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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

October 16, 2006

Mr. Lawrence Martin, Chair  
Vermont Board of Real Estate Appraisers  
Office of Professional Regulation  
81 River Street  
Heritage Building, Drawer 9  
Montpelier, Vermont 05609-1106

Dear Mr. Martin:

Thank you for the cooperation and assistance of the Vermont Board of Real Estate Appraisers (“Board”) and the Office of Professional Regulation (“OPR”) in the September 5-6, 2006 Appraisal Subcommittee (“ASC”) review of Vermont’s real estate appraiser regulatory program (“Program”). Based on our review, Vermont needs to address four concerns to bring the Program into substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”).

- **Vermont’s temporary practice procedures do not conform to Title XI and ASC Policy Statement 5 because completed applications are not processed within five business days of receipt.**

The Board complies with ASC Policy Statement 5, with one exception. Vermont, at times, has failed to issue temporary practice permits within five business days of receipt of a completed application. Vermont issued 169 temporary practice permits between August 2003, and September 2006. The State took more than five business days to process 34 (20%) of these applications.

To comply with Title XI and ASC Policy Statement 5, the Board needs to revise its procedures to ensure that temporary practice applications are processed and permits issued within five business days of receipt of a completed application. Please provide us a copy of those written procedures.

- **National Registry data and fees are not submitted promptly in accordance with ASC Policy Statement 8.**

ASC Policy Statement 8 requires that States submit appraiser data to the ASC no less frequently than monthly and pay invoices within 45 days from the invoice date. Vermont submitted appraiser data only three times in 2004, six times in 2005, and, so far, three times in 2006. Also, Vermont has been delinquent in remitting payment for five of 13 invoices issued since our previous field review in 2003.

To address this concern, the Board needs to implement procedures to ensure that National Registry data is submitted to the ASC at least monthly and that invoices are reviewed promptly

and paid within 45 days of the invoice date. Please forward to us a copy of those procedures when they are completed.

- **Vermont does not submit disciplinary action data to the ASC for inclusion in the National Registry in accordance with ASC Policy Statement 9.**

ASC Policy Statement 9A requires States to report disciplinary actions to the ASC at least monthly. Vermont failed to report disciplinary actions to the ASC during this field review period.

To address this concern, the Board must: 1) provide ASC staff a listing of every disciplinary action that Vermont has taken to date; 2) establish and implement the necessary procedures to ensure that future disciplinary actions are reported to the ASC on a timely basis; and 3) notify us in writing about the nature of those procedures.

- **Vermont's complaint investigation and resolution program does not comply with Title XI and ASC Policy Statement 10 because complaints are not investigated and resolved in a timely manner.**

Under Title XI and ASC Policy Statement 10E, States need to investigate and resolve complaints in a timely manner, and complaint resolution generally should occur within one year of complaint receipt. At the time of our field review, six cases, involving three appraisers, were very old. Three cases were more than two years old, and three cases were more than four years old.

To address this concern, the Board needs to: 1) complete the investigations and resolutions of the six aged cases as quickly as possible; 2) take the necessary steps to ensure that it investigates and resolves complaints in compliance with ASC Policy Statement 10E's requirement that the State must investigate and resolve complaints in a timely manner, generally within one year of receipt; and 3) within 60 days of the date of this letter, provide us with a specific plan regarding how the Board plans to resolve the six aged cases.

- **Vermont has not amended its regulations to reflect Appraiser Qualifications Board ("AQB") criteria changes that became effective January 1, 2003.**

Vermont has yet to formally adopt the AQB criteria changes that became effective January 1, 2003. These changes require applicants for certified status to take the 15-hour National USPAP Course, or its equivalent, taught by an AQB Certified USPAP Instructor who is a State certified residential or certified general appraiser, and to pass the related examination. The changes also require renewing certified appraisers every two years to take the 7-hour National USPAP Update Course taught by an AQB Certified USPAP Instructor.

In practice, Vermont implemented the revised criteria on January 1, 2003. The Board needs to amend its regulations promptly to bring the regulations into conformance with the January 1, 2003 AQB criteria changes and to avoid conflicts between the Board's regulations and practice.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time period 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.

Please contact us if you have any questions.

Sincerely,

Virginia M. Gibbs  
Chairman

cc: Rita Knapp, Board Administrator