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Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 22, 2010

Mr. Lawrence M. Reifurth, Director
Professional & Vocational Licensing Division
Department of Commerce & Consumer Affairs
PO Box 3469
Honolulu, HI 96801

Dear Mr. Reifurth:

The Appraisal Subcommittee (ASC) conducted a field review of Hawaii's appraiser regulatory program on August 4-5, 2009. This is the final ASC Compliance Review Report (Report) on that Review.

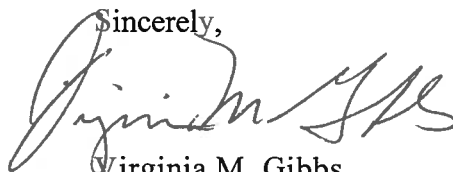
The ASC has considered the staff's preliminary findings regarding the Review and the State's response. The ASC has determined the Program is in substantial compliance with Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI). However, the ASC did identify the following issues:

- Hawaii should rely on the National Registry to verify license history on applicants for temporary practice.¹
- Hawaii must submit all disciplinary actions for inclusion on the National Registry.²

The State's response indicated it has taken corrective actions, which are detailed in the attached Report. During the next Review, ASC staff will confirm these corrective actions have taken place and are appropriate. Please also be advised this letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



Virginia M. Gibbs
Chairman

Enclosure

cc: Mr. Alan Taniguchi, Executive Officer

¹ Title XI § 1122, 12 U.S.C. 3351; ASC Policy Statement 5

² Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 9A

ASC Compliance Review Report						Finding: In Substantial Compliance		
						Report Issue Date: February 22, 2010		
Hawaii Appraiser Regulatory Program (Program)								
Real Estate Appraiser Committee (Committee)				ASC Compliance Review Date: August 4-5, 2009		Review Period: 12/07 - 12/08		
Umbrella Agency: Department of Commerce & Consumer Affairs, Professional & Vocational Licensing Division (Department)			PM: J. Tidwell		Number of State credentialed appraisers on National Registry: 520		Issue: FINAL	
Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Hawaii Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None	None
Temporary Practice:	X							
States should issue temporary practice permits designating the date of approval, not the date requested by the applicant. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 5.)				The Department issued temporary practice permits designating an effective date other than the actual approval date. It is important to accurately reflect the date of approval on the permit to ensure visiting appraisers are not appraising in Hawaii until the temporary practice permit is issued.	On September 23, 2009, the Department reported the Program instituted a policy to date the temporary practice permit using the date of approval, and not the date requested by the applicant.	None	None	During the next Review, the ASC will pay particular attention to this area to ensure compliance with ASC Policy Statement 5.
Temporary Practice continued:			X					
States should rely on the National Registry to verify license history on applicants for temporary practice. (Title XI § 1118, 12 U.S.C. 3347; ASC Policy Statement 5.)				Temporary practice permit files did not contain evidence of consistent use of the National Registry for verification of an applicant's license history in other States. ASC staff recommended Program staff utilize the National Registry on the ASC website to verify the license history of applicants for temporary practice permits.	On September 23, 2009, the Department reported the Program requested and received additional user names and passwords to enable staff to use the National Registry to verify an applicant's license history in other States.	None	To strengthen its Program, Hawaii should utilize the history reports generated by the National Registry. This will enable staff to make timely informed decisions on issuance of temporary permits, thereby avoiding some of the administrative burden and delay associated with applications deemed incomplete because the applicant fails to provide a letter of good standing from the home State.	None

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Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
National Registry:	X		X					
States must submit all disciplinary actions for inclusion on the National Registry. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 9A.)				Five corrective sanctions imposed during this Review Period were not reported for inclusion on the National Registry.	On September 29, 2009, the Department reported the Program had forwarded the missing sanctions and agreed to continue forwarding future sanctions for inclusion on the National Registry.	None	To strengthen the Program, the Department should implement an effective process to ensure all disciplinary actions are reported to the ASC for inclusion on the National Registry timely.	During the next Review, the ASC will pay particular attention to this area to ensure compliance with ASC Policy Statement 9A.
Application Process:	X							
States must use a reliable means of validating experience claims on all initial applications, including tax assessors. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10G.)				The Program's experience log form did not contain the scope of review and supervision of the supervising appraiser for each assignment listed; nor did the log contain the signature and State certification number of the supervising appraiser as required in AQB Real Property Appraiser Qualification Criteria (AQB Criteria). The Program utilized a separate form that was completed and signed by the supervising appraiser describing the scope of supervision of the applicant during the time of employment.	On September 23, 2009, the Department reported the Program implemented a new log format which now conforms to AQB Criteria.	None	None	None
Reciprocity:	X							
				No compliance issues noted.	N/A	None	None	None
Education:	X							
				No compliance issues noted.	N/A	None	None	None
Enforcement:	X							
				No compliance issues noted.	N/A	None	None	None