Appraisal Subcommittee

Federal Financial Institutions Examination Council

Supplement to Bulletin No. 2011-01
Issue Date: August 11, 2011

To: State Appraiser Regulatory Officials

Subject: Mandatory AQB Criteria for State Licensed Appraisers

On March 18, 2011, the Appraisal Subcommittee (ASC) issued Bulletin No. 2011-01, *Statutory Provisions Affecting State Appraiser Regulatory Programs.* This Supplement to the Bulletin provides important information concerning mandatory AQB Criteria[1] for credentialing of State licensed appraisers (licensed appraisers). Specifically, this Supplement addresses the statutory requirement that only AQB-compliant appraisers are eligible to perform appraisals for federally related transactions (FRTs).

Bulletin No. 2011-01 and this Supplement have been issued in response to recent amendments to Title XI of the Financial Institutions Reform, Recovery and Enforcement Act. Though all States have been included for distribution, the ASC recognizes that most States have adopted or implemented AQB Criteria for the credentialing of licensed appraisers. The few States with appraisers on the National Registry who are licensed as non AQB-compliant are the target audience for this Supplement.[2]

As of July 1, 2013, in order for a licensed appraiser to be eligible to perform appraisals for FRTs, that individual must satisfy requirements for licensing in a State whose criteria meet or exceed AQB Criteria.[3] Therefore, any State issuing a State license credential must adopt or implement the relevant AQB Criteria. The ASC will begin monitoring States for compliance with this provision on July 1, 2013. As of that date, licensed level appraisers will be maintained on the National Registry as follows:

1. *AQB-compliant licensed appraisers*
   Licensed appraisers listed as AQB-compliant will remain on the National Registry, and their current status[4] will not be affected.

2. *Non AQB-compliant licensed appraisers*
   Licensed appraisers listed as non AQB-compliant will remain on the National Registry; however, their status will be changed to "inactive" (ineligible to perform appraisals for FRTs). Non AQB-compliant appraisers will not be added to the National Registry after July 1, 2013, as they will no longer be eligible to perform appraisals for FRTs.

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[1] Appraiser Qualifications Board *Real Property Appraiser Qualification Criteria*, referred to herein as "AQB Criteria."
[2] Currently there are 5 States with non AQB-compliant licensed appraisers on the National Registry totaling 686 credentials. Those States are California, Mississippi, Oklahoma, South Dakota and Wisconsin.
[3] Title XI § 1116 (c), 12 U.S.C. 3345, as amended by the Dodd-Frank Act, and applied by Title XI § 1113, 12 U.S.C. 3342, Title XI § 1114, 12 U.S.C. 3343, and Title XI § 1119, 12 U.S.C. 3348.
[4] Status is reflected on the National Registry as "active" or "inactive." "Active" appraisers are eligible to perform appraisals for FRTs, whereas "inactive" appraisers are not.

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3. *Upgrading from non AQB-compliant to AQB-compliant licensed appraiser*
In order for non AQB-compliant licensed appraisers listed on the National Registry to be upgraded to AQB-compliant, the State agency may evaluate appraisers on a case-by-case basis. The State agency would need to determine if the appraiser's examination, education and experience met AQB Criteria at the time the State issued the appraiser's license. If any of the AQB Criteria components (examination, education or experience) did not meet AQB Criteria at the time the license was issued, the appraiser would need to satisfy the current AQB Criteria for any deficiency. In addition, the appraiser would need to satisfy AQB Criteria for continuing education.[5]

State Appraiser Regulatory Officials should notify appraisers within their jurisdiction who may be affected by this statutory requirement, as well as consider other forms of communication to the appraiser population in their State about this matter.

If you have any questions, please contact your ASC State Policy Manager:

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Sincerely,

Deborah S. Merkle
Chairman

[5] Current AQB Criteria states the following: "Prior to reactivation, credential holders in an inactive status must complete all required continuing education hours that would have been required if the credential holder was in an active status. The required hours must also include the most recent edition of a 7-hour National USPAP Update Course." *Real Property Appraiser Qualification Criteria*, 8 (February 2011).