

Appraisal Subcommittee

Federal Financial Institutions Examination Council

December 17, 1997

Pedro M. Alvarez, Chairman
Florida Real Estate Appraisal Board
400 W. Robinson Street, North Tower
Orlando, FL 32801-1772

Dear Mr. Alvarez:

Thank you for your cooperation and your staff's assistance in the October 6-7, 1997, Appraisal Subcommittee ("ASC") review of the Florida Real Estate Appraisal Board ("Board") and appraiser regulatory program ("Program"). Your Board and members of the Department of Business and Professional Regulation ("Department") have a national reputation for their willingness to share their thoughts, ideas, and problems with others in an attempt to improve the overall appraiser regulatory system. Our review staff found this openness and candor to be most helpful during the course of our review.

We note, however, that two of the three deficiencies found during our initial field review of your Program and discussed in our related March 19, 1993 letter remain. Temporary practice has not been implemented in a manner that ensures the timely issuance of temporary practice permits. In addition, Florida does not offer licensure or certification to out-of-State appraisers via reciprocity. The State of Florida needs to address these issues and other deficiencies identified below before Florida's Program can be considered to be in full compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI").

- **The State statute has not been amended to reflect the increase in hours of education, experience and continuing education required as of January 1, 1998.**

Section 1116 (a) of Title XI requires certified appraisers to satisfactorily meet the minimum criteria for certification as issued by the Appraiser Qualifications Board ("AQB"). It is evident that the Board, over the last three years, has diligently tried to amend the appropriate Florida appraisal statute and adopt the AQB's new experience and education criteria for certified appraisers. The Board has submitted legislation to amend its appraiser regulation statute in each of the last three legislative sessions, but it has been defeated. The actions of the legislature appear to have been based on exceptions taken regarding other elements in the legislative package presented by the Department. Nevertheless, these requirements need to be in effect by January 1, 1998, for Florida's Program to be in compliance with Title XI.

If these changes are not in effect on January 1, 1998, you cannot legally certify new appraisers unless they meet the AQB's revised criteria. Therefore, from January 1, 1998, until the time conforming changes are implemented, you must ensure that each applicant for certification qualifies for certification under the AQB's revised Appraiser Qualifications Criteria for Certified Residential or Certified General Appraiser Classifications, as appropriate. Please understand that if Florida continues to fail to conform with these AQB criteria for a significant

time, renewals of existing certifications could be similarly affected because of the increase in continuing education requirements.

- **Florida does not have reciprocity with any other States.**

Florida does not have reciprocal agreements with any States and has refused all overtures made by other States. Based on interviews with various members of the staff and other documentation, we found that this is not due to any statutory or regulatory restrictions. The Board has not been receptive to reciprocating with other States. As a result, appraisers licensed and certified by other jurisdictions wishing to obtain a similar credential in Florida must complete an extensive application, including the preparation of an experience log and the demonstration of the requisite hours of education obtained from Florida-approved course providers. Moreover, these individuals must take the Florida licensure or certification examination.

We found that other Florida professional boards have established reciprocal types of agreements with other States. These boards, most notably the real estate commission, have "Mutual Agreements" with other States that waive certain elements of the initial application process. Title XI, as amended, charges us with encouraging States to develop reciprocal agreements that readily authorize appraisers who are licensed or certified in good standing in one State to perform appraisals in other States. Consistent with Title XI and ASC Policy Statement 6, the Board should take the necessary actions to establish such agreements with other States that, at the very least, waive the examination requirement if the appraiser has taken and passed an examination approved by the AQB. In particular, we strongly urge you to pursue reciprocity with other close or neighboring States.

- **The Department must revise its temporary practice procedures.**

We have received numerous verbal and written complaints regarding the amount of time it takes to receive temporary practice permits and letters of good standing. These letters document delays of at least a month or more. Although the Department staff handling appraiser regulatory matters processes these applications expeditiously (usually within three or four days), the additional time involved in mailroom and financial processing often causes the overall processing to exceed five business days. You need to work with the other division departments to implement policies and procedures that enable Florida to take action on a complete temporary practice application within five business days of its receipt by the Department, as required by ASC Policy Statement 5.

- **The State does not notify the ASC of disciplinary actions.**

You have not reported to the ASC disciplinary actions taken by the Board. As stated in ASC Policy Statement 9A, it is critical for State agencies to report expeditiously to the ASC, at least monthly, the name of each appraiser whose license or certification has been suspended, revoked or against whom disciplinary action in connection with appraisal work has been taken. Therefore, Florida needs to establish a procedure to report to the ASC each month all disciplinary actions taken by the Board, such as suspensions, revocations and consent agreements.

Please respond to our findings and recommendations within 60 days from the date 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.

If you have any questions, please do not hesitate to contact us.

Sincerely,

Herbert S. Yolles
Chairman

cc: Charlotte Hattaway, Program Administrator