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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 16, 2005

Ms. Diane Carr, Secretary
Department of Business and
Professional Regulation
1940 North Monroe St
Tallahassee FL 32399-2202

Dear Ms. Carr:

Thank you for your cooperation and your staff's assistance in our follow-up review of Florida's real estate appraiser regulatory program ("Program") in Orlando, Florida, on February 15-16, 2005. Our follow-up review focused on concerns identified in the Appraisal Subcommittee's ("ASC") April 2004 field review. During this follow-up review, we determined that, although the Department of Business and Professional Regulation ("Department") and the Florida Real Estate Appraisal Board ("Board") had made some progress, the Department and Board failed to implement or complete many of the curative actions contained in our June 7, 2004 field review letter.

At the follow-up review exit conference, the Department agreed to complete several specific actions and to send a letter to the ASC no later than March 31, 2005. That letter would contain a status update regarding all outstanding items. On March 31st, we received your status update via Internet email. That email consisted of a brief cover note and four updated spreadsheets containing information on the specific actions that you agreed to perform. We have reviewed that information, and the following discussion sets out our findings and recommendations from our follow-up review, as updated by your March 31st response.

Because the following discussion is complex, we organized it using the bulleted items in our June 7, 2004 field review letter. Under each of those bullets, we first briefly present our findings and conclusions from the June 2004 field review letter. Then, we discuss the status of those items at the time of our February 2005 follow-up review. And, finally, we provide a status update for those items that had to be addressed by March 31, 2005.

As discussed in more detail below, Florida still needs to complete the following actions:

- The Board and Department need to complete the education audit and continue the enforcement process, with a view towards completing the enforcement process in a most expeditious manner;
- The Board and Department need to complete the remaining continuing education audits and continue the enforcement process, with a view towards completing the enforcement process in a most expeditious manner;
- The Department needs to complete its review regarding compliance with the 15-hour National USPAP Course requirement for certified appraisers and to notify non-complying

appraisers of their need to take and pass the National USPAP Course or its equivalent; and

- The Department and Board need to continue their efforts to reduce the backlog of outstanding cases and to continue providing the ASC with a copy of the complaint log at the end of each calendar quarter.

Please note that ASC staff will be conducting a limited on-site review on May 18-19, 2005, to review the status of these items. The ASC also will be reviewing whether the Department issued renewal credentials to previously certified appraisers who failed to conform to the AQB's continuing education requirements.

Previous Findings, Current Status, and Recommended Action

- **The Department's process for issuing initial appraiser certifications does not have a reliable means of validating qualifying education and experience claims of applicants.**

Previous Finding: Since mid-Summer 2001, the Department had allowed applicants for initial certification to provide affidavits attesting to the required hours of education and experience without requiring documentation to substantiate applicants' claims. Of the 68 original and renewal application files that we reviewed, only six contained a complete record supporting the application or renewal. The affidavits did not identify the number of hours of education and experience required of the applicants. Further, most files did not contain the affidavit. In most of these cases, the Department did not have any records supporting the applicants' claims regarding education and experience. The ASC found that this affidavit approach does not comply with Title XI for certified appraisers because the Department does not verify the applicant's claim of experience and education.

To address these concerns regarding qualifying education and experience, the Department and/or Board was required to perform the following actions:

1. Prepare a listing of all appraisers who were issued initial certified credentials on or after August 1, 2001;
2. By August 31, 2004, audit the education and experience claims of at least ten percent of the identified appraisers, as specified in Florida's regulations;
3. Identify appraisers who failed to conform to Appraiser Qualifications Board ("AQB") criteria at the time of initial certification and take appropriate disciplinary actions against those appraisers. For certified appraisers who do not currently meet AQB criteria, immediately begin the necessary steps to downgrade the appraisers to a non-certified classification; and
4. Conform your ongoing certified credential issuance practices to the above guidelines until such time as the ASC completes its work on amendments to Policy Statement 10 regarding affidavits.

Follow-up Review Status: Following receipt of our June 2004 field review letter, the Department began separate experience and education audits. The Department identified 151 appraisers for the experience audit and 129 appraisers for the education audit.

On September 21, 2004, the Department sent letters to the 151 identified appraisers requesting experience documentation. At the time of our follow-up review, the Department had completed audits of 102 appraisers. The Department requested an experience log and six appraisal reports from each appraiser. Regarding the 102 audits completed, the Department referred to enforcement 10 appraisers because: 1) they lacked adequate experience hours to support the credential issued; 2) submitted appraisal reports that contained serious Uniform Standards of Professional Appraisal Practice (“USPAP”) violations (which then could not be used for experience credit); or 3) failed to respond to the audit request. The Department also issued 20 notices of non-compliance (*i.e.*, warning letters) to appraisers addressing minor USPAP deficiencies in submitted appraisal reports.

After reviewing the files of the 129 appraisers identified for the education audit, the Department determined that 63 did not have supporting education documentation in their files. On February 11, 2005, the Department sent letters to the 63 appraisers requesting education documentation. At the time of our follow-up review (February 15-16), the Department had not received responses to any of these letters.

In summary, at the time of the follow-up review, the Department had complied partially with the curative steps outlined in our June 2004 field review letter. The experience and education audits were to have been completed by August 31, 2004. At the time of our February 2005 follow-up review, the audits had been started but not completed.

During our February 16, 2005 follow-up review meeting with Department representatives, the Department agreed to complete the following actions, and provide a written report, no later than March 31, 2005:

1. Complete the experience audits of the 151 appraisers identified in the 10% sample of appraisers who were issued initial certified credentials on or after August 1, 2001;
2. Prepare and submit to the ASC a spreadsheet specifying, at a minimum, the following information for each of the 151 appraisers:
 - Name;
 - License or Certificate Number;
 - AQB Experience Compliant (“Yes” or “No”);
 - Reason, if not compliant;
 - Action Taken (for non-compliant appraisers); and
 - Status (whether and how the appraiser corrected the deficiency);
3. Complete the education audits of the 129 appraisers identified in the 10% sample of appraisers who were issued initial certified credentials on or after August 1, 2001; and
4. Prepare and submit to the ASC a spreadsheet detailing, at a minimum, the following information for each of these appraisers:
 - Name;
 - License or Certificate Number;
 - AQB Education Compliant (“Yes” or “No”);
 - Reason, if not compliant;
 - USPAP compliant (“Yes” or “No”);
 - Action Taken (for non-compliant appraisers); and
 - Status (whether and how the appraiser corrected the deficiency).

Status as of March 31, 2005: The Department and Board completed the experience audit of the 151 certified appraisers, *i.e.*, items one and two. The results follow:

- Five appraisers failed to respond to the Department's audit requests. They were classified as "undetermined" regarding AQB compliance. Enforcement cases are pending against these appraisers; and
- Three appraisers could not document their experience. Disciplinary actions have been initiated against these appraisers based on "Obtaining a license by fraud."

The experience audit also resulted in enforcement cases against four AQB-compliant appraisers whose appraisals contained USPAP violations.

The Department and Board completed the initial education audit of 128, and not 129, certified appraisers, *i.e.*, items three and four. (One appraiser's name was selected twice during the computerized selection process.) The results follow:

- Six appraisers failed to respond to the Department's audit requests. Enforcement cases are pending against these appraisers;
- Education audits were not completed for eight appraisers. The appraisers were working to obtain the necessary information from education providers. The Department granted an extension to these appraisers;
- One appraiser could not prove sufficient education. The Department issued a "Notice of Non-Compliance," ("NNC"), which is a warning letter. That letter required the appraiser to take the necessary education and to report when that course was successfully completed. The appraiser currently is listed as an Inactive certified residential appraiser on the ASC Web site.

In summary, the Department has substantially fulfilled all of the actions outlined in our June 2004 field review letter, as modified by our March 4th letter. All experience audits were completed by March 31st, and appropriate disciplinary actions were initiated. Most of the initial education and USPAP audits were completed by March 31, 2005. At that time, a handful of appraisers still were attempting to obtain evidence of the course completions from education providers. One appraiser was issued a warning letter to complete the necessary coursework. Because this appraiser is listed on the National Registry as Inactive, this action is appropriate. That would not be the case if his status were Active. At a minimum, we would expect a very prompt suspension of that appraiser's credential.

Action: The Board and Department need to complete the education audit and continue the enforcement process, with a view towards completing the enforcement process in a most expeditious manner. ASC staff will return May 18-19, 2005, to evaluate the audit methodology, the results of the audits, and the status of the disciplinary process relating to non-complying appraisers.

- **The Department does not have a reliable means of validating continuing education claims of appraisers applying to renew certified credentials.**

Previous Finding: The Department issues appraiser credentials for two-year cycles with expirations on November 30 of "even" years. As discussed in the ASC's field review letter, the

Department, for the November 2002 credential renewal period, allowed appraisers applying to renew their credentials to submit affidavits attesting to the required hours of continuing education. As with applications for initial certification, ASC staff found that the Department lacked a reliable means of validating the continuing education claims of renewing certified appraisers. The ASC found that this affidavit process for renewing appraiser certification did not comply with Title XI because the Department did not verify the appraiser's claims of continuing education.

The Department, at that time, was in the process of implementing an automated system that would link data from education providers with appraiser records. Department staff informed ASC staff that this feature would not be implemented in time for the November 2004 renewal cycle. The ASC was concerned that the Department might be intending to allow renewals to be issued automatically, even when appraisers do not have the required education on file. Such practices would not comply with Title XI because the State would renew certified appraiser credentials without a reliable means of validating conformance with AQB criteria for continuing education.

To address our concerns regarding Florida's continuing education validation procedures, we directed the Department and/or Board to perform the following actions:

1. Prepare a listing of all certified appraisers whose credentials were renewed on or after August 1, 2001;
2. By August 31, 2004, audit the continuing education claims of at least ten percent of the identified appraisers, as specified in your regulations;
3. Identify appraisers who failed to conform to AQB criteria at renewal and take appropriate disciplinary actions against those appraisers. For certified appraisers who do not currently meet AQB criteria, immediately begin the necessary steps to downgrade the appraisers to non-certified classifications; and
4. Conform ongoing certified credential renewal practices to the above guidelines until such time as the ASC completes its work on amendments to Policy Statement 10 regarding the use of affidavits.

Follow-up Review Status: Following receipt of our June 2004 field review letter, the Department began its continuing education audits. The Department identified 4,410 appraisers who renewed on November 30, 2002. The Department selected 440 of the appraisers for continuing education audits. On November 17, 2004, the Department sent letters to the 440 identified appraisers requesting continuing education documentation. At the time of our follow-up review, the Department reported that the continuing education audit was almost complete. Five appraisers in the audit group were deceased. Of the remaining 435, the Department had identified 41 appraisers who either did not meet the AQB's continuing education requirements or failed to respond to the State's audit request. The Department had referred ten of these appraisers for enforcement and planned to refer the other appraisers in the near future.

In summary, the Department made significant progress towards completing the continuing education audit process. The Department, however, failed to meet the August 31st deadline for completion of the audits. Moreover, the Department had initiated disciplinary actions in only ten of the 41 cases of non-compliance.

During our February 16, 2005 meeting with the Department, the Department agreed to complete the following actions, and give us an update in writing, no later than March 31, 2005:

1. Complete the continuing education audits of the 440 appraisers identified in the 10% sample of appraisers whose credentials were renewed on or after August 1, 2001;
2. Prepare and submit to the ASC a spreadsheet detailing, at a minimum, the following information for each of the 440 appraisers:
 - Appraiser Name;
 - License or Certificate Number;
 - Continuing Education Compliant (“Yes” or “No”);
 - Reason, if not compliant;
 - Action Taken (for non-compliant appraisers); and
 - Status (whether and how the appraiser corrected the deficiency).

Status as of March 31, 2005: The Department and Board completed the continuing education audit of the 440 certified appraisers. The number of non-complying appraisers has dropped substantially. The results follow:

- One appraiser failed to meet the continuing education requirement. An enforcement case is pending;
- Seven appraisers failed to respond to the Department’s audit request. Enforcement cases are pending against these appraisers;
- The continuing education audits relating to two appraisers were not completed. The appraisers were working to obtain the necessary information from education providers; and
- One appraiser failed to take the three-hour Florida law class.

In summary, the Department has substantially fulfilled all of the actions outlined in our June 2004 field review letter, as modified by our March 4th letter. All but two continuing education audits were completed by March 31st, and appropriate disciplinary actions were initiated.

Action: The Board and Department need to complete the remaining continuing education audits and continue the enforcement process, with a view towards completing the enforcement process in a most expeditious manner. ASC staff will return May 18-19, 2005, to evaluate the audit methodology, the results of the audits, and the status of the disciplinary process relating to non-complying appraisers.

- **Florida had not adopted AQB criteria that became effective January 1, 2003.**

Previous Finding: Although Florida had proposed regulations to incorporate the revised criteria for certified appraisers that became effective January 1, 2003, Florida, at the time of our April 2004 field review, had not adopted the revised criteria. Among other things, these criteria require States to implement the 15-hour National USPAP Course, or its equivalent, for initial applications and the 7-hour National USPAP Update Course, or its equivalent, for renewal applications. ASC staff also observed that Florida had not notified appraisers of their need to take the 7-hour National USPAP Update Course, or its equivalent, prior to their November 2004 renewals.

During the 2004 field review, the Department informed ASC staff that Florida intended to adopt the proposed regulations shortly and to make them effective on or before June 1, 2004. While this action would correct the regulatory conflict with Title XI, the ASC informed the Department that it must implement the AQB criteria for certified appraisers as of January 1, 2003. Therefore, the Department had to ensure that all applicants who were granted certified credentials since January 1, 2003, had taken the 15-hour National USPAP Course, or its equivalent, and passed the associated examination, if the applicant took the USPAP course on or after January 1, 2003. For applicants relying on a qualifying USPAP course taken prior to January 1, 2003, the course did not have to be the 15-hour National USPAP Course.

As noted above, the Department issues appraiser credentials for two-year cycles with expirations on November 30 of “even” years. Because of varying State renewal cycles, the AQB provided a three-year window, January 1, 2003 through December 31, 2005, in which States could implement the 7-hour National USPAP Update Course criterion. Given its renewal cycle, Florida needed to implement the 7-hour Update Course requirement for its November 30, 2004 renewal and all subsequent renewals. We advised Florida that it should notify its appraisers of this requirement as soon as possible.

To address these concerns, the Department and/or Board were required to perform the following actions:

1. Identify all certified appraisers whose initial credentials were issued on or after January 1, 2003;
2. For appraisers identified in step 1, determine which appraisers relied on a qualifying USPAP course taken on or after January 1, 2003;
3. For appraisers identified in step 2, determine which appraisers did not take the 15-hour National USPAP Course, or its equivalent;
4. Notify appraisers identified in step 3, by August 31, 2004, that they must take the 15-hour National USPAP Course, or its equivalent, and pass the associated examination not later than November 30, 2004;
5. Identify, by December 31, 2004, those certified appraisers who failed to conform to AQB criteria either by not taking the 15-hour National USPAP Course, or its equivalent, or failing the associated examination, and begin the necessary steps to downgrade those appraisers to non-certified classifications;
6. Adopt, by June 30, 2004, the necessary regulations and implement the January 1, 2003 revised AQB criteria regarding the 15-hour National USPAP Course for initial certification and the 7-hour National USPAP Update Course for renewal; and
7. Ensure that certified appraisers renewing credentials expiring November 30, 2004, conform to AQB criteria by having taken the 7-hour National USPAP Update Course, or its equivalent.

Follow-up Review Status: At the time of our follow-up review, the Department had not taken any of the curative actions specified in our field review letter. Department representatives informed us that they had overlooked this issue. During our February 16, 2005 follow-up review meeting, the Department agreed to complete the following actions:

1. Identify all certified appraisers whose initial credentials were issued on or after January 1, 2003, and provide a listing of these appraisers to ASC staff;

2. For appraisers identified in step 1, determine which appraisers relied on a qualifying USPAP course taken on or after January 1, 2003;
3. For appraisers identified in step 2, determine which appraisers did not take the 15-hour National USPAP Course, or its equivalent;
4. Notify appraisers identified in step 3, by March 31, 2005, that they must take the 15-hour National USPAP Course, or its equivalent, and pass the associated examination not later than June 30, 2005;
5. Prepare and submit to the ASC a spreadsheet detailing, at a minimum, the following information for each notified appraiser:
 - Name;
 - License or Certificate Number;
 - National USPAP Course Compliant (“Yes” or “No”); and
 - Date notification letter was sent to non-compliant appraisers;
6. Identify, by July 31, 2005, those certified appraisers who failed to conform to AQB criteria either by not taking the 15-hour National USPAP Course, or its equivalent, or failing the associated examination, and begin the necessary steps to downgrade those appraisers to non-certified classifications; and
7. By July 31, 2005, submit to the ASC an update to the spreadsheet prepared for item #5, adding the following information for each of these appraisers:
 - Passed USPAP Course and Exam (“Yes” or “No”); and
 - Action Taken (for non-compliant appraisers).

Status as of March 31, 2005: The Department provided the ASC with an updated spreadsheet covering the information requested in items one, two, and five, showing the current status of the USPAP audits. The Department identified 672 certified appraisers whose initial credentials were issued on or after January 1, 2003, as requested by item one. Approximately 76% of these appraisers (504) had appropriate documentation in their files showing compliance with the appropriate USPAP course requirement. The Department identified 157 appraisers who failed to have documentation in their files regarding completion of the appropriate USPAP course. Of these 157 appraisers, the Department could not locate files for 19 appraisers. On March 31st the Division sent letters to these 157 appraisers, requesting evidence that they had taken the appropriate 15-hour USPAP course.

In summary, the Department has not complied substantially with all of the actions outlined in our June 2004 field review letter, as modified by our March 4th letter. The Department was required, by March 31st, to have determined which appraisers did not take the 15-hour National USPAP Course, or its equivalent, and to notify those non-complying appraisers that they must take and pass the required course. The Department only accomplished by that date the initial task of identifying the appropriate appraisers and reviewing their files for documentation relating to USPAP course compliance.

Action: The Department and/or Board need to continue with the USPAP audit and complete the following actions:

1. Determine which of the 157 appraisers did not take the appropriate 15-hour National USPAP Course, or its equivalent;

2. Notify appraisers identified in step one, by May 31, 2005, that they must take the 15-hour National USPAP Course, or its equivalent, and pass the associated examination not later than July 15, 2005;
 3. Identify, by July 31, 2005, those certified appraisers who failed to conform to AQB criteria either by not taking the 15-hour National USPAP Course, or its equivalent, or failing the associated examination, and begin the necessary steps to downgrade those appraisers to non-certified classifications;
 4. Prepare and submit by August 15, 2005, to the ASC an updated spreadsheet detailing, at a minimum, the following information for each appraiser:
 - Name;
 - License or Certificate Number;
 - National USPAP Course Compliant (“Yes” or “No”);
 - Date notification letter was sent to non-compliant appraisers;
 - Passed USPAP Course and Exam (“Yes” or “No”); and
 - Action Taken (for non-compliant appraisers).
- **Given the substantial backlog of complaint cases, Florida’s complaint investigation and resolution process does not comply with ASC Policy Statement 10.**

Previous Finding: At the time of our 2004 field review, 232 of the 452 open complaint cases had been in process for more than one year. Nine of those cases were over five-years old. The complaint log identified the status of most complaints, particularly the dated cases, as either awaiting investigation or legal action. ASC staff noted that in 35 of the 452 open cases, it appeared that the State needed only to draft the final orders to close the cases. Based on ASC staff analysis of the Department’s complaint log and individual complaint case files, and discussions with Department staff, the ASC found that Florida failed to administer an effective complaint investigation and resolution program as required by Title XI.

ASC Policy Statement 10 provides that, absent special circumstances, final State administrative decisions regarding complaints should occur within one year of the complaint filing date. To address our concerns the Department was required to:

1. Provide the ASC with a plan to reduce the backlog of outstanding cases and a plan for improving the management of the complaint investigation and resolution process so that most complaints are resolved within one year from receipt; and
2. Provide a copy of the complaint log to the ASC at the end of each calendar quarter to enable ASC staff to monitor your progress in reducing the current backlog.

Follow-up Review Status: At the time of our follow-up review, we found some improvement in Florida’s complaint investigation and resolution program. Florida continued to receive complaints at a consistent rate, but has been effective in resolving many of the older complaints. The Department and the Board have been providing quarterly complaint logs.

Action: The Department and Board need to continue their efforts to reduce the backlog of outstanding cases and to continue providing the ASC with a copy of the complaint log at the end of each calendar quarter.

- **Florida’s regulations and approval process for distance education courses are not consistent with AQB criteria.**

Previous Finding: During the April 2004 field review, ASC staff identified a number of Department-approved distance education courses that failed to comply with AQB criteria. Specifically, these courses were not offered by accredited colleges or universities, or did not have their delivery methodology approved by the International Distance Education Certification Center (“IDECC”) and their content approved through the AQB Course Approval Program or by the State.

The Department needed to perform a complete review of approved distance education courses, identify each course that did not comply with the AQB’s distance education criteria for certified appraisers, and rescind its approval for these courses.

Current Status: The Department reviewed its approved courses and identified those courses that failed to meet AQB criteria. The Department worked with several education providers to obtain IDECC approval, and rescinded approval of courses that failed to obtain approval for the certified classification.

Action: None.

- **Temporary practice permits are not issued within five business days as prescribed by ASC Policy Statement 5.**

Previous Finding: During the 2004 field review, ASC staff noted numerous instances in which the Department took more than five business days to act on a temporary practice application. ASC Policy Statement 5 identifies taking more than five business days as “burdensome.” Title XI prohibits burdensome provisions or practices regarding temporary practice. The ASC directed the Department to evaluate and streamline its temporary practice application review process to achieve a five-business day processing timeframe, as required by ASC Policy Statement 5.

Follow-up Review Status: The Department changed its processing of temporary practice permits, and now processes temporary practice applications within five business days of receipt.

Action: None.

- **New Development – Extension of November 30, 2004 Credential Expiration Date.**

At the time of our April 2004 field review, the Department was implementing an automated continuing education tracking system. The purpose of the system is to match continuing education courses taken by appraisers against the Department’s approved course listing to determine whether the appraisers had obtained the necessary continuing education to support credential renewals. The Department completed the implementation process in the summer of 2004, and notified education providers of the system’s existence and their need to submit appraiser continuing education course completion information electronically.

In late October/early November 2004, the Department ran a trial of the new system by evaluating the status of Florida’s appraisers. Based on this trial, the Department determined that

a large number of appraisers would not have the necessary continuing education to support renewing their credentials on November 30, 2004. Facing an operational and political crisis, the Department extended the November 30, 2004 credential cycle to April 15, 2005. This extension, while well-intentioned, was problematic for the following reasons:

1. The Department submitted a series of National Registry data files from August through December 2004 to the ASC reflecting that all 6,000 appraisers had met AQB criteria and been issued renewed credentials valid through November 30, 2006. The ASC, acting in good faith, processed those data files and posted the updated information on our Web site; and
2. The Department issued an undetermined number of paper credentials to appraisers reflecting November 30, 2006 expiration dates, even though many of those appraisers did not conform to AQB criteria.

After learning of this cycle extension from a Florida appraiser, we contacted the Department. Following several telephone conversations, Department representatives flew to !C to meet with ASC staff on December 13, 2004.

After extensive discussions, we determined that the primary factor contributing to many appraisers not conforming to AQB criteria was one specific continuing education course (the "Florida Law Course"). Florida requires renewing appraisers to obtain 30 hours of continuing education every two years. Included in this 30-hour requirement is the three-hour Florida Law Course. AQB criteria provide that appraisers must obtain at least 14 hours of continuing education per year. Thus, for Florida's two-year cycle, appraisers must have 28 hours of AQB-compliant continuing education.

During the November 2002 to November 2004 credential cycle, many Florida appraisers took the Florida Law Course via distance education delivery methods. To conform to AQB criteria, distance education courses must have their delivery methods approved by one of two sources, the International Distance Education Certification Center ("IDECC") or a college or university that provides distance education. The Florida Law Course was not approved by either source. Therefore, the Florida Law Course could not be counted toward meeting AQB criteria.

To help remedy this situation, Department representatives contacted the course providers and IDECC. Most course providers agreed to submit their courses to IDECC for review, and IDECC agreed to review the Florida Law Course (and any other Department-approved courses that were not IDECC approved) on an emergency basis.

At our December 13, 2004 meeting, the Department agreed to take the following remedial actions:

1. The Department would continue working with IDECC and affected course providers to facilitate IDECC review and approval of the Florida Law Course and other distance education courses. Every effort would be made to have these courses submitted to IDECC and approved by December 31, 2004;
2. The ASC would accept as meeting the distance education delivery aspects of AQB criteria the Florida Law Course and other courses approved by IDECC. If IDECC approved these courses from December 2004, through April 2005, the ASC would

consider as AQB-compliant the same course taken earlier in the credential renewal cycle, provided the IDECC-approved course was substantially similar to the course taken at an earlier date;

3. On January 3, 2005, the Department would identify all appraisers who did not have sufficient AQB-conforming continuing education credits for renewal. The Department would submit a National Registry data file to the ASC containing November 30, 2006 expiration dates for appraisers with adequate continuing education, and April 15, 2005 expiration dates for appraisers without adequate continuing education;
4. By January 31, 2005, the Department would issue appropriate paper credentials to all appraisers correctly reflecting each appraiser's expiration date, either November 30, 2006, or April 15, 2005. The Department would require affected appraisers to return paper credentials with invalid November 30, 2006 expiration dates for replacement credentials reflecting April 15, 2005 expiration dates;
5. By January 31, 2005, the Department and the ASC would determine appropriate notices to be posted on their respective Web sites and what notices should be provided directly to other parties, such as the Federal financial institution regulatory agencies, HUD, and the Department of Veterans Affairs; and
6. The Department would not issue renewal credentials to appraisers who failed to conform to AQB criteria by April 15, 2005. The credentials of such appraisers would be involuntarily inactivated until such time as the appraisers conform to AQB criteria.

Follow-up Review Status: The Department satisfactorily completed the first four steps. About 635 Florida appraisers failed to submit renewal applications that conform to the AQB's continuing education criteria and, as a result, were issued credentials with April 15, 2005 expiration dates. Because the Department completed the necessary actions by January 31st, it was not necessary to issue the notices discussed in step five.

Action: We will review compliance with step six during our May 18-19, 2005 follow-up review.

Unless otherwise specified above, please respond to our findings and recommendations within 60 days following the receipt of this letter. Until the expiration of that period 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.

Please contact us if you have further questions.

Sincerely,

Ben Henson
Executive Director

cc: Michael Martinez, Special Counsel, DBPR

Elizabeth Vieira, Division of Real Estate Director
Jay Small, Chairman Florida Real Estate Appraisal Board
Ashley Dashnaw, Regulatory Specialist