



**GEORGIA
REAL ESTATE
APPRAISERS BOARD**

FEB 24 2009

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Real Estate Commissioner

February 20, 2009

Virginia M. Gibbs
The Appraisal Subcommittee
1401 H Street, NW
Suite 760

RE: The ASC's December 22, 2008, letter regarding compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (Title XI)

Dear Ms. Gibbs

Georgia's reliable means of validating experience credit claimed for certification.

For the following reasons the Georgia Real Estate Appraisers Board [GREAB] has chosen not to institute a policy of reviewing a sampling of appraisal reports for each log submitted.

- 1) By statute, employees of the Board cannot perform the work of an appraiser;
- 2) By statute, an appraisal review (determination of USPAP compliance) would be performing the work of an appraiser. Thus, an outside review appraiser would need to be hired; and
- 3) The doctrine of *Res Judicata* could restrict the Board from seeking a future disciplinary action on an appraisal that had

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previously been deemed compliant with Chapter 539-3 of the Standards for appraisals.

The GREAB verifies that all work reported on the log was completed as described and ensures that the work is USPAP compliant via signature and written agreements of the supervisor required with each log. Since this approach addresses compliance of all appraisals included on the log, the GREAB feels that it is a far more comprehensive approach than the method recommended by the ASC.

Based on your letter, it appears as though the ASC still has lingering concerns about Georgia's procedure. You have asked that we initiate an investigation of each log submitted to the Board since October 1, 2008. The Board will notify each appraiser who submitted a log in that timeframe that the ASC has asked the Board to initiate such an investigation. In the avoidance of a blanket clearance, the Board will analyze a random sampling of two appraisals from each log and make findings limited to those particular appraisals. The Board will report the results of each investigation to the ASC as an empirical study of Georgia's approach. We hypothesize that the results will reassure the ASC that the Georgia approach meets and exceeds the ASC requirements for ensuring USPAP compliance.

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Georgia's investigation and resolution process and its compliance with Title XI.

In an attempt to complete investigative matters expeditiously, the Board hired additional investigators and implemented several changes. As noted in your letter, these steps resulted in an overall reduction in the backlog of cases.

Unfortunately, the GREAB was operating under the impression that your calculation of cases exceeding one year in age was based on the pending cases exceeding one year in comparison to the total cases worked in the course of that year. Under such an equation, Georgia would have demonstrated significant improvement over your previous visit.

Under the ASC formula of pending over one year compared to total pending, Georgia's efficiencies are not properly taken into account. To improve our numbers, we are faced with the decision of continuing to resolve more cases in an expeditious fashion, raising the ratio of aged pending cases to total pending cases; or choosing not to focus on overall backlog reduction, resulting in greater number of pending cases, but a reduced ratio of aged pending cases to total pending cases.

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We feel that the equation currently used by the ASC is flawed. By focusing only on a handful of complex cases (aged pending), the entirety of all investigative cases is ignored. The GREAB would request that the ASC employ a more accurate measure of state performance and use the comparison of pending aged versus total cases worked on an annual basis.

As requested, the GREAB is more than happy to provide a listing of all pending and worked cases on a quarterly basis beginning July 1, 2009.

Temporary practice permits.

For years Georgia has operated, with the blessings of the ASC, with full reciprocity in lieu of issuing temporary practice permits. While we are unaware of any complaints from out of state appraisers, Georgia statute permits that we may issue a temporary practice permit with a limitation of one appraisal. Thus, we propose that Georgia could issue a temporary practice permit, limited to one appraisal, for a six month period (with the ability to apply for one extension), for a fee of \$150. The \$150 fee would be in compliance with your request and should cover the cost of administering the manual process of issuing the permit. Since the appraiser would not be a Georgia appraiser, no record of the individual

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would needed to be included on our monthly submission to the National Registry. Thus a registry fee would not be included with the \$150 fee.

At its meeting of February 18, 2009, the Georgia Real Estate Appraisers Board directed me to offer the afore listed response to each of the concerns raised in your letter of December 22, 2009.

For the Board



Jeff Ledford
Real Estate Commissioner

cc: Vicki Ledbetter