

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

October 15, 1997

Ms. Jill Walters, Chairperson  
Mississippi Real Estate Appraiser  
Licensing and Certification Board  
5176 Keele Street  
Jackson, MS 39236

Dear Ms. Walters:

Thank you for your cooperation and the Commission staff's assistance during our August 2728, 1997 review of the Mississippi appraiser regulatory program ("Program") performed pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI").

During our initial review of your Program in June 1992, we identified three areas of concern. In our letter to the Board, we asked you to ensure that: (1) certified residential appraisers certified before January 1, 1992, have 105 hours, not 75 hours, of education as then required by the Appraiser Qualifications Board; (2) your regulations be amended to permit the Board to act on complaints involving temporary practice recipients; and (3) the term "certified" not be included in the title of the non-Federally recognized classification for timberland appraisers. We are pleased that the Board addressed these concerns and that there are no unresolved issues from the previous review.

As a result of our current review, we have determined that the following concerns need to be addressed to improve your program and bring it into full compliance with the requirements of Title XI.

- **Complaints filed against [redaction] may not have been resolved in a manner consistent with other similar complaints or the Board failed to address apparent violations of the Uniform Standards of Professional Appraisal Practice ("USPAP").**

One [redaction] was found to have falsified his application for certification by not identifying that he had been convicted of a misdemeanor in 1983 for possession of drugs and drug paraphernalia. Court records reviewed during the complaint investigation revealed that the [redaction] pled guilty to the misdemeanor charge, paid a fine and was required to complete community service. Based on our file review and information obtained from Commission staff, we noted that the professional licenses of individuals who committed a similar offense (falsifying an application) have been denied upon application, or suspended or revoked if previously issued. This Board, however, dismissed this case based on insufficient evidence. We are concerned with the appearance of inconsistent treatment of a complaint against a [redaction] versus similar complaints against other appraisers.

In the second case, a [redaction] ex-employee alleged that the [redaction] had appraised a property of which he was part owner. While the investigative documentation does not indicate that the [redaction] was part owner of the subject property, it does appear that there was a personal and/or business relationship between the [redaction] and the property owner. This conclusion is based on the fact that the [redaction] made personal loans to the property owner, and the property owner's wife worked for the [redaction]. While USPAP permits an appraiser to perform an appraisal in such circumstances, USPAP requires clear disclosure of the relationship. The Board did not address this specific issue. Also, although we could not find any documentation addressing violations or potential violations, documentation in the file indicated that a Letter of Education was to be sent to the [redaction]. We, however, could not find a copy of the Letter in either the investigation file or the [redaction] appraiser file.

Please provide a written explanation regarding the Board's actions on these two complaints. The explanation should set forth the Board's reasoning for those actions. Also, please include a copy of the Letter of Education that was issued to the Board member in the second case.

- **The State's record of certified and licensed appraisers is not consistent with the National Registry of State Certified and Licensed Appraisers.**

A review of your records during our on-site review revealed a difference of 76 appraisers who are identified by the State as certified or licensed but who were not contained in the National Registry. Of these 76 appraisers, 14 were issued licenses in August 1997 and were on the State's September submission. One appraiser's license expired in 1995. We cannot account for the remaining 61 appraisers. Additionally, your staff's review of the records identified three licensed or certified appraisers who did not pay the Registry fee as required by Title XI.

Please review your files regarding the attached list of appraisers and report to us when these appraisers were certified or licensed and when their Registry fees were submitted to us. Any delinquent Registry fees must be remitted to us immediately.

- **The Board's regulations regarding Temporary Practice must be revised.**

Currently, Board regulations specify that temporary practice privileges expire within 90 days of receipt and do not provide an opportunity for an extension. As set forth in our revised Policy Statement 5, restricting temporary practice to less than six months and failure to allow an appraiser to receive at least one extension are considered burdensome. During the Board meeting our staff attended, the Board reviewed a proposal to revise its rules that, when adopted, would offer temporary practice for six months and permit a one-month extension. It is our understanding that this proposed rule will be approved and implemented by the end of November 1997. Please forward to us documentation of the Board's adoption of the revised temporary practice regulation.

Please provide your response within the next 60 days. If you have any questions regarding these Issues, please do not hesitate to contact us.

Sincerely,

Herbert S. Yolles  
Chairman

cc: John Neelley, Real Estate Commissioner