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December 11, 2017

Transmitted via E-Mail – jim@asc.gov

Federal Financial Institutions Examination Council
Appraisal Subcommittee
Attention: James R. Park
1401 H Street N.W., Suite 760
Washington, D.C. 20005

Re: Temporary Waiver Request

Dear Mr. Park:

This correspondence is in response to your December 5, 2017 communication in which you provide notice of the Temporary Waiver Request made by City Bank & Trust Company ("City Bank") located in Guymon, Oklahoma.

In reviewing the authority at Title XI (12 U.S.C. 3348(b)), we note that these waiver procedures apply whenever a State appraiser regulatory agency makes a request for a waiver of any requirement relating to certification or licensing of a person to perform appraisals under Title XI of FIRREA. However, they also apply whenever the ASC "based on sufficient, credible information or requests received from other persons or entities, initiates a temporary waiver proceeding." While the Board generally agrees that there are a limited number of appraisers in many of the rural areas of Oklahoma, we do not believe City Bank has adequately supported its request.

The requirements for a waiver request (1102.2) are outlined as follows:

(b) The requirement or requirements of State law from which relief is being sought;
City Bank did not set forth which requirements of state law they are seeking relief.

(c) A description of all significant problems currently being encountered in efforts to comply with Title XI;

In a single paragraph, City Bank discusses its inability to timely obtain commercial appraisals in the panhandle. At the same time, they acknowledge that there are two Certified General appraisers in the Oklahoma panhandle, yet state they choose to do business with just one. City Bank also discusses their ability to utilize, and previous use of, commercial appraisers in both Kansas and Texas. As you know, it is not uncommon in any state, especially locations bordering other states, for non-domestic appraisers to cross state lines via reciprocity or temporary practice permit. According to MapQuest, Liberal, Kansas is 40 miles from Guymon. This is not an excessive distance. In Oklahoma County, an appraiser on the far

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north side of the county can travel to the far south side of the county and cover the same distance as a trip from Liberal, Kansas to Guymon. City Bank states that the appraisers are "unfamiliar with their area." While that may be true initially, USPAP requires that an appraiser become competent.

The Board's records do not reflect any complaint filings by City Bank against any appraiser for sub-par appraisals. Dodd-Frank's reporting requirements for non-compliant appraisal reports is mandatory. If the quality of work performed by other appraisers is not satisfactory, I would think that at some point, we would have seen a complaint filed by the bank.

(d) The nature of the scarcity of certified or licensed appraisers (including supporting documentation);

City Bank's comments do not adequately meet this requirement, nor did they provide any supporting documentation other than a copy of the board's roster by county, which has been printed from our website.

(e) The extent of the delays anticipated or experienced in obtaining the services of certified or licensed appraisers (including supporting documentation);

City Bank did not address this other than to state that the one appraiser they prefer to utilize took too much time, 8 months in one instance, or would not accept all of their assignments. No supporting documentation was provided.

(f) The reasons why the requestor believes that the requirements or requirements are causing the scarcity of certified or licensed appraisers and the service delays; and

City Bank did not address this requirement.

(g) A specific plan for expeditiously alleviating the scarcity and the service delays.

City Bank did not provide a plan for alleviating the scarcity and the service delays.

We do not believe that a waiver of the requirements under FIRREA is the solution for the issues set out by City Bank. If granted, we are concerned that it will actually lead to a trend of waivers resulting in an enforcement problem. Many of the requirements for the request for a waiver have gone unanswered and actually lead to more questions. How will a temporary waiver improve the situation on a long-term basis? What is the plan for alleviating the scarcity and service delays? How will this temporary waiver not lead to a train of continued waiver requests by this, and other lenders, without any real solutions? How many banking entities are affected in the panhandle? How many real estate loans does City Bank make on an annual basis that are above the de minimus level requiring more than an evaluation? How many appraisals were declined by the one appraiser that was referenced?

City Bank's request for a waiver appears to stem from its concerns with the lack of Certified General appraisers in the panhandle and unsubstantiated issues with one of the two commercial appraisers that are located in that area. Yet, they then turn to the matter of their in-house appraiser who is an expired Certified Residential appraiser and the "burdensome" continuing education requirements to which he is subjected. It appears to us that City Bank's real interest is their desire to utilize their in-house appraiser without the need to comply with the state's regulatory requirements. We think a better solution would be to encourage the appraiser in question to renew his license.

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City Bank has access to 6 appraisers in the panhandle in addition to multiple out-of-state appraisers that will cross the border into the Oklahoma panhandle. City Bank has not communicated its concerns to the Board in any manner, at any time that we can recall. Further, there have been no complaints filed against any appraiser in northwestern Oklahoma by City Bank. City Bank's request for a waiver is in conflict in that it is concerned with the lack of Certified General appraisers in the panhandle, yet seek to utilize their in-house residential appraiser without the burden of continuing education and annual fees. City Bank failed to provide both discussion and documentation of a significant problem in the panhandle. Based on the requirement for City Bank to provide sufficient and credible information and documentation, we believe their request to be deficient at this time and no action should be taken.

Lastly, we believe that Federal law may allow the ASC to grant a temporary waiver from any requirement related to certification or licensing of an individual to perform appraisals. We do not believe that it will remove the necessity of the bank from obtaining USPAP-compliant appraisals when required by law or necessity. Oklahoma's law requires that all FRT transactions be completed by a certified appraiser. Although City Bank does not fully outline what parts of the law they would like a waiver from, we don't believe the authority granted to the ASC would remove the requirement for the use of a certified appraiser on all FRT appraisals.

If I can answer any questions or concerns, please feel free to contact me at any time.

Sincerely,



CHRISTINE M. MCENTIRE, Director
Real Estate Appraiser Board