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Appraisal Subcommittee

Federal Financial Institutions Examination Council

Certified Mail – Return Receipt Requested

November 9, 1998

Mr. Jack Rose, Chair
New York State Board of Real Estate Appraisal
Department of State, Division of Licensing Services
84 Holland Avenue
Albany, NY 12208-3490

Dear Mr. Rose:

Thank you for your September 24, 1998 letter updating us about New York's efforts to address the concerns discussed in our July 24, 1998 field review letter. We are pleased and encouraged by your progress. We also appreciate Ren Donato and Dan Shapiro attending our October 14, 1998 meeting to provide additional information and insight into New York's situation.

Based on your letter and Mr. Donato's presentations at our meetings, New York appears to have addressed satisfactorily many of our concerns. Nevertheless, the status of those appraisers who were certified on or after January 1, 1998, but did not meet the Appraiser Qualifications Board ("AQB") January 1, 1998 criteria remains a serious concern. The responsibility to resolve this concern is addressed in the purpose of Title XI, Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"). In part, FIRREA requires protection of Federal financial and public policy interests in real estate related transactions by demanding that real estate appraisals are performed by individuals whose competency has been demonstrated. By failing to require New York applicants to meet current levels of competency, New York has not met this requirement of FIRREA. Before we can decide how to measure the depth of the problem or the credentials of appraisers improperly certified on and after January 1, 1998, New York first must identify the universe of affected appraisers. This task has not been accomplished to our satisfaction.

We do not understand your estimates regarding these appraisers. Our July 24th field review letter noted that an unknown number of appraisers had been certified on or after January 1, 1998. When our staff met with you, Mr. Pompeo, and Mr. Donato on September 3, 1998, you indicated that 45 appraisers were affected. Ben Henson presented a computer printout listing about 114 appraisers certified on or after January 1st compiled from New York's National Registry submissions. In your September 24th letter, you explained that the 114 appraisers should be reduced to 35. You stated that 30 of the 114 appraisers were issued temporary practice permits, yet New York's National Registry data files identified each of the 114 appraisers as certified with a multi-year expiration date. As we understand it, New York issues temporary practice permits with a single specific expiration date. Similarly, you stated that two of the 114 appraisers were appraiser assistants. Again, New York data submitted to us identified these appraisers as either certified residential or certified general, not as assistants, so we need clarification. Finally, at the October 14, 1998 meeting with the Appraisal Subcommittee, Mr. Donato represented that a maximum of 35 appraisers would be affected, with 16 being the most likely number.

New York must specifically identify each affected appraiser as soon as possible, but in no more than 30 days from the receipt of this letter. In that regard, New York must:

- Review the attached listing of appraisers. It contains more appraisers than the 114 previously identified as New York has submitted additional National Registry data since September 3;
- For each appraiser on the attached listing:
 1. Provide the date each appraiser's application was received;
 2. Provide the home State license or certificate number of any appraisal certification issued by another jurisdiction, if New York issued a reciprocal license or temporary practice permit ;
 3. Provide the amount of qualifying education and experience claimed and accepted on each application; and
 4. Indicate "Yes," that the AQB criteria issue affects the appraiser because the application was received on or after January 1, 1998, and indicates inadequate education or experience, or "No," that the appraiser is not affected by the AQB criteria issue.
- For each appraiser identified as **not** affected by the AQB criteria issue, including each appraiser holding a temporary practice permit or an assistant credential, explain why that appraiser is not affected. In doing so, please keep in mind that all appraisers contained in our listing were identified as certified appraisers by New York on National Registry data submissions. Please reconcile your response to the attached list.

Please provide the requested information **within 30 calendar days** of your receipt of this letter. At that time, we will determine the appropriate action on this improper certification issue. We will also conduct a follow-up on-site visit after receiving your response.

If you have any questions regarding this letter, please contact Ben Henson immediately.

Sincerely,

Herbert S. Yolles
Chairman

Attachment

cc: Ren Donato, Assistant Secretary of State
Elizabeth McCaul, Superintendent of Banking