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Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 25, 2004

Mr. Peter M. Scotti
Chairperson, Rhode Island Real Estate Appraisers Board
Department of Business Regulation
Division of Commercial Licensing and Regulation
233 Richmond Street, Suite 230
Providence, RI 02903-4230

Dear Mr. Scotti:

Thank you for the cooperation and assistance of the Rhode Island Real Estate Appraisers Board (“Board”) and the Division of Commercial Licensing and Regulation (“Division”) in the June 1-2, 2004 Appraisal Subcommittee (“ASC”) review of Rhode Island’s appraiser regulatory program (“Program”).

In most respects, Rhode Island’s Program complies with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”). We, however, have identified three areas that need your attention.

- **The Board has approved continuing education courses that are inconsistent with the Appraiser Qualifications Board (“AQB”) criteria.**

The Board reviews all educational offerings and approves those that meet AQB criteria. However, a few continuing education courses on the approved list were inconsistent with the criteria. According to AQB criteria, “the purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his/her skill, knowledge, and competency in real estate appraising.” The following real estate sales courses appear not to conform to the criteria:

- How to List-Sell-Close;
- How to Market & Advertise Real Estate;
- Law of Agency;
- Seller-Assisted Financing;
- Marketing Finer Homes & Estates;
- How to Buy & Sell Real Estate at Auction; and
- Prospecting for Listings

To address this concern, the Board needs to review the courses identified above (and any other real estate sales courses) for conformance with AQB criteria, and rescind approval of any nonconforming courses. Also, the Board needs to refrain from approving such courses in the future. Please notify us of the results of your review and actions in your response to this letter.

- **Board regulations permit continuing education credit that does not conform to AQB criteria.**

Board regulations provide that an appraiser may receive up to one hour of continuing education credit for attending a Board meeting, provided that the meeting for which credit is sought was at least one hour long. The regulations allow appraisers to obtain a maximum of twelve hours of continuing education credit per year by attending Board meetings.

AQB criteria specify that continuing education credit can be granted only when the length of the educational offering is at least two hours. Unless the Board's meetings are at least two hours duration, those meetings would not meet AQB criteria. Also, according to AQB criteria, "the purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his/her skill, knowledge, and competency in real estate appraising." Unless the Board meeting provided appraiser education other than normal Board meeting activities, allowing continuing education credit for more than one Board meeting per continuing education cycle would not meet the purpose and intent of the criteria.

Because of our concerns, we asked the AQB for guidance. We delayed our response until we received the AQB's response. The enclosed AQB response explains the circumstances under which awarding continuing education credit for attending a State Board meeting would be acceptable. The Board needs to amend its regulations to conform to AQB criteria for certified appraisers.

- **Rhode Island had several complaint cases and related enforcement actions that had been outstanding for more than one year.**

Rhode Island's enforcement process appears consistent, equitable, and well-documented. However, some cases requiring formal disciplinary action were not brought to timely final resolution. At the time of our review, Rhode Island had six outstanding cases that were in excess of one year old. Two of those cases had been outstanding for more than three years. It appears that a lack of legal resources were causing or contributing to the delays in resolution. The Board and Executive Counsel need to allocate adequate legal resources to resolve cases requiring formal disciplinary action in a timely manner, as provided in ASC Policy Statement 10.

Unless specified otherwise above, 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 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,

Virginia M. Gibbs
Chairman

Enclosure

cc: Valerie Voccio, Program Administrator, Real Estate Appraisers Section
Jeffrey Greer, Associate Director, Commercial Licensing and Regulation Division
Marilyn Shannon McConaghy, Director, Department of Business Regulation