

# Appraisal Subcommittee

Federal Financial Institution Examination Council

December 12, 1996

Mr. David A. Murphy  
Chairman  
Massachusetts Board of Registration  
of Real Estate Appraisers  
100 Cambridge Street, Room 1512  
Boston, MA 02202

Dear Mr. Murphy:

Thank you for your cooperation in the September 30 through October 1, 1996 Appraisal Subcommittee ("ASC") review of the Massachusetts appraiser regulatory program ("Program"). The Massachusetts Board of Registration of Real Estate Appraisers ("Board") has made substantial progress since our November 1993 field review, and the State's program is generally in compliance with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("Title XI"). The following issues, however, require further attention and action by the Board.

- **Appointments to the Board are not completely current, a situation which could impede the State real estate appraiser regulatory program.**

The full Board complement is seven. Only four members have current appointments, a situation which has existed for several months. One vacancy exists on the Board and two members continue to serve even though their appointed terms have expired. Based on both our review of Board minutes and discussions with Board members, we understand that it has been difficult to achieve a quorum for regularly scheduled meetings. We urge the Board to request that the Governor promptly appoint one new member to the vacant position and act on the reappointment or replacement of members whose terms have expired.

- **Issues regarding the manner in which Massachusetts submits data and fees to the National Registry of State Certified and Licensed Appraisers ("Registry").**

At the time of our review, the Registry listed 2,394 appraisers. This figure is based on the State's July 1996 submission of Registry data and fees. The official Board census of appraisers we examined on September 30, 1996, shows 2,461 State certified and licensed appraisers, a difference of 67 names. While appraisers credentialed since July have passed appropriate tests of experience and education and have paid appropriate State and Federal fees, they nevertheless are ineligible to perform appraisals in connection with federally related transactions until they are listed in the Registry. Currently, Massachusetts submits Registry data and fees to the ASC on a

semi-annual basis. We recommend that the Board submit data and fees on a more frequent basis so as to not penalize newly credentialed appraisers.

Massachusetts issues *initial* real estate appraiser certificates and licenses for a period of three years *plus* time until the new appraiser's next birthday. Based on the timing of initial issuance relative to an appraiser's birthday, the appraiser could receive a credential that does not expire until almost four years from date of issuance. ASC Policy Statement 8C, in part, states: The annual fee for each certified or licensed appraiser is \$25 .... Fees will not be prorated or refunds granted for partial year registrations .... If a State issues multiple-year certifications and licenses and collects multiple-year fees, the State should submit to the ASC the total amount of the multiple year . . . fees." Accordingly, because all State initial real estate appraiser certificates and licenses are for more than three years, Massachusetts should collect and forward \$25 per annum *or portion thereof* for all certified and licensed appraisers.

Board credentialed appraisers are allowed to voluntarily surrender their certificate or license in lieu of being sanctioned. While appraisers opting to avoid State sanctions are thus removed from Massachusetts' list of appraisers, in no instance has the ASC been alerted to remove the appraiser's name from the Registry. The Board must report to the ASC each appraiser who has surrendered a certificate/license in lieu of sanction. You may wish to consult with legal counsel regarding the possible need or desirability of disclosing to the appraiser, prior to his or her decision to surrender a State credential, that such a decision will be reported to the ASC's National Registry as a disciplinary action and that the appraiser no longer will qualify to perform appraisals in federally related transactions.

- **Issues concerning appraiser qualifications.**

During our review, we noted that Massachusetts has 887 licensed appraiser trainees. While the ASC does not recognize this appraiser category, we know that most State appraiser regulatory programs have initiated such an "entry to the profession" category, and that most States require that trainees meet the AQB recommended 75 hour education criteria. Massachusetts, however, does not require minimum education. We suggest that the Board consider adopting the AQB education standard.

The Board tracks all appraiser complaint and enforcement action through an internal periodic report. In reviewing *Open Complaints By Board: Detail Listing As Of 09/24 96*, we learned that action on your cases is prioritized by both the Investigative and Legal Units of the Massachusetts Division of Registration, which serves over 30 other State professional boards.

Most current cases, those with a "96" prefix, appear to be progressing in a timely manner from complaint opening to case closure. A majority of open cases dating from 1994 and 1995, however, are coded on the report as pending legal action. Please explain the reason for this apparent bottleneck.

The ASC requests your written response to the issues discussed above within 60 days.

Sincerely,

Diana L. Garmus  
Chairperson

cc: Judi Meltzer  
Program Coordinator