

Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 12, 2011

Mr. Jerome Farrow, Chair
Board of Real Estate Appraisers
Department of Consumer and Regulatory Affairs
Occupational and Professional Licensing Division
1100 4th Street, SW - Suite 500E
Washington, DC 20024

RE: ASC Compliance Review of the District of Columbia's appraiser regulatory program

Dear Mr. Farrow:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the District of Columbia's appraiser regulatory program (Program) on March 14-16, 2011. This is the final ASC Compliance Review Report (Report) on that Review.

The ASC has considered the preliminary findings regarding the Review and the State's response. Although the attached Report references areas of concern, the ASC has determined the Program is in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

Please be advised this letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



Deborah S. Merkle
Chairman

Attachment

cc: Ms. Patsy Lockett, Branch Chief
Mr. Clifford Cooks, Program Manager
Mr. Leon Lewis, Program Liaison

ASC Compliance Review Report						Finding: In Substantial Compliance		
						Report Issue Date: October 12, 2011		
District of Columbia Appraiser Regulatory Program (Program)								
Board of Real Estate Appraisers (Board) / Decision Making			PM: J. Tidwell		ASC Compliance Review Date: March 14-16, 2011		Review Period: March 2009 to March 2011	
Umbrella Agency: Department of Consumer and Regulatory Affairs (Department)				Number of State Credentialed Appraisers on National Registry: 743		Issue: FINAL		
Requirement/Guidance	ASC Finding Compliance (YES/NO)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
District of Columbia Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None	None
Temporary Practice:	X			No compliance issues noted.	N/A	None	None	None
National Registry:	X			No compliance issues noted.	N/A	None	None	None
Application Process:			X					
States must require the 7-hour National USPAP Update Course on renewals consistent with AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				ASC staff reviewed 12 continuing education (CE) audit files, of which one (8%) contained documentation showing that the applicant was allowed to use the 15-hour National Uniform Standards of Professional Appraisal Practice (USPAP) Course instead of the 7-hour National USPAP Update Course as required by Appraisal Qualifications Board (AQB) Real Property Appraiser Qualification Criteria (AQB Criteria).	In a letter dated May 27, 2011, and received on July 15, 2011, the Board reported to ASC staff that the Department staff conducted additional training with its vendor, Pearson Vue, on how to review renewal applications for proper CE documentation. Additionally, the identified appraiser was contacted and has submitted documentation verifying completion of the 7-hour National USPAP Update Course.	None	None	During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.

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Umbrella Agency: Department of Consumer and Regulatory Affairs (Department)				Number of State Credentialed Appraisers on National Registry: 743		Issue: FINAL		
Requirement/Guidance	ASC Finding Compliance (YES/NO)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Application Process continued:			X					
States must ensure appraiser continuing education courses are consistent with AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				ASC staff reviewed 12 CE audit files, of which two (16%) contained courses that were not approved by the Board or another jurisdiction's appraiser program as required by the Board rules. Nor did these courses meet the content requirements of the AQB Criteria. These courses appeared to be real estate sales courses and did not cover real property related appraisal topics.	In a letter dated May 27, 2011, and received on July 15, 2011, the Board reported to ASC staff that the Department staff contacted the two appraisers and both have submitted courses that meet the AQB Criteria. As mentioned above, the Department staff has conducted additional training with its vendor, Pearson Vue.	None	None	During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.
Application Process continued:			X					
States must use a reliable means of validating continuing education claims on appraiser renewal applications. (Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10F.)				ASC staff found one renewed appraiser credential was backdated to March 1 from March 16. The credential was renewed within 60 days of the expiration date of Feb. 28, and the late fee was paid per Board rules. However, the CE was completed after March 1. According to the Department staff and the Board, the renewal should not have been processed. It should have been brought to the Department and Board's attention for handling.	In a letter dated May 27, 2011, and received on July 15, 2011, the Board reported to ASC staff that this appraiser was allowed to renew during the late filing period because of a regulation which allows an applicant to be renewed during the 60-day late filing period with a penalty. Regulation 2309.5 states the following: A holder of a license who fails to renew before the expiration date may renew the license within sixty (60) days after expiration upon paying the required late fee. Upon renewal, the holder shall be deemed to have possessed a valid license during the period between the expiration of the license and its renewal.	None	To strengthen the Program, the Board should not backdate a renewing appraiser's credential to a date prior to the appraiser's completion of the required CE.	The Board acknowledged during the Review that the renewal should not have been processed. Through off-site monitoring and during the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.

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Umbrella Agency: Department of Consumer and Regulatory Affairs (Department)				Number of State Credentialed Appraisers on National Registry: 743		Issue: FINAL		
Requirement/Guidance	ASC Finding Compliance (YES/NO)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Reciprocity:	X			No compliance issues noted.	N/A	None	None	None
Education:			X					
States must ensure appraiser qualifying education courses are consistent with AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				AQB Criteria requires a minimum of 15 hours for appraiser qualifying education courses. ASC staff found three courses which did not meet AQB Criteria. In addition, the courses did not contain proof of core curriculum content.	In a letter dated May 27, 2011, and received on July 15, 2011, the Board reported to ASC staff that the Department staff has removed all courses from their approved list that did not meet the AQB Criteria. The course providers were notified of their removal and the reason for the removal.	None	None	During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.
Enforcement:	X							
				No compliance issues noted.	N/A	None	None	None