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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

June 17, 2002

William Bartlett, II, Chairperson  
Indiana Real Estate Appraiser Licensure  
And Certification Board  
302 W. Washington, Room E034  
Indianapolis, IN 46204

Dear Mr. Bartlett:

Thank you for your cooperation and your staff's assistance in the May 8-9, 2002 Appraisal Subcommittee ("ASC") review of Indiana's appraiser regulatory program ("Program"). In most respects, the Program functions in a manner consistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). However, the following areas need your attention.

- **Complaint Investigation and Resolution**

At the time of our review, more than 100 complaints were open in the Attorney General's Consumer Complaint section. Twenty-six of these open complaints were more than one year old. As provided in ASC Policy Statement 10, Indiana should investigate and resolve complaints within one year of receipt. Also, we recommend that the Attorney General's office provide monthly status reports to the Board regarding the status of all complaints.

- **Continuing Education credit**

Indiana renews appraiser credentials based on appraisers' indications that they have met the continuing education requirements. The Indiana Professional Licensing Agency ("IPLA") conducts continuing education audits and files complaints against appraisers who do not have the appropriate continuing education. Appraisers, however, are permitted to practice during the complaint resolution process. One appraiser practiced for approximately two years without meeting continuing education requirements. Certified appraisers who do not meet Appraiser Qualifications Board ("AQB") Criteria are not eligible, under Title XI, to perform appraisals for federally related transactions. Indiana needs to implement a more timely process for resolving complaints resulting from continuing education audits. At a minimum, certified appraisers who do not meet AQB Criteria should be reported to the ASC and placed on Inactive status on the National Registry.

- **Temporary Practice processing**

The IPLA does not process temporary practice permits in accordance with Title XI and ASC Policy Statement 5. Eleven of the 20 temporary practice applications we reviewed were not processed within five business days. Indiana needs to approve or reject temporary practice applications within five business days of receipt of completed applications, in accordance with Policy Statement 5.

Temporary practice permits are valid for only 60 days. Regulatory changes presented to the Board at the May 9<sup>th</sup> meeting will change temporary practice permit validity to six months, conforming to Policy Statement 5. The Board needs to ensure that this regulatory change is approved and implemented expeditiously.

- **Educational courses approval**

The Board approves educational providers, but not individual courses. The review process gives the course providers complete control of all course material. The Board needs to implement a process to ensure that it grants education credit only for courses that meet AQB Criteria.

Please respond to our findings and recommendations in 60 days. 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 available on our Web site.

If you have any questions, please contact us.

Sincerely,

Jesse G. Snyder  
Chairman