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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 10, 2012

Mr. Ralph Osgood, Assistant Director
Department of Licensing
P O Box 9021
Olympia, WA 98507-9021

RE: ASC Compliance Review of Washington's appraiser regulatory program

Dear Mr. Osgood:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Washington appraiser regulatory program (Program) on May 16-18, 2012. 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. The ASC has determined the Program is not in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended. The ASC identified the following area of non-compliance:

- States should resolve all complaints filed against appraisers within one year, except for special documented circumstances.¹

ASC staff will confirm corrective actions have taken place and are appropriate through off-site monitoring and during the next Review. Washington will remain on a two-year Review Cycle.

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,



Peter Gillispie
Chairman

Attachment

cc: Mr. Jerry McDonald, Administrator
Ms. Shelly Hagen, Deputy Assistant Director
Mr. Ralph Birkedahl, Program Manager

¹ . Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.

ASC Compliance Review Report

ASC Finding: Not In Substantial Compliance

Final Report Issue Date: October 10, 2012

Washington Appraiser Regulatory Program (Program)

Washington Real Estate Appraiser Commission PM: V. Metcalf
(Commission) / Advisory

ASC Compliance Review Date: May 16 -18, 2012

Review Period: May 2010 to May 2012

Umbrella Agency: Department of Licensing (Department), Business and Professions Division (Division)

Number of State Credentialed Appraisers on National Registry: 2890

Review Cycle: Two Year

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Washington 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			No compliance issues noted.	N/A	None	None	None
Reciprocity:	X			No compliance issues noted.	N/A	None	None	None
Education:	X			No compliance issues noted.	N/A	None	None	None
Enforcement:		X		No compliance issues noted.	N/A	None	None	None
States should resolve all complaints filed against appraisers within one year, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				<p>Washington had 83 outstanding complaints of which 19 were unresolved for more than 1 year. Of the complaints outstanding for more than 1 year, 2 fall under the exception for special documented circumstances. Of the 17 dated cases, 1 was received in 2006, 2 in 2007, 3 in 2009, 8 in 2010, and 3 in 2011. All of the dated cases are out of the investigations phase and await legal action by the attorney general.</p> <p>The lack of timely complaint resolution and a shortage of staffing resources were findings from the 2010 Compliance Review. In response, the Division made addressing these deficiencies an agency priority. During this Review Cycle an additional Licensing Manager position was added to the Program. That position is responsible for drafting charges, among other duties, to help alleviate some of the responsibilities of the assistant attorney general. In addition, 10 Division Investigators received Uniform Standards of Professional Appraisal Practice training and/or the Appraisal Foundation's investigator training and may be used for appraiser complaint investigations.</p>	<p>In a letter dated August 10, 2012, the Division reported to ASC staff that in addition to the corrective actions noted in our observation, they streamlined processing time for complaint resolutions without compromising program integrity by considering: (1) signature authority; (2) settlement conferences; and (3) management reviews. The Division stated that, well in advance of the 2014 Compliance Review, it will attain compliance by continuing to effectively use staff resources within the real estate programs and expanding available staff resources with continued appraisal and appraiser investigator training.</p> <p>The Division reported they have reduced the number of unresolved complaints from 187 outstanding with 41 unresolved for over a year in 2010 to 83 outstanding complaints with 19 unresolved for over a year in 2012. Further 3 of the 19 dated cases have been resolved since the completion of the Review and 4 more have entered into the final stages of settlement.</p>	<p>The Division must continue to provide quarterly complaint logs in the previously agreed upon format to ASC staff. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State.</p>	None	Through off-site monitoring and during the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 10E.