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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

June 19, 2000

William Pastuszek, Chairman  
Massachusetts Board of Registration of Real Estate Appraisers  
239 Causeway Street  
Boston, Massachusetts 02114

Dear Mr. Pastuszek:

Thank you for your cooperation and your staff's assistance in the April 12-13, 2000 Appraisal Subcommittee ("ASC") review of the Massachusetts Board of Registration of Real Estate Appraisers ("Board") and appraiser regulatory program ("Program"). Based on our review, Massachusetts has an effective Program. Board actions appeared fair and equitable. Complaints were investigated and resolved in a timely manner. The appraiser application and complaint investigation processes seem very successful in providing ongoing education and quality control for appraisers credentialed in Massachusetts. Nevertheless, your Program can be improved in four areas.

- **Statute and Regulations**

State regulations provide that experience credit may be granted for appraisal teaching experience. AQB criteria do not recognize teaching experience as acceptable appraisal experience for qualifying for an appraiser credential. Our review did not reveal any cases where such inappropriate experience credit was given to an applicant, and the Board reports that it has not granted experience for instructing appraisal courses. The Board, nevertheless, needs to change its regulations to eliminate the authorization to grant experience credit for teaching.

- **Appraiser Licensing and Certification Applications**

You updated the appraiser application form and the Candidate's Book when regulations were changed to adopt the January 1, 1998 Appraiser Qualifications Board's ("AQB") revised criteria. Every application we examined, however, dated as late as April 2000, listed the older version of the AQB criteria. Based on our review, applicants are submitting experience and education qualifications that meet the 1998 AQB criteria. Although ASI is providing applications printed with the old AQB criteria, the Program Coordinator told us that the Candidate's Book contains an insert delineating the revised criteria. This appears to be the reason that the applicants are meeting the 1998 AQB criteria. The Board needs to ensure that ASI updates its application forms to contain current AQB criteria.

- **Education**

Although State law requires that the instructor for each course be approved, we found no tracking system for assuring that the approved individual taught the course. The approved education list does not include instructor names, nor do the files include instructor qualifications

or evidence of approval. The Board should ensure that instructors are approved according to State law and implement a tracking system that assures approved instructors teach courses.

- **The Complaint Investigation and Resolution Process**

Complaint-related decisions by both the Complaint Committee and the Board appear reasonable and fair and are used as an educational tool, as well as for disciplinary purposes. We found, however, that neither the Board nor the Division of Registration (“Division”) has a system for tracking informal reprimands or consent orders to determine that the appraiser completes the required education or probation. Some disciplined appraisers may have suffered no consequences once an agreement was reached. The Board or Division should establish a tracking system to assure that the requirements of disciplinary agreements are fulfilled.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time 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 contact us.

Sincerely,

Thomas E. Watson, Jr.  
Chairman