



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

JUNE 30, 1991

Kenneth C. Thiemann
5102 Royal Drive W.
Tacoma, WA 98467

Re: Review Appraisers (Your April 30, 1991,
Letter)

Dear Mr. Thiemann:

You have asked whether it is necessary for a review appraiser to be certified or licensed if he meets or exceeds the requirements set forth in the competency provision in the Uniform Standards of Professional Appraisal Practice. Under some circumstances, a review appraiser must be certified or licensed as required by Part 722 of NCUA's Rules and Regulations.

BACKGROUND

The KC Thiemann Company offers a wide range of services including a review of appraisal reports. As explained in your letter and subsequent phone conversations with NCUA staff, this review consists of a compliance check and not an actual estimate of market value. Furthermore, as review appraiser, your company does not take any responsibility for the estimate of market value found in the appraisal report or its underlying analysis.

ANALYSIS

As you know, the Uniform Standards of Professional Appraisal Practice ("USPAP") were written prior to the enactment of appraiser certification and licensing requirements in Title XI of FIRREA. Consequently the term "appraiser" in USPAP describes a generic function of which certified and licensed appraisers are a subset. Thus, the use of the term "appraiser" or "review appraiser" in USPAP does not necessarily

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exclude reference to "appraisers" who are not certified or licensed. There are some appraisal functions, even after adoption of Title XI and NCUA's appraisal regulation, that do not require certification or licensing. For example, a review appraiser who conducts a compliance check of the appraisal report need not be certified or licensed. However, if the review appraiser either takes responsibility for the appraisal report or makes an independent estimate of market value then he must meet all the requirements of Part 722 of NCUA Rules Regulations including certification and licensing as appropriate.

In response to your request for guidance on the type of appraiser a Washington federally insured credit union should use until the State of Washington approves state-certified and -licensed appraisers we offer the following.

State-certified and/or -licensed appraisers are not required for federally related real estate transactions until December 31, 1991, unless this date is extended by the Appraisal Subcommittee for a given state pursuant to provisions of Title XI of FIRREA (see attached). Until December 31, 1991, a federally insured credit union should employ appraisers who are competent to perform the appraisal and are free of any conflict of interest as defined in the regulation. These provisions will continue to apply after December 31, 1991.

The regulation requires that a federally insured credit union employ an appraiser who has both the knowledge and the experience required to perform a specific appraisal service competently. Section 722.6(b) of NCUA's Regulations (12 C.F.R. 722.6(b)) states in part that "any determination of competency shall be based upon the individual's experience and educational background as they relate to the particular appraisal assignment for which he or she is being considered." In addition, Section 722.5(b) of NCUA's Regulations (12 C.F.R. 722.5(b)) requires that any fee appraisers shall "have no direct or indirect interest financial or otherwise, in the property or transaction." Any appraiser meeting the competency requirements and conflict of interest provisions, as outlined above, is suitable to perform appraisals for a federally insured credit union until December 31, 1991.

One final note. Although USPAP was published for comment, it was issued as an interim final rule and therefore must be

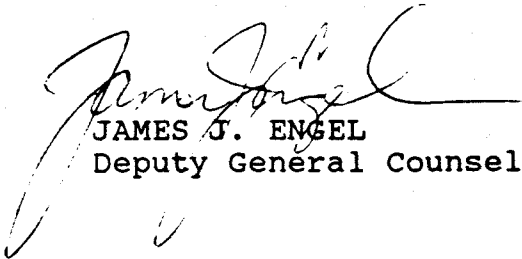
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complied with in its current form. In addition, Section 722.4 of NCUA's Rules and Regulations requires that all appraisals conform to the USPAP. Therefore, the published provisions of USPAP (55 Fed. Reg. 53610, 12/31/90) must be followed in the preparation and completion of an appraisal.

Sincerely,



JAMES J. ENGEL
Deputy General Counsel

Attachment

GC/MM:sg
SSIC 3501
91-0504

Communications Commission, Low Power Television Window Filing, c/o Mellon Bank, Three Mellon Bank Center, 525 William Penn Way, 27th floor, room 153-2713, Pittsburgh, PA 15259-0001.
Attn: Wholesale Lockbox Shift Supervisor.

It was also announced that hand-carried or couriered applications could be delivered daily at the above location during normal business hours and until the close of business (5 p.m.) on Friday, May 3, 1991. This office, however, is also used by the Mellon Bank for the receipt of other Mass Media Bureau application filings and is, for that purpose, open for business twenty-four hours a day. To afford all Mass Media Bureau applicants comparable treatment and avoid any unnecessary filing scheduling difficulties, the Commission will accept as timely filed all hand-carried or couriered low power television and television translator applications submitted at the above Mellon Bank location at anytime daily during the window period, up through 11:59 p.m. on Friday, May 3, 1991.

For further information concerning the filing window, contact Keith A. Larson or Molly Fitzgerald, Low Power Television Branch, Mass Media Bureau at Telephone No. (202) 632-3894.

Federal Communications Commission.

Thomas R. Searcy,

Secretary.

[FR Doc. 91-10232 Filed 4-30-91; 8:45 am]

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FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

Appraisal Subcommittee; Extension of Deadline for Use of Certified or Licensed Appraisers in Federally Related Transactions

AGENCY: Federal Financial Institutions Examination Council.

SUBAGENCY: Appraisal Subcommittee.

ACTION: Notice extending effective date.

SUMMARY: Notice is hereby given that the Appraisal Subcommittee ("ASC"), with the approval of the Federal Financial Institutions Examination Council ("FFIEC"), ordered the extension until December 31, 1991, of the effective date for use of certified or licensed appraisers for all appraisals performed in connection with federally related transactions under title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989

("FIRREA").¹ This extension is effective in 54 of the ASC's 57 jurisdictions.

DATES: This action is effective on May 1, 1991.

ADDRESSES: Copies of this notice are available upon request to the Appraisal Subcommittee, Federal Financial Institutions Examination Council, 1778 G Street, N.W., suite 850B, Washington, DC 20006.

FOR FURTHER INFORMATION CONTACT: Marc L. Weinberg, General Counsel to the Appraisal Subcommittee, at the address given above; telephone (202) 357-0133.

SUPPLEMENTARY INFORMATION: Title XI of FIRREA provides for the adoption and implementation by the various States of standards and procedures for the certification and licensing of appraisers. The ASC is required to monitor these State appraiser certification and licensing programs. Federally regulated depository institutions are to use these appraisers in federally related real estate transactions. However, the ASC is authorized in section 1119(a)(2) (12 U.S.C. 3348(a)(2)) to extend from July 1, 1991, to December 31, 1991, the effective date for using certified or licensed appraisers in connection with federally related transactions. That authority is premised upon "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."

During the more than eighteen months since enactment of FIRREA, the ASC has closely monitored the development of appraiser qualification standards in the various states and other jurisdictions subject to title XI. This effort has included the careful review of State legislative and regulatory proposals designed to implement title XI's requirements, as well as the providing of comments, suggestions, guidance and direction in this regard, both general and specific, oral and written. The ASC, however, has not received any formal communications from American Samoa and Palau. In addition, the ASC has learned that the Northern Mariana Islands are only in the initial phases of preparing legislation. Therefore, the ASC at this time has no basis to extend the effective date from July 1, 1991, for these three jurisdictions.

On the basis of this extended and ongoing review, the ASC hereby finds that each State, the District of Columbia, Puerto Rico, Guam and the Virgin Islands have made substantial progress

toward establishing an appraiser certification and licensing system in conformity with title XI. Statutes have been or are being enacted as required by title XI.² The ASC commends each of these jurisdictions and encourages each to implement its system before the end of the extension period. Moreover, the ASC encourages lenders to use appraisers certified or licensed by these systems as soon as possible.

The ASC further finds that such an extension forwards Congress's intention to implement title XI's new regulatory scheme with minimal disruption and confusion at the state and Federal levels. The ASC recognizes that less than two years have passed since title XI was adopted on August 9, 1989, and, while the States and other jurisdictions have made significant progress, they have had relatively little time to create from scratch an appraiser licensing and certification system. Many tasks are involved in that effort, including an analysis and determination of title XI's requirements, proposing and adopting legislation, creating valid testing and qualification standards, establishing agencies to administer the various aspects of the regulatory program, and coordinating these and other tasks with the ASC, other Federal agencies and entities, and various industry groups. By extending title XI's effective date for use of certified and licensed appraisers in federally related transactions until December 31, 1991, the ASC fully anticipates that, on January 1, 1992, all aspects of a nationwide, comprehensive and uniform real estate appraiser regulatory system will be in place, as contemplated by Congress when it adopted title XI.

For these reasons, the ASC, with the approval of the FFIEC, hereby extends to December 31, 1991, the deadline for use of certified or licensed appraisers in federally related transactions, pursuant to its authority in section 1119(a)(2) of FIRREA (12 U.S.C. 3348(a)(2)), in all fifty States and in the District of Columbia, Puerto Rico, Guam and the Virgin Islands.

By order of the ASC, with the approval of the FFIEC.

Dated at Washington, DC, this 25th day of April, 1991.

¹ The ASC requests that the States and other jurisdictions continue to facilitate the orderly implementation of the title XI regulatory program by promptly forwarding to the ASC staff all pertinent proposed and enacted legislation.

² Public Law No. 101-73, 103 Stat. 183 (1989); 12 U.S.C. 3310, 3331-3331.