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Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 22, 2001

Patricia J. Birch, Chairperson
Florida Real Estate Appraisal Board
400 W. Robinson Street
Room 309 North Tower
Orlando, FL 32801

Dear Ms. Birch:

Thank you for your cooperation and your staff's assistance in the December 1-5, 2000 Appraisal Subcommittee ("ASC") review of Florida's appraiser regulatory program ("Program").

Florida's Program generally complies with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). For example, education approvals are timely and carefully follow the Appraiser Qualifications Board ("AQB") criteria. There is, however, one area (continuing education) where Florida needs to correct its practice, and several areas where we have suggestions for improvement.

- **Florida allows for continuing education credit that is not within AQB criteria.**

Florida's statutes and regulations allow Board members who attend at least eight Board meetings to obtain 30 hours of continuing education credit. This type of credit is not recognized under AQB criteria. We understand that the Board intends to eliminate continuing education credit for Board meeting attendance. Please provide us a copy of the regulatory proposal or amendment, or other action, documenting the elimination of this provision.

- **Florida delays approval of many temporary practice applications to obtain Federal regulatory agency information.**

Although Florida issued temporary practice permits more timely than in the past, approval of a number of requests were delayed to obtain the name of the Federal agency that regulated the appraiser's client. Because Title XI requires States to provide temporary practice only for Federally related transactions, Florida attempts to determine whether an appraiser's assignment is part of a Federally related transaction. To this end, Florida requires an appraiser to identify the client's Federal regulatory agency on the temporary practice application. If an applicant fails to do so, Florida contacts the appraiser and requests the information. In some instances, this process delays application approval for some time.

We encourage you to remove or revise the requirement for temporary practice applicants to identify the financial regulator of the subject transaction so as not to unduly delay application approval. One alternative would be to require an applicant to represent whether the real estate to be appraised is, or is not, involved in a federally related transaction.

We also discovered that State law prevents the Board and Real Estate Division (“Division”) from using the License History Report feature on the ASC Web site. As a result, you must rely on documentation from other States regarding the “good standing” of an appraiser. We encourage you to initiate appropriate action to allow using our Web site’s License History Report feature, rather than requiring hard copy documentation from other States.

- **Florida’s Registered Assistant appraisers have limited controls and may be performing outside their scope of work.**

It is our understanding that Florida’s Registered Assistant appraiser classification is intended to be a trainee category. In practice, however, it appears that many Registered Assistant appraisers perform assignments as if they were Licensed Appraisers. This situation is exacerbated because Florida has no limitation on the length of time one may act as a Registered Assistant, and no regulations regarding the responsibility of supervising appraisers. More than 50% of Florida’s disciplinary actions regard Registered Assistants, and often relate to Registered Assistants preparing appraisals without supervisory oversight.

The Board and the Division must ensure that Registered Assistant appraisers perform appraisals only within their legal scope of authority. You should evaluate whether statutory or regulatory changes to the Registered Assistant classification are needed.

- **Florida does not provide for reciprocity with other States.**

Title XI and ASC Policy Statement 6 encourage States to provide for easy reciprocal licensing of appraisers from other States. Florida is the only State that does not allow reciprocity in any form. Currently, appraisers who are licensed or certified in another State must apply for a Florida license or certification and must fulfill all State requirements for an initial license or certification. In some cases, this process has taken more than a year. We understand that a bill to amend relevant State statutes to provide for reciprocity was submitted to the legislature last year, but never moved out of the Legislative Affairs office. We encourage you to continue your efforts to enact laws that allow reciprocity with other States.

- **The Board recently approved “distance learning” opportunities.**

During the Board meeting attended by ASC staff, the Board passed regulations that allow Florida to approve distance-learning opportunities. This new regulation, however, did not cite the AQB criteria regarding approval of distance education. The Board agreed to reopen the regulation for appropriate amendment. If you like, we would be happy to review the proposed amendment for conformance with AQB criteria prior to Board action.

- **Florida’s enforcement program has more than 114 cases open longer than one year.**

During FY 1999/2000, the Enforcement Section had 316 active complaints, 235 were determined to be legally sufficient for investigation. Complaints normally are closed within a year but, because of legal staff changes, a backlog developed in 1999. The backlog consisted of 79 cases that are a year old, and 35 cases still open from 1997-98. Three additional attorneys recently joined the legal staff, and we reviewed evidence that the case backlog is being reduced. The Board needs to continue monitoring the case backlog to reduce the number of cases that are more than year old.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

If you have any questions, please contact us.

Sincerely,

Thomas E. Watson, Jr.
Chairman

cc: Charlotte Hattaway, Program Administrator