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Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 3, 2005

R. Doyle Pugmire, Chairperson
Idaho Real Estate Appraiser Board
1109 Main Street, Suite 220
Boise ID 83702-5642

Dear Mr. Pugmire:

Thank you for your December 7, 2004 letter describing the actions taken by the Idaho Real Estate Appraiser Board (“Board”) and the Bureau of Occupational Licenses (“Bureau”) in response to our October 12, 2004 field review letter.

We are pleased that the Board and Bureau appear to be making a concerted effort to address our concerns in four areas. We, however, remain concerned about your continuing education verification process. We have reviewed your response and have the following comments.

- **Given the significant backlog in unresolved complaint cases and the continued degradation of the effectiveness of the process, Idaho’s complaint investigation and resolution process does not comply with Title XI or ASC Policy Statement 10.**

As you noted in your letter, ASC Policy Statement 10.E states that “[a]bsent special documented circumstances, final State agency administrative decisions regarding complaints *should* occur within one year of the complaint filing date.” [Emphasis added.] While this statement is a recommendation and provided as guidance to States, the Policy Statement contains the overarching requirement that State agencies process complaints of appraiser misconduct or wrongdoing on a timely basis. At the time of the August field review, approximately 51% of outstanding cases (53 out of 103) were more than two years old, with 11 from 2002, 23 from 2001, two from 2000, 14 from 1999, four from 1998, and one from 1997. This performance cannot be considered “timely” and therefore does not meet Title XI’s requirements that a State adequately supervise its appraisers.

In your response, you noted that, as of December 7, 2004, the Board and Bureau have reduced the complaint backlog by half. This reduction was the result of adding investigators, reassigning the Chief Investigator to the field, and improving the initial screening of complaints. We appreciate these efforts and anticipate that you will continue to make progress to reduce the complaint backlog and to process newly received complaints on a timely basis. We will review this situation during our follow-up review.

Finally, as requested in our October 12, 2004 field review letter, please provide complaint logs to the ASC on a quarterly basis. Please provide us with a log covering the last quarter of calendar year 2004.

- **The Board and Bureau grant blanket approval of educational courses offered by Appraisal Foundation sponsors.**

We are pleased that the Board and Bureau have drafted, approved, and submitted a curative rule for legislative adoption. We have reviewed the draft rule and have no comments. Please keep ASC staff informed of the Board's progress regarding this situation.

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

In your response, you state that "the Bureau does, in fact, have a reliable and tested process of verifying continuing education . . ." and that "[t]he allegation that a renewal notice sent six weeks before license expiration bearing notice of audit would provide a means to circumvent the continuing education requirement is unfounded."

On January 1, 2005, new paragraph F of ASC Policy Statement 10 became effective. This new paragraph specifies the ASC's new requirements concerning States' use of affidavits. Idaho's practice of identifying on renewal forms sent to appraisers six weeks in advance of credential renewal those renewing appraisers who will be subject to continuing education affidavit audits does not meet the new provisions of Policy Statement 10. This practice would allow an appraiser to wait until receiving the renewal notice to decide whether to take continuing education. If the appraiser was not included in the identified audit population, the appraiser could choose not to take the education without worry of being audited. If the appraiser was included in the identified audit population, the appraiser would have approximately six weeks to take 14 hours of continuing education.

Therefore, Idaho does not have an effective process for validating continuing education claims. To address this concern, the Bureau must remove the audit notification from certified appraisers' renewal applications. We will review your continuing education audit program during our follow-up visit in six to nine months.

- **Idaho's regulations allowing for carry-over of continuing education hours do not conform to AQB criteria for certified appraisers.**

We are pleased that you have stricken the continuing education course "carry-over" rule from the Board's rules.

- **Idaho has not fully adopted the January 1, 2003 AQB criteria changes.**

We are pleased that the Board and Bureau have proposed and submitted for legislative approval a proposed rule that would define an approved USPAP course as "the National USPAP course provided by Appraiser Qualifications Board Certified USPAP Instructors and Educational Providers." While the definition does not delineate between the 7-hour National USPAP Update Course and the 15-hour National USPAP Course, we believe that the rule change, if adopted, will to eliminate any conflicts between the regulations and actual practice. Please keep ASC staff informed of the Board's progress regarding this situation.

Again, thank you for your response and your efforts to address our concerns. ASC Policy Manager Denise Graves will be in contact with you to schedule a follow-up review. Our field review letter, your response, and any other previous correspondence between us regarding the field review now will become publicly available on our Web site.

If you have any questions, please contact us.

Sincerely,

Ben Henson
Executive Director

cc: Rayola Jacobsen, Bureau Chief
Budd Hetrick, Deputy Bureau Chief