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Appraisal Subcommittee

Federal Financial Institutions Examination Council

April 21, 2009

Mr. Charles Bramlett, Chair
Georgia Real Estate Appraisers Board
International Tower, Suite 1000
229 Peachtree Street NE
Atlanta, GA 30303-1605

Dear Mr. Bramlett:

We are in receipt of your February 20, 2009 response to the Appraisal Subcommittee's (ASC) December 22, 2008 Field Review letter regarding the May 20-21, 2008 Field Review of Georgia's real estate appraiser regulatory program (Program). Below, can be found the ASC response to your correspondence as well as the required actions required of Georgia in order to avoid further actions by the ASC.

1. Georgia did not have a reliable means of validating experience credit claimed for certification and did not comply with ASC Policy Statement 10G.

As explained in the ASC correspondence of December 22, 2008, Georgia's program was found to be non-compliant with ASC Policy Statement 10G because there is no process in place that allows the Board to verify not only the Uniform Standards of Professional Appraisal Practice (USPAP) compliance of claimed appraisal experience, but also whether the appraisal reports actually exist and were completed by the applicant. Relying on the applicant's supervisor to certify the experience as completed and compliant with USPAP is not acceptable. Policy Statement 10G requires further review by the appraiser regulatory program responsible for ensuring minimum competence and qualifications are met. Georgia's current process is not sufficient; nor is it a reasonable application of Policy Statement 10G.

Georgia's assertion that *res judicata* might become an issue is not cause for the state to refuse to implement proper experience review. Moreover, should such a legal argument ever be made, the appropriate Georgia court would determine its validity or application. However, at the present time, the Program will need to develop a reliable means of validating experience credit claimed for certification and adhere to the requirements of Policy Statement 10G.

Should Georgia choose not to adopt a policy that complies with Policy Statement 10G, the ASC will update the National Registry accordingly. This means that the National Registry record of all Georgia appraisers credentialed on or after October 1, 2008, would reflect a status of "unknown" for Appraiser Qualifications Board (AQB) compliance. Georgia will be required to recall the affected credentials of each certified appraiser and over-stamp or reissue the credential with wording similar to: "Not eligible to appraise federally related transactions." The certified appraiser's record on the National Registry would be changed from "Active" to "Inactive." Furthermore, the ASC will not accept any new certified appraiser credentials from Georgia for inclusion on the National Registry.

With regard to licensed appraisers, Georgia would be required to provide a listing to ASC staff identifying each licensed appraiser by name and credential number. Those licensed appraisers will be listed on the National Registry as “non-AQB compliant” but the record will remain Active.

Should the Board fail to comply by June 1, 2009, the ASC will update the National Registry accordingly, until such time as the Board is able to: (1) develop an appropriate review and validation process; and (2) provide written notification that experience has been reviewed and approved by the Board for AQB compliance. Please submit a resolution of this matter to the ASC at the address below within thirty days of the date of this letter.

2. Georgia’s complaint investigation and resolution process did not comply with Title XI and ASC Policy Statement 10.

During the May 20-21 Field Review, the Board reported the addition of two real estate appraiser investigators and the addition of two attorneys dedicated to the Real Estate Commission and the Real Estate Appraiser Board. The ASC expects to see a reduction in aged complaint cases as a result.

The response indicates that the issue with aged complaints may lie with the formula used by the ASC to identify cases that have been pending more than one year. The response indicated that the ASC should compare the aged cases to the total number of cases worked (open and closed cases), thereby lowering the ratio of cases over one year old to the less than one year old.

We believe the approach used by the ASC to calculate aged (over one year old) cases is accurate and appropriately reflects the current situation and accurately represents reality. The ASC is cognizant of the hardships faced by all jurisdictions. The ASC routinely recognizes various special circumstances such as: an appeal to an appellate court within a state’s judicial system; a state agency holding a case pending the resolution of a criminal case against the respondent arising out of the same circumstances; and the serious illness of the respondent. While the one-year time frame is fixed may be and frequently are granted. Exceptions are subsequently removed from the equation as are cases that are closed but were pending for more than one year. Georgia has the opportunity to identify these cases during each Field Review.

The ASC will expect your first quarterly complaint log submission by July 3, 2009. Please provide this log electronically in a spreadsheet format and be sure to include all pending and closed cases each quarter. This first submission will include the months of April, May and June of 2009. Please email the log to Regulatory Policy Manager, Neal Fenochietti at Neal@asc.gov.

3. The fee charged non-resident appraisers does not comply with ASC Policy Statement 5.

During the Field Review, Policy Managers found that the policy on issuing temporary credentials could create a situation where a temporary practice permit would be issued for fewer than six months.

The response appropriately addresses this issue and the new policy should ensure that temporary practice permits will be issued for a period not less than six months, with the ability to apply for one extension. However, the response also states that a temporary practice permit shall be issued for only one appraisal rather than one appraisal assignment. According to the language used in the response, an appraiser who accepts an assignment that includes more than one property or requires more than one appraisal service will be required to obtain multiple temporary practice permits for one assignment. This is considered burdensome. ASC Policy Statement 5 explains that the ASC regards the term "assignment" as meaning one or more real estate appraisals and written appraisal reports which are covered by a contract to provide an appraisal. In order to bring Georgia's temporary practice permit policy into compliance with Policy Statement 5, the permit should not be restricted to one appraisal.

Please be advised that the Field Review letter, the response, and any other previous correspondence between the ASC and the Department regarding the Field Review are now publicly available on the ASC web site. Please contact Neal Fenochietti at 202-834-0485 if you have further questions.

Sincerely,

James R. Park
Executive Director

cc: Jeffrey Ledford, Commissioner