

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

September 20, 1996

Mr. Clifford Cook, Program Manager  
Applications and Support Division  
D.C. Department of Consumer and  
Regulatory Affairs  
614 H Street, NW, Room 931!  
Washington, D.C. 20001

Dear Mr. Cook:

Thank you for your cooperation in the April 23-25, 1996, Appraisal Subcommittee ("ASC") review of the District of Columbia ("District") appraiser regulatory program. As a result of that review, we request that the District of Columbia Board of Appraisers ("Board"), in conjunction with the Department of Consumer and Regulatory Affairs ("Department"), address certain matters which seriously impair the integrity of your program. These include:

- **At the time of the April 1996 review, and for several months prior to and since that time, the Board did not function due to the lack of a quorum in its membership.**

We are pleased to note that as of July 1996, new Board members have been selected and will begin meeting regularly this month. During the Board's lapse in activity, however, some potential appraisers could not have their applications for licensure or certification reviewed and/or approved and enforcement cases were not acted upon. The Board and its staff should, therefore, be alert to term expirations, voluntary resignations and other departures to ensure that an active quorum of members remain.

- **The temporary practice fee imposed by the District is the highest in the nation.**

Section 1122(aX2) of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and ASC policy state that temporary practice fees should not be excessive. The Riegle Community Development and Regulatory Improvement Act of 1994 expounded upon this by stating that a "State agency may not [emphasis added] impose excessive fees or burdensome requirements on out-of-State appraisers engaged in temporary practice in a State." The District's \$500 fee far exceeds the \$0-\$150 range established by other States and Territories which they consider generally reflective of the costs associated with granting temporary recognition. We, therefore, suggest that you reconsider your fee assessment and base it on the actual costs incurred by the District to grant such permits.

## **Information from your biannual renewal cycle has not been received by the ASC**

As of May 1996, the District's entire appraiser population was eliminated from the National

Registry of State Licensed and Certified Real Estate Appraisers ("registry") to the District's failure to provide the ASC with its new roster and fees. Per Title XI of FIRREA, persons not on the Registry are technically not eligible to perform appraisals for federally related transactions. Please transmit immediately a roster of those individuals who are active appraisers in the District, along with a check in an amount commensurate with \$25 per person per annum. In the future, Registry information should be transmitted to the ASC immediately after your renewal period and interim updates should be provided in a timely manner.

• **An analysis of the District's listing of appraiser as of February 1996 revealed discrepancies between the District's list and the Registry.**

The individuals identified on Enclosure A were named on your listing as District appraisers prior to February 1996, but were not on our Registry. Please verify that these persons are licensed or certified appraisers. A remittance in the amount of \$25 for each of the previous year(s) for the individuals licensed or certified should be submitted to us.

Conversely, the three persons identified in Enclosure B were named on the Registry but did not appear on your listing. Please tell us the status of these individuals as of February 1996, so that our records may be appropriately reconciled.

Enclosure C provides the names of persons who, according to your listing, hold two active designations in the District. The Registry information, however, continues to carry a 1994 expiration date for the first license or certificate some of these individuals received. Please review the list and tell us if both designations should be considered active so it may be correctly stated on the Registry.

The review team also found that excessive fees appear to have been collected by the District and submitted to the ASC for individuals who obtained an original license or certificate in the second year of the licensing cycle (between March 1995 and February 1996). According to our records, the usual biannual Registry fee of \$50 was submitted for each individual named in Enclosure D although only a \$25 fee was required. Please verify that these individuals received licenses/certificates during the period in question and provide the names of any other appraisers who may have been similarly overcharged. Our staff will work with you to ensure that these individuals are appropriately credited. In the future, it should be noted that the Registry fee is, by statute, assessed on an annual basis. As such, only a one year fee is required of persons licensed/certified in the second year of your two-year licensing cycle.

• **The part-time assistant hired to aid in Board activities is frequently assigned other duties**

Our observations indicated that the Board's Contact Representative has the responsibility for two other large professional boards and lacks sufficient staff to perform the duties of the Appraiser Board. ASC staff has had a great deal of difficulty in receiving responses to inquiries posed in writing and orally. In essence, staff has found that the Board and its staff are generally inaccessible. License and certificate holders have likely had similar experiences. Given the obvious need for support staff, assignment of the assistant to Board functions on a more regular basis would seem appropriate.

The ASC believes the aforementioned issues, particularly the one pertaining to the lack of a quorum on the Board for an extended period of time, have placed the District's appraiser regulatory program dangerously close to being rendered in violation of Title XI. At best these deficiencies reflect a program that is in serious trouble. We, therefore, request a response to our findings and recommendations within 45 days, to include an action plan that will be implemented to cure each situation. In addition, if we do not receive payment of the Registry fees and the corresponding roster of appraisers within 30 days, we will be forced to notify District financial institutions that appraisers licensed or certified by the District are not eligible to perform appraisals for federally related transactions. If you have any questions regarding this matter, please do not hesitate to contact us.

Sincerely,

Diana L. Garmus  
Chairperson

cc: Marilyn Thornton, Contract Representative

Enclosures