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April 28, 2006

Virginia M. Gibbs, Chairperson
Appraisal Subcommittee
2000 K Street, NW Suite 310
Washington, DC 20006

MAY 1 2006

Dear Ms. Gibbs:

Thank you for the opportunity to respond to the field review of California's appraiser regulatory program conducted by the Appraisal Subcommittee (ASC). I believe the information provided in this response will adequately address the concerns raised by the ASC in the review and ensure that California's program is in substantial compliance with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

The review identified two concerns about California's program. First, the review found that the Office of Real Estate Appraisers (OREA) did not issue temporary practice permits within five business days as required by Title XI. In fact, it found that in 18 of the 34 temporary practice applications reviewed, OREA staff took longer than five business days to process applications and issue permits.

Subsequent to the field review, OREA staff examined the sample of applications reviewed by the ASC and determined that the problem resulted from applications not being delivered from the incoming mail staff to application and issuance staff in a timely manner. To remedy the problem, OREA management has directed staff of the mailroom to ensure that applications are delivered to processing staff within 24 hours of receipt. In addition, management is now provided a report every two weeks that identifies all applications received during the previous period and indicates the date the application was received in the mail, the date the application was received by processing staff, and the date the permit was issued. If more than five business days have elapsed from receipt to issuance, the report notes the reason for any delay. The tracking process will enable management to identify obstacles to timely issuance of permits.

The other issue raised by field review staff concerned OREA approval of distance education courses that fail to conform to Appraiser Qualification Board (AQB) certification criteria. During the review, ASC staff identified four distance education courses that appeared inconsistent with AQB criteria. The report directed that in order to ensure compliance with AQB criteria, OREA would need to take specific steps regarding approval of distance education courses.

Upon receipt of the report, OREA reviewed all approved distance education courses and found 25 courses OREA approved after April 1, 2004. Twelve of those courses had actually been accredited by IDECC but the providers had not sent OREA the evidence of IDECC accreditation. We now have that evidence on file.

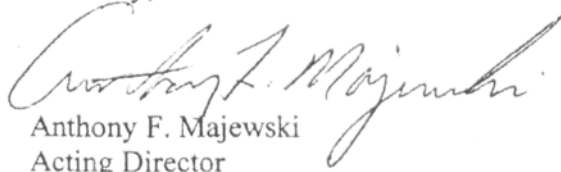
For the remaining 13 courses we approved after April 1, 2004, we do not have evidence of IDECC accreditation on file. We have contacted the providers of those courses and directed them to forward evidence of IDECC accreditation to us immediately. We have also reminded the providers that those courses are not acceptable for qualifying or continuing education at the certified levels until we receive the evidence of IDECC accreditation.

We have not withdrawn OREA approval for any courses because OREA rules currently require distance education courses for use at the certified levels to be accredited by the American Council on Education's ACE/Credit program in order to obtain OREA approval. As we have already noted, we have reminded providers of distance education courses that those courses must be accredited by IDECC in order for students taking those courses for the certified levels to be considered AQB compliant. In addition, we have notified providers that courses without IDECC accreditation cannot be approved.

Finally, as the report notes, we are in the process of amending Title 10 of the California Code of Regulations to require IDECC accreditation for all distance education courses submitted to OREA for approval. Those amendments are entering the final phase of the process and OREA will ensure that the ASC is informed of the progress of the amendments through the process.

Once again, thank you for the opportunity to respond to the report. I would also add my compliments to the review staff, Jenny Tidwell and Vicki Ledbetter, for the thorough and professional manner in which they conducted the review.

Sincerely,



Anthony F. Majewski
Acting Director

Cc: Ben Henson
Executive Director