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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 13, 1999

Philip McGinnis, Chairperson
Division of Professional Regulation
Council of Real Estate Appraisers
Cannon Building, Suite 203
P. O. Box 1401
Dover, DE 19903

Dear Mr. McGinnis:

Thank you for your June 15, 1999 letter responding to our April 2, 1999 field review letter. We are pleased to hear about your improved file documentation, temporary practice, and reciprocity procedures. We, however, need additional clarification about some of your responses regarding Complaint Investigation/Resolution and National Registry data submissions as outlined in our April 2nd letter.

- **Complaint investigation and resolution practices**

In our April 2nd letter, we noted that the Delaware Code (“Code”) provides the Council of Real Estate Appraisers (“Council”) with clear authority to receive complaints, make probable cause determinations, hold hearings and determine disciplinary sanctions. We then stated our view that this authority, in practice, has not been implemented appropriately. In that regard, we listed several specific findings about your complaint investigation and resolution practices. In brief, they were:

- No complaints have ever reached the Council for hearing, with almost all cases being dismissed by the Division of Professional Regulation (“Division”) on recommendation by either the Division’s Investigative Section (“Section”) or the Office of the Attorney General;
- The Section, in practice, closes complaints without recommendation from, or review by, the Council, and the Council receives no status or disposition reports from the Section;
- The Section has four investigators reviewing complaints. Three have no Uniform Standards of Professional Appraisal Practice (“USPAP”) training and one is a former appraiser Trainee, with minimal USPAP training;
- Some of the complaint files noted they were closed because there was no “harm to the public;” and
- Complaint investigation and resolution time periods ranged from six to 33 months, with most cases taking about a year.

In your letter, you indicated that the Council contact person concurred in each complaint dismissal, and that those dismissals then were reported to the Council at its regular meetings. In reviewing the complaint files, we found no documentation indicating that the Council contact person agreed with the dismissals, nor did we find any documentation in the Council’s meeting minutes indicating that the dismissals were reported to the Council in any fashion. If the Council contact person is concurring with dismissals and they are being reported to the Council at its

meetings, you need only document these actions in the Council meeting minutes to avoid future misunderstandings.

You also stated that four complaints that were referred to the Attorney General have resulted in disciplinary actions via consent orders that were approved by the Council. In reviewing National Registry and disciplinary data that you have submitted to us as required by ASC Policy Statement 9, we find no record of disciplinary actions taken by Delaware. Please provide us a listing of the four complaint cases that resulted in disciplinary actions. Include the complaint number; appraiser name; appraiser license/certification number; type of disciplinary action taken; effective date of the disciplinary action; and, if applicable, expiration date of the action.

Your response did not address our findings and recommendations regarding: 1) investigators not having sufficient Uniform Standards of Professional Appraisal Practice training; 2) complaint files being closed because there was no “harm to the public”; and 3) complaint investigation and resolution taking extended time periods. Please address these issues.

- **National Registry data and fees**

In your letter, you stated that “[t]he National Registry data is a matter that should be resolved by pending House Bill 65 requiring all certified and licensed appraisers to register.” The prompt passage of House Bill 65 is important. The Bill was to have been introduced in your legislature on April 20, 1999. Please provide us an update regarding the status of this Bill.

House Bill 65, even if it were to become law, will address only part of our concern. As we noted in our letter, Delaware has not submitted accurate, complete National Registry data to the ASC since December 1998, contrary to Title XI and ASC Policy Statement 8, which requires States to submit National Registry data to the ASC on at least a monthly basis. In fact, since the revised data submission provisions became effective in December 1997, Delaware has submitted acceptable data in only three of the 19 months through June 1999. Please inform us of the steps that you plan to take to ensure timely submittal of National Registry data.

Please respond to this letter within 45 days from the date of this letter. Until the expiration of that time period or the receipt of your response, we consider this field review to be an open matter.

If you have any questions, please contact us.

Sincerely,

Ben Henson
Executive Director