

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

July 16, 2008

Mr. Michael E. McGee, Deputy Director  
Mississippi Real Estate Appraiser  
Licensing and Certification Board  
2506 Lakeland Drive, Suite 300  
Flowood, MS 39232

Dear Mr. McGee:

Thank you for your July 8, 2007; November 13, 2007; December 4, 2007; and March 17, 2008 letters provided in response to the Appraisal Subcommittee's ("ASC") June 27, 2007 field review letter and October 31, 2007 follow-up letter. In those letters we addressed the actions needed to address our concerns about the Mississippi real estate appraiser regulatory program ("Program"). As discussed in more detail below, it appears Mississippi is making progress to resolve our concerns.

- **Mississippi's complaint investigation and resolution process did not comply with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI") and ASC Policy Statement 10 E.**

The ASC, in its June 27th field review letter, stated that Mississippi's complaint investigation and resolution process did not comply with Title XI and ASC Policy Statement 10 E because complaints were not investigated and resolved in a timely manner. We previously cited this concern in our April 15, 2005 field review letter.

In your March 17<sup>th</sup> letter, you outlined the steps the Board is taking to reduce the number of outstanding complaints. First, the Staff requested the Board to schedule two or three hearings every other month, to be held in conjunction with the regularly scheduled monthly Board meetings. Second, the Board implemented a plan to provide a settlement conference to the respondent when the subject matter of the complaint is not severe. Finally, the Board asked the Attorney General for additional legal assistance in finalizing the outstanding complaints.

In our June 27th letter, we reported our finding during our April 2007 field review, that Mississippi had 68 outstanding complaints and received approximately 49 complaints per year. Your plan, as outlined in your March 17th letter, would at best resolve 12 complaints each year through the hearing process. The ASC is concerned that this is not enough. However, we will give the Board the benefit of the doubt and hope your plan is successful.

We will continue to closely monitor your progress to improve the complaint investigation and resolution process. We hope to see a substantial improvement in the timeliness and effectiveness of the Board's complaint investigation and resolution program when we perform our field review in the spring of 2009. Please continue to provide electronic quarterly complaint logs to [denise@asc.gov](mailto:denise@asc.gov).

- **Mississippi approved education courses that failed to conform to AQB criteria.**

As directed in our June 27<sup>th</sup> field review letter and October 31<sup>st</sup> follow-up letter, the Board and staff reviewed its approved education courses to ensure all offerings conformed to AQB criteria. Our field review letter stated that the Board approved course listing included 15-hour and 7-hour Uniform Standards of Professional Appraisal Practice (“USPAP”) courses that were not AQB National USPAP courses or their equivalents, and those courses were not taught by an AQB certified instructor who holds a State certified appraiser credential. In addition, not all approved online and correspondence courses had their delivery methods approved by the International Distance Education Certification Center (“IDECC”). Lastly, we found that the Board approved some non-real property related appraisal courses for qualifying education.

Your December 4<sup>th</sup> letter affirms that all courses approved by the Board comply with AQB criteria. Your letter states that your conclusion is based on an exhaustive review of all approved course offerings. An attached spreadsheet provided evidence that everyone issued a State License, Certified Residential, or Certified General Credential during the review period documented their completion of a 15-hour National USPAP course.

As discussed during the field review visit and in subsequent conversations with members of the Board and staff, we largely based our concerns on the lack of file documentation for course offerings approved by the Board in the past that were subsequently renewed without documentation in file demonstrating their continued compliance with AQB criteria. For example, your November 13, 2007 letter questioned whether USPAP courses approved prior to January 1, 2003, were required to be the National USPAP course, since the National USPAP course or its equivalent did not exist prior to 2003. You are correct that USPAP courses approved by the Board, prior to January 1, 2003, may not comply with the National USPAP course format. However, these courses appeared to have been renewed every two years beyond 2003 without including in the file confirmation that the current versions of the courses were the National USPAP course format as taught by an AQB certified instructor holding a current State certification.

Similarly, the files reviewed while on site failed to include evidence that online course offerings, particularly those of proprietary schools that purchased courses from other providers, had obtained primary or secondary provider approval of their delivery methodologies by one of the approved sources authorized in the AQB criteria, including IDECC and that these entities maintained the appropriate approvals when the courses were renewed.

Based on the information provided in your letters and spreadsheet, we trust that your review of all approved courses secured their continued compliance with AQB criteria. In the future, we suggest that the documentation be retained in file, to ensure the offerings remain consistent with present AQB criteria requirements.

- **Mississippi did not provide information regarding all disciplinary actions taken by the State for inclusion on the National Registry.**

As noted in our field review letter, Mississippi failed to report disciplinary actions to the ASC as required by ASC Policy Statement 9A. We are pleased that Mississippi implemented the

necessary procedural guidelines to ensure that all future disciplinary actions are reported to the ASC expeditiously. We note that, since our field review, Board staff has been promptly reporting disciplinary actions to us.

- **Mississippi miscoded credential changes, causing the erroneous submission of disciplinary actions for inclusion in the National Registry.**

As noted in our field review letter, Mississippi Board staff improperly coded records for appraisers changing appraiser classifications but not wishing to retain the “old” credential. As a result, the State erroneously reported approximately 258 non-public disciplinary actions for inclusion in the National Registry.

We are pleased that the Board staff and ASC staff were able to work together to resolve the coding issues. It was discovered that Board staff was not aware of, and had not implemented the data upload enhancement changes the ASC made a few years back. We are confident that this weakness has been resolved.

- **Mississippi had not adequately prepared to implement the 2008 AQB criteria changes.**

As directed in our June 27<sup>th</sup> letter, the Board drafted the necessary amendments to the Board’s regulations. According to conversations between Board Staff and ASC Policy Manager Denise Graves, the amendments will be finalized in about 90 days. Please provide ASC staff with a copy of the regulation once finalized. We also note that the Board contracted with an approved examination provider for the State appraiser credentialing examination.

In addition, as noted in our field review letter, the Board had approved qualifying education courses beyond January 1, 2008, and the Board did not appear to evaluate those courses for conformance to 2008 AQB criteria. According to conversations between Board staff and Denise Graves, to address this concern, the Board determined that all qualifying education courses approved by the Board prior to January 1, 2008, and that are not AQB approved, will only be eligible for elective credit.

Thank you for your letters. Our field review letter, your response, and any other previous correspondence between us regarding the field review are now publicly available on our Web site. Please contact us if you have further questions.

Sincerely,

Vicki Ledbetter  
Acting Executive Director

cc: Hugh Hogue, Chairman