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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

August 22, 2001

Candace Ito, Executive Officer  
Real Estate Appraiser Program  
Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
P.O. Box 3469  
Honolulu, HI 96801

Dear Ms. Ito:

Thank you for your July 25, 2001 letter regarding the Professional and Vocational Licensing Division's ("Division") intent to offer online renewal of real estate appraiser licenses. As we understand the proposal, following are the essential elements of the program:

- Real estate appraisers would be able to renew their appraiser credential via the Internet at the Division's Web site;
- Except as provided below, the Division would not require appraisers to provide continuing education documentation;
- The Division will audit a statistically valid, random sample of renewing appraisers for continuing education compliance;
- Approximately two months before credential expiration, the Division will notify the appraisers to be audited and instruct the appraisers to submit continuing education documentation with their credential renewal applications; and
- Appraisers who are not audited will be required to attest that they have completed the necessary continuing education for license renewal.

As described, the program sounds acceptable. The Division, however, should monitor the program closely during its first cycle to ensure that it is operating in an efficient, effective manner and accomplishing the Division's purposes. During this period, the Division may need to revise the program to address unforeseen issues.

We will review the program during our next regularly scheduled field review. For your information, we have found that States with this type of program have initiated a high number of enforcement cases based on findings from the continuing education audits. The Division will need to ensure that adequate resources are available to investigate and take disciplinary action against appraisers who falsify renewal application documents, including continuing education documentation. Simply instructing such appraisers to obtain and provide the necessary continuing education might not be a sufficient deterrent in a program such as yours. A definite adverse consequence for failing the audit would go a long way towards ensuring that all appraisers obtain required continuing education.

Please contact us if you have additional questions.

Sincerely,

Ben Henson  
Executive Director