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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 19, 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 the cooperation and assistance of the Idaho Real Estate Appraiser Board (“Board”) and the Bureau of Occupational Licenses (“Bureau”) in the May 25, 2005 Appraisal Subcommittee (“ASC”) follow-up review of Idaho’s appraiser regulatory program (“Program”).

Our follow-up review focused on concerns identified during our August 2004 field review. During our follow-up review, we determined that the Board and Bureau made substantial progress to comply with the curative steps outlined in our October 12, 2004 field review letter. Our concerns regarding the following issues were resolved: blanket approval of educational courses offered by Appraisal Foundation sponsors; verification of continuing education; carry-over of continuing education hours; and the January 2003 Appraiser Qualifications Board criteria changes.

The Board and Bureau also made progress regarding the complaint investigation and resolution program. This area, however, needs additional attention. In our October 2004 field review letter, we set forth the following concern:

- **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.**

Previous Findings: Idaho did not have an effective complaint investigation and resolution program. We identified the weaknesses in this area during our 1998 and 2001 field reviews. Following each of those reviews, the Board and Bureau promised resolution. The weaknesses, however, continued to worsen.

During our 2004 field review, we found a significant increase in the number of complaints open for more than one year. Despite a relatively stable complaint level and an increase in investigators from one to five, the number of outstanding complaints continued to increase. At the time of our 2004 review, 103 cases awaited disposition, of which 73 had been in process for more than one year. Many of these cases dated as far back as 1997.

In our October 2004 field review letter, we instructed the Bureau and/or Board to:

1. Inform us of how they planned to reduce the backlog of outstanding complaint cases, and how they planned to manage the ongoing complaint investigation process in a timely manner; and

2. Provide a complaint log to the ASC quarterly.

Current Status: At the time of our follow-up review, we found improvement in Idaho's complaint investigation and resolution program. Following is a summary of complaint statistics.

Field Review or Follow-up Review	Complaints Outstanding	Complaints outstanding More than 1 year
May 1998	51	26 (51%)
July 2001	76	42 (55%)
August 2004	103	73 (71%)
May 2005	74	35 (47%)

Idaho continues to receive complaints at a consistent rate of approximately 32 per year. While on-site, Bureau staff explained that five investigators now are assigned to investigate complaints from 19 boards. Since the 2004 field review, the Attorney General's office increased its legal support for hearings and prosecuting complaints from one to two attorneys.

The Bureau has been assigned responsibility for three new professions beginning July 1, 2005. To meet the anticipated additional workload from the 22 professions it services, the Bureau has been authorized to hire three additional investigators. Given its increasing workload, Bureau staff expressed concerns about having adequate resources in the future. We also have concerns about the Bureau having enough investigatory resources to meet the anticipated workload and will continue to monitor this area.

Action: We appreciate the Board's and Bureau's efforts regarding this concern. The Board and Bureau need to continue their efforts to reduce the backlog of outstanding cases, ensure that adequate resources are provided to support this effort, and continue providing the ASC with a complaint log on a calendar quarter basis.

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 follow up 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 any questions.

Sincerely,

Ben Henson
Executive Director

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