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Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 7, 2003

L. Wayne Mayo, Chairperson
Texas Appraiser Licensing and Certification Board
P.O. Box 12188
Austin, TX 78711-2188

Dear Mr. Mayo:

Thank you for your cooperation and your staff's assistance during the November 6-8, 2002 Appraisal Subcommittee ("ASC") review of Texas' appraiser regulatory program ("Program"). In most respects, the Program functions effectively and in a manner consistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). The following areas need your attention.

- **Temporary Practice Restrictions**

Texas' statute and regulations limit temporary practice permits to sixty days. This limitation is a "burdensome" requirement under Title XI, as set forth in ASC Policy Statement 5. Policy Statement 5 provides that temporary practice permits be issued for at least six months with at least one easy extension. We addressed Texas' statutory limitation in our 1997 review letter and requested the Board to initiate necessary changes. After our 1997 review, the Texas Appraiser Licensing and Certification Board ("Board") attempted to address this concern by amending its regulations to grant a five-month extension. We discussed with your staff the proposed regulatory language by email and telephone. All along, it has been our understanding that the intent of this proposed rule/regulation is to serve as an interim policy until the Texas legislature reconvenes and can address the necessary statutory change. The Board has since adopted and implemented the regulation. While we considered the regulatory changes an improvement as an interim measure, we do not consider them a permanent solution. The issue was raised again during the 2000 review. At that time, the Board committed to pursue statutory changes. As of the 2002 review, those changes still have not been completed.

We understand the difficulty and risks associated with opening a piece of legislation for review and revision. Nonetheless, the Board needs to initiate the actions to conform Texas' temporary practice provisions to Title XI and ASC Policy Statement 5.

- **Complaint Investigation and Resolution**

The volume of complaints received by the Board has increased significantly over the past two years. At the time of our review, there were 89 unresolved complaints, 15 of which were more than one year old. We are concerned that the increased number of complaints and limited investigation and monetary resources could cause the Board's complaint investigation and resolution program to deteriorate. We encourage the Board to make every effort to ensure that such deterioration does not occur. We will be monitoring your complaint investigation/resolution

program during the next one to three years. If conditions appear to worsen, we will return for a follow-up review focused on the investigation/resolution aspect of your 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 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,

Steven D. Fritts
Chairman