

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. **10458**]
May 14, 1991]

**Extension of Deadline for Use of Certified or Licensed
Appraisers in Federally Related Transactions**

*To All Federally Regulated Depository Institutions
in the Second District, and Others Concerned:*

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council (FFIEC) has extended to December 31, 1991, the effective date by which federally regulated depository institutions must use State-certified or State-licensed appraisers in connection with most real-estate-related financial transactions pursuant to Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The following is the text of a statement issued by the FFIEC in this matter:

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council, with the approval of the Council, has sent to the *Federal Register* for publication a notice extending from July 1 to December 31, 1991, the effective date when federally regulated depository institutions must use State certified or licensed appraisers for appraisals in connection with most real estate related financial transactions pursuant to Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ["FIRREA"] and the rules and regulations thereunder.

This six-month extension is authorized by Title XI upon a finding that a State has made substantial progress toward implementing Title XI appraiser qualification standards. The Subcommittee has made this finding as to every State and the District of Columbia, Puerto Rico, Guam and the Virgin Islands.

The purpose of this one-time extension is to facilitate an orderly, nationwide implementation of the requirement for certification and licensing of appraisers in all federally related transactions no later than December 31, 1991. FIRREA was enacted on August 9, 1989. Almost two and one-half years should be an adequate period of time for the States to comply with Title XI. Any further waiver of its requirements as to the use of certified or licensed appraisers must be based on a showing of "scarcity" of qualified appraisers "leading to inordinate delays" in the performance of appraisals in a particular State.

This announcement does not affect the implementation or operation of any State's laws or procedures, and it is expected that individual States will begin certifying and licensing appraisers as soon as possible. The Subcommittee commends those States whose appraiser certification and licensing programs become fully operational before January 1, 1992, and encourages the earliest possible use of State certified and licensed appraisers.

Additional information concerning the FFIEC's appraisal standards for real estate transactions and guidelines issued in connection therewith may be obtained by contacting the Appraisal Subcommittee, Federal Financial Institutions Examination Council, 1776 G Street, NW., Suite 850B, Washington, D.C. 20006.

Printed on the reverse side is the text of the notice issued by the FFIEC extending the deadline for compliance with the Council's earlier action, which has been reprinted from the *Federal Register* of May 1, 1991. Questions regarding this matter may be directed to Marc L. Weinberg, General Counsel, Appraisal Subcommittee, (Tel No. 202-357-0133).

E. GERALD CORRIGAN,
President.

(OVER)

**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, 1776 G Street NW., 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

¹ Public Law No. 101-73, 103 Stat. 183 (1989); 12 U.S.C. 3310, 3331-3351.

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 119(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.

Federal Financial Institutions Examination
Council, Appraisal Subcommittee.

Edwin W. Baker,
Executive Director.

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² 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.