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Appraisal Subcommittee

Federal Financial Institutions Examination Council

April 15, 2005

Ms. Anita Griffith, Chairman
Mississippi Real Estate Appraiser
Licensing and Certification Board
2506 Lakeland Drive, Suite 300
Flowood, MS 39232

Dear Ms. Griffith:

Thank you for your cooperation and your staff's assistance in the February 23-24, 2005 Appraisal Subcommittee ("ASC") field review of Mississippi's appraiser regulatory program ("Program"). At the time of our review, the Program was generally consistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI").

To fully comply with Title XI, the Mississippi Real Estate Appraiser Licensing and Certification Board ("Board") needs to address the issues discussed below.

- **Mississippi did not retain records on all allegations of appraiser misconduct.**

During the review, Administrator Praytor and Deputy Director Moon explained that staff did not track or otherwise maintain records of certain complaints alleging appraiser misconduct. The Board destroyed a complaint's records when the Administrator and/or the Deputy Director believed that the complaint had no merit or lacked necessary documentation. The Board adopted this procedure out of concern that the State's open records laws would allow competing appraisers to obtain, and potentially misuse, complaint documents that the Board considered to be without merit.

In accordance with Title XI and ASC Policy Statement 10, a State must ensure that its system for processing and investigating complaints and sanctioning appraisers is administered in an effective, consistent, equitable, and well-documented manner. "Well-documented" means that relevant documentation pertaining to a matter exists and that it will be available for ASC review. The Board's failure to log complaints and its discarding of documentation alleging appraiser misconduct is not consistent with this requirement.

To ensure that Mississippi complies with Title XI and ASC Policy Statement 10, the Board and its staff need to:

1. Maintain all correspondence and other documentation regarding any allegation of appraiser misconduct in appropriate files;
2. Track all complaints on the written complaint log; and
3. Document decisions concerning each complaint, providing the reason or reasons for the decision.

- **Mississippi did not resolve all complaints in a timely manner.**

While there were only five complaints outstanding for more than one year at the time of our review, many of the complaints resolved during the three-year review cycle were open for more than a year before resolution. Our analysis indicated that many of those delays were caused by Board members who coordinate the complaint investigation with an investigator. The Board members, in many instances, failed to review the file and offer direction to the investigator in a timely manner. Cases were often delayed up to a year or more for this reason.

Over the last eight months, it appears that the Board worked diligently to resolve this situation and made significant progress in resolving the aged complaints. We believe, however, that recent staffing changes might impede this progress. At the time of our review, the investigator position had been vacant for three months, and Administrator Praytor did not believe that the position would be filled for several months. Additionally, Deputy Director Moon, who is primarily responsible for initially screening complaints, will leave his position on May 1st.

The Board needs to take steps to ensure that complaints are investigated and resolved in a timely manner as provided in Policy Statement 10. Also, we encourage the Board to ensure that current and upcoming staffing changes do not adversely affect the complaint investigation and resolution program.

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 follow-up 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 follow-up review 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,

Virginia M. Gibbs
Chairman