the Council, the Appraisal Subcommittee may extend, until December 31, 1991, the effective date for the use of certified or licensed appraisers if it makes a written finding that a State has made substantial progress in establishing a State certification and licensing system that appears to conform to the provisions of this title.~~

~~a.—Temporary waiver of appraiser certification or licensing requirements for State having scarcity of qualified appraisers. Subject to the approval of the Council, the Appraisal Subcommittee may waive any requirement relating to certification or licensing of a person to perform appraisals under this title if the Appraisal Subcommittee or a State agency whose certifications and licenses are in compliance with this title, makes a written determination that there is a scarcity of certified or licensed appraisers to perform appraisals in connection with federally related transactions in a State or in any geographical political subdivision of a State, leading to significant delays in the performance of such appraisals. The waiver terminates when the Appraisal Subcommittee determines that such significant delays have been eliminated.~~

~~(e-b) Reports to State certifying and licensing regulatory agencies. The Appraisal Subcommittee, a Any other Federal agency or instrumentality, or any federally recognized entity shall report any action of a State certified or licensed classified real estate appraiser that is contrary to the purposes of this title, to the appropriate State agency for a disposition of the subject of the referral. The State agency shall provide the Appraisal Subcommittee or the other Federal agency or instrumentality with a report on its disposition of the matter referred. Subsequent to such disposition, the subcommittee or tThe agency or instrumentality may take such further other action, pursuant to written procedures, it deems necessary to carry out the purposes of this title.~~

Rationale: Temporary waiver and Subcommittee provisions no longer needed.

SEC. 1120. Violations in obtaining and performing appraisals in federally related transactions [12 U.S.C. 3349]

(a) ~~Violations. Except as authorized by the Appraisal Subcommittee in exercising its waiver authority pursuant to section 1119(b),~~ i It shall be a violation of this section:

(1) for a financial institution to seek, obtain, or give money or any other thing of value in exchange for the performance of an appraisal by a person who the institution knows is not a State ~~certified or licensed~~ classified real estate appraiser in connection with a federally related transaction; and

(2) for the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Resolution Trust Corporation to knowingly contract for the performance of any appraisal by a person who is not a State ~~certified or licensed~~ classified real estate appraiser in connection with a real estate related financial transaction defined in section 1121(5) to which such association or corporation is a party.

(b) Penalties. A financial institution that violates subsection (a)(1) shall be subject to civil penalties under section 8(i)(2) of the Federal Deposit Insurance Act or section 206(k)(2) of the Federal Credit Union Act, as appropriate.

(c) Proceeding. A proceeding with respect to a violation of this section shall be an administrative proceeding which may be conducted by a Federal financial institutions regulatory agency in accordance with the procedures set forth in subchapter II of chapter 5 of title 5, United States Code.

SEC. 1121. Definitions [12 U.S.C. 3350]

For purposes of this chapter:

(1) State appraiser ~~certifying and licensing~~ regulatory agency. The term "State appraiser ~~certifying and licensing~~ regulatory agency" means a State agency established in compliance with this chapter.

(2) Appraisal Subcommittee; ~~subcommittee~~. The terms "Appraisal Subcommittee" and "~~subcommittee~~" means the Appraisal Subcommittee of the Federal Financial Institutions Examination Council formerly created in Pub. L. 101-73.

(3) Council. The term "Council" means the Federal Financial Institutions Examinations Council.

(~~4~~3) Federally related transaction. The term "federally related transaction" means any real estate-related financial transaction which:

(A) a federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates; and

(B) requires the services of an appraiser.

(~~5~~4) Real estate related financial transaction. The term "real estate-related financial transaction" means any transaction involving:

(A) the sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof;

(B) the refinancing of real property or interests in real property; and

(C) the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

~~(6 5)~~ Federal financial institutions regulatory agencies. The term "Federal financial institutions regulatory agencies" means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporations, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration.

~~(7 6)~~ Financial institution. The term "financial institution" means an insured depository institution as defined in section 3 of the Federal Deposit Insurance Act or an insured credit union as defined in section 101 of the Federal Credit Union Act.

~~(8)~~ Chairperson. The term "Chairperson" means the Chairperson of the Appraisal Subcommittee selected by the council.

~~(9 7)~~ Foundation. The terms "Appraisal Foundation" and "Foundation" means the Appraisal Foundation established on November 30, 1987, as a not for profit corporation under the laws of Illinois.

~~(10 8)~~ Written appraisal. The term "written appraisal" means a written statement used in connection with a federally related transaction that is independently and impartially prepared by a licensed or certified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by presentation and analysis of relevant market information.

Rationale: Updates to definitions based upon amendments.

SEC. 1122. Miscellaneous provisions [12 U.S.C. 3351]

~~(a) Temporary practice:~~

~~(1) In general. A State appraiser certifying or licensing agency shall recognize on a temporary basis the certification or license of an appraiser issued by another State if-~~

~~(A) the property to be appraised is part of a federally related transaction;~~

~~(B) the appraiser's business is of a temporary nature; and~~

~~(C) the appraiser registers with the appraiser certifying or licensing agency in the State of temporary practice.~~

~~(2) Fees for temporary practice. A State appraiser certifying or licensing agency shall not impose excessive fees or burdensome requirements, as determined by the Appraisal Subcommittee, for temporary practice under this subsection.~~

~~(b) Reciprocity. The Appraisal Subcommittee shall encourage the States to develop reciprocity agreements that readily authorize appraisers who are licensed or certified in one State (and who are in good standing with their State appraiser certifying or licensing agency) to perform appraisals in other States.~~

~~(c) Supplemental funding. Funds available to the Federal financial institutions regulatory agencies may be made available to the Federal Financial Institutions Examination Council to support the council's functions under this title.~~

~~(d a) Prohibition against discrimination. Criteria established by the Federal financial institutions regulatory agencies, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Resolution Trust Corporation for appraiser qualifications in addition to State certification or licensing shall not exclude a State certified or licensed classified real estate appraiser for consideration for an assignment solely by virtue of membership or lack of membership in any particular appraisal organization.~~

~~(e b) Other requirements. A corporation, partnership, or other business entity may provide appraisal services in connection with federally related transactions if such appraisal is prepared by individuals certified or licensed in accordance with the requirements of this title. An individual who is not a State certified or licensed classified real estate appraiser may assist in the preparation of an appraisal if:~~

~~(1) the assistant is under the direct supervision of a State licensed or certified individual classified real estate appraiser; and~~

~~(2) the final appraisal document is approved and signed by an individual who is a State certified or licensed classified appraiser.~~

~~(f) Studies.~~

~~(1) Study. The Appraisal Subcommittee shall-~~

~~(A) conduct a study to determine whether real estate sales and financing information and data that is available to real estate appraisers in the States is sufficient to permit appraisers to properly estimate the values of properties in connection with federally related transactions; and~~

~~(B) study the feasibility and desirability of extending the provisions of this title to the function of personal property appraising and to personal property appraisers in connection with Federal financial and public policy interests.~~

~~(2) Report. The Appraisal Subcommittee shall-~~

~~(A) report its findings to the Congress with respect to the study described in paragraph (1)(A) no later than 12 months after the date of the enactment of this title, and~~

~~(B) report its findings with respect to the study described in paragraph (1)(B) to Congress not later than 18 months after the date of the enactment of this title.~~

***Rationale:** Study provision is now moot. Temporary practice provisions no longer necessary; as long as an appraiser is classified in a state, he or she may perform appraisals in federally related transactions as long as requirements of federal lending agency are met.*

SEC. 1123. Emergency exceptions for disaster areas [12 U.S.C. 3352]

(a) In general. Each Federal financial institutions regulatory agency may, by regulation or order, make exceptions to this title, and to standards prescribed pursuant to this title, for transactions involving institutions for which the agency is the primary Federal regulator with respect to real property located within a disaster area if the agency:

(1) makes the exception not later than 30 months after the date on which the President determines, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, that a major disaster exists in the area and

(2) determines that the exception:

(A) would facilitate recovery from the major disaster, and

(B) is consistent with safety and soundness.

(b) 3-year limit on exceptions. Any exception made under this section shall expire not later than 3 years after the date of the determination referred to in subsection (a)(1).

(c) Publication required. Any Federal financial institutions regulatory agency shall publish in the Federal Register a statement that:

(1) describes any exception made under this section; and

(2) explains how the exception:

(A) would facilitate recovery from the major disaster, and

(B) is consistent with safety and soundness.

(d) Disaster area defined. For the purposes of this section, the term "disaster area" means an area in which the President, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, has determined that a major disaster exists.

U.S.P.A.P. Discussion

USPAP classes and costs

Posted By:
John M. Bryant <john@georgiaappraiser.com>
Date: Tuesday, 21 January 2003, at 10:38 p.m.

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I am an Nationally Certified USPAP instructor and will give my first 7 Hour USPAP Update class this weekend. I generally charge \$110 for a one day class but can't hold that price class for the mandated 7-hour USPAP class. Here's why. The Appraisal Foundation (TAF) wants \$22 for the student manual which is 62 pages long. Six of these pages are advertising for TAF publications. I can buy 100 manuals at \$18 each which I will do. I also have the option of paying a \$12 per student royalty and printing the manual myself.

The manual clearly states that the student will need a copy of USPAP 2003 for the course. That's another \$30. I can buy 100 copies for \$20 each which I will do. That's about \$38 for TAF out of my \$110 fee for TAF publications.

TAF says there are about 80,000 appraisers in the US that will be required to take this course every other year. There are not counting the Appraiser Trainees (in Georgia, they are called Registered Appraisers). About 35-40% of Georgia Appraisers are Registered Appraisers so that makes the actual number of appraisers that need the course every other year about around 130-140,000 nationally. This does not include the unlicensed appraisers who take the 90 hour course which requires 15 hours of USPAP.

So every year 50-75,000 appraisers will take the course and TAF's revenues will be about \$38 per student. This is in the neighborhood of \$20,000,000 per year give or take a few million. The books can't cost anymore than \$10-15 each to print that that is probably way high so the profit will be somewhere around \$10,000,000. TAF is a not for profit organization. Wonder what it will do with the money?

Messages in This Thread

- **USPAP classes and costs**
 - John M. Bryant -- Tuesday, 21 January 2003, at 10:38 p.m.
 - [Re: USPAP classes and costs](#)
 - Dennis R. Greene -- Wednesday, 22 January 2003, at 8:22 a.m.

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