



STATE OF CONNECTICUT
DEPARTMENT OF CONSUMER PROTECTION

March 2, 2000

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Herbert S. Yolles
Appraisal Subcommittee
2000 K Street, N W
Suite 310
Washington, DC 20006

Dear Mr. Yolles:

The Department of Consumer Protection (hereinafter "Department") is in receipt of your letter to Donato D. Maisano dated January 10, 2000. This letter is a response to the concerns raised in your letter and addressed with me during my meeting with you on February 29, 2000 in Washington, DC, which will be addressed seriatim.

Program Statute

The Subcommittee has expressed concern over Connecticut's use of the categories "tenured appraiser" and "State licensed general appraiser." The concern stems from the fact that these categories of appraisers are not qualified to perform appraisals in connection with federally related transactions. Specifically, Appraisal Subcommittee (hereinafter "ASC") Policy Statement 2, Appraisal Classifications, states that "the use of . . . designations [other than the Federally recognized designations] or titles increases the likelihood of confusion among users and could result in the employment of appraisers who do not have the required designation to perform the appraisal for which they are engaged. Use of other designations may complicate and confuse State temporary practice and reciprocity arrangements. States that choose to use other designations or titles should ensure that they can be easily distinguished from the Federal designations."

The Department will, effective immediately, take the following actions:

- A. Program its licensing system to modify the license. The modification will add the words "non-federal" to the license itself, and the certificate will read "This license holder cannot perform appraisals in connection with federally related transactions." Additionally, a Department attorney will meet with the Real Estate Appraisal Commission to review and revise, if necessary, the regulations relative to licensure categories. This item has been completed. See attachment A.
- B. Propose a technical change in the 2000 Legislative session to eliminate the certification of partnerships and corporations. Specifically, an amendment will be proposed to Conn. Gen. Stat. Sec. 20-500 and 20-509 to permit only the

certification of individuals. This legislation, if passed, will be effective October 1, 2000. See attachment **B**.

Complaint Investigation and Resolution

It appears that ASC staff was provided erroneous information during its visit to the Department. Until November 1, 1999, the Department utilized a complaint tracking system known as the "Enforcer." On November 1, 1999, the Department converted to a new system, known as "E-licensing." Prior to E-licensing replacing the Enforcer system, all Enforcer data was transferred to E-licensing. Information from the Enforcer system is located in a category known as "Legacy." Prior to the Department utilizing the new E-licensing system, all employees were trained and provided with a detailed manual. The individual with whom ASC staff spoke should have been able to provide ASC staff with all information contained in both systems. The Department does acknowledge, however, the information in the system is only as reliable as the individuals tracking the information in the system.

ASC staff was told that files stored in the basement were inaccessible due to flooding and safety concerns. This is simply untrue. Department staff accesses files in the basement on a daily basis. There are no issues relative to safety. While the Department is taking measures to correct the problems which led to this unfortunate circumstance, it is requested that ASC staff contact the Office of the Commissioner, Raeanne V. Curtis, Chief of Staff, prior to its next visit so that all information sought by ASC staff may be provided in a complete and timely fashion.

Relative to the ASC's specific concerns, the Department will implement the following:

- A. A new complaint review policy has been implemented and is now in effect. Department staff had been versed in the procedure and will be monitored for compliance with the policy. One full time staff person has been assigned to investigate and track the approximately fifty cases received each year by the Department. Similarly, the staff person will be instructed to follow this policy relative to the backlogged complaints. See attachment C.
- B. The complaints are now entered into the Department's E-licensing system and all file activity is updated in a timely fashion in the system. This procedure has been completed and the system is updated as required.

- C. All complaint files, properly documented, will be stored in a central location for easy access to all that may request to view the files. The location has been selected and is currently in use.

Additionally, on January 31, 2000, a new individual was assigned the duties of "board administrator." This individual will be solely responsible for processing applications, developing Real Estate Appraisal Commission's monthly agenda, transcribing minutes of the Commission meetings and other Commission related tasks. A staff attorney has been assigned to work with the Real Estate Appraisal Commission and with the complaint examiner. A flow chart delineating the distribution of work relative to real estate appraisal commission is attached for your review. See attachment **D**.

Education

The ASC has expressed concern with the approval process for appraisal education courses. The Department will take the following actions in order to maintain the integrity of the educational courses.

- A. Present each currently approved course before the Real Estate Appraisal Commission to ensure each course meets the Appraiser Qualification Board's minimum educational criteria. Each course file will be documented to reflect the Commission's review. This will be done on a monthly basis effective April 2000.
- B. The Department will commence changes to Regulation of Connecticut State Agencies Section 20-504-8 [Hardship] concerning exceptions to prerequisite or continuing education requirements. The regulation change will conform Connecticut's educational requirements to meet the Appraiser Qualification Board's minimum educational criteria. This regulation change is expected to take approximately eighteen months to complete.
- C. Implement a new course approval system. A file for each course submitted for approval will be created. Each course will be presented to the Real Estate Appraisal Commission for review in a timely fashion. The Commission will be asked to establish a checklist, to include items such as the Appraiser Qualification Board's minimum educational criteria. A completed checklist will be stored in the file along with other appropriate data. The Department's new E-licensing system, includes a section for maintaining detailed information on schools and course approval, and it

- D. will be updated. Written procedures will be developed relative to the computer recordation of approved courses. The checklist will be completed by May 10, 2000.
- E. The Department will recommend to the Legislature changes to Chapter 400g of the Connecticut General Statutes to permit the periodic monitoring of approved appraisal courses and instructors, as well as disciplinary action against instructors when necessary. These changes will be considered in consultation with the Real Estate Appraisal Commission prior to drafting the recommended changes. Prior to making recommendations to the Legislature, a Task Force will be established to review possible alternatives and the methods used by other states. The completed project is expected to take two years.

Temporary Practice

- F. The Department will commence changes to Regulations of Connecticut State Agencies Section 20-504-9 **Temporary practice; non-resident appraisers**. These changes will conform with ASC Policy Statement 5 requiring States to issue permits for at least six months, with one simplified extension, and to act on applications within five business days. This regulation change is expected to take approximately eighteen months to complete.

National Registry Data

The Department will submit National Registry data and fees to ASC on a monthly basis. A computer program has been developed enabling the Department to target those appraisers that have applied for a new or a renewal license within the previous month. The board administrator, Robert Kuzmich, has been assigned to run the report on a specified day of each month. The list will then be forwarded to ASC. It is expected that ASC will then generate an invoice to be sent to the Department's Business Office for processing of payment to ASC. This system will eliminate the sporadic payment of fees and reporting to the National Registry.

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The Department looks forward to working with the ASC in resolving the concerns outlined in your January 10, 2000 letter. We look forward to your next field visit and are confident that you will find all issues appropriately addressed. Although the regulatory process will be commenced forthwith, the process will take several months to complete.

Very truly yours,



James T. Fleming
Commissioner

attachments (4)
JTF/amf