December 17, 2020

To the Members of the Iowa General Assembly,

The Real Estate Appraiser Examining Board is proposing amendments to Iowa Code chapter 543D to alleviate an enforcement gap for out-of-state certified appraisers conducting appraisals for a Federally Related Transaction (“FRT”) on property located in Iowa. Federal law requires the services of a certified appraiser for a Federally Related Transaction (“FRT”)—generally, a real estate-related loan facilitated by a financial institution regulated by a federal financial institution regulator which requires the services of an appraiser and has a value greater than $400,000 (residential transactions) or $500,000 (commercial transactions). But neither Iowa law nor federal law explicitly require that the appraiser be certified in the state where the appraised property is located.

This discrepancy creates an enforcement gap because out-of-state appraisers arguably may perform appraisals for FRTs in Iowa without first obtaining certification or a temporary practice permit from the Board. The interests of Iowans may be inadequately protected in these cases because regulators in the appraiser’s home state have less incentive to review appraisals conducted in Iowa and the Board has no authority to enforce appraisal standards against the appraiser.

The proposed legislation addresses this gap by requiring that all appraisers who perform appraisals for any FRT in Iowa must first become certified in Iowa or obtain a temporary practice permit. This proposal would give the Board the authority to enforce applicable Iowa laws against appraisers who appraise Iowa properties for FRTs, reduce consumer confusion, and clarify the law in a way that aligns with the understanding of most stakeholders. This proposal will also put Iowa on an equal footing with our neighboring states, all of which require Iowa appraisers to be certified or obtain temporary practice privileges in their states before appraising property located in their states for FRTs. The Board aims to achieve these goals without impacting the availability of appraisers in Iowa or increasing the cost of an appraisal.

Please feel free to contact me if you have any additional questions.

Sincerely,



Zachary D.A. Hingst

Legal Counsel & Legislative Liaison

Iowa Division of Banking

515-242-0332