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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 28, 2010

Mr. Daniel Bradley, Chairman
Pennsylvania Board of Certified Real Estate
Appraisers
2601 North Third Street
Harrisburg, PA 17110

RE: ASC Compliance Review of Pennsylvania's appraiser regulatory program

Dear Mr. Bradley:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of Pennsylvania's appraiser regulatory program (Program) on January 12-14, 2010. 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 not in substantial compliance with Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI). The ASC identified the following concerns:

- Pennsylvania must ensure appraiser continuing education courses are consistent with all relevant Appraiser Qualifications Board Real Property Appraiser Qualification Criteria;¹ and
- Pennsylvania should resolve all complaints filed against appraisers within one year, except for special documented circumstances.²

The State's response indicated that corrective actions were taken as detailed in the attached Report. During the next Follow-up Review in approximately six to nine months from the date of this letter, 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,



Deborah S. Merkle
Chairman

Attachment

cc: Ms. Heidy Weirich, Board Administrator
Ms. Michell Smey, Chief, Bus. Licensing Division

¹ Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.

² Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.

ASC Compliance Review Report

Finding: Not In Substantial Compliance

Report Issue Date: July 28, 2010

Pennsylvania Appraiser Regulatory Program (Program)

State Board: Pennsylvania Board of Certified Real Estate Appraisers (Board)

ASC Compliance Review (Review) Date: January 12-14, 2010

Review Period: September 2008 to January 2010

Umbrella Agency: Department of State, Bureau of Professional & Occupational Affairs (Bureau)

PM: V. Ledbetter

Number of State credentialed appraisers on National Registry: 3305

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					
Pennsylvania Statutes, Regulations, Policies and Procedures:	X							
				No compliance issues noted.	N/A	None	None	None
Temporary Practice:	X							
				No compliance issues noted.	N/A	None	None	None
National Registry:	X							
				No compliance issues noted.	N/A	None	None	None
Application Process:	X							
States must adopt and/or implement all relevant AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				Pennsylvania revised its appraiser certification application form to comply with the AQB Real Property Appraiser Qualification Criteria (AQB Criteria). However, not all applicants were using the new application form.	The Bureau reported to ASC staff on May 10, 2010, that the particular instances of applicants using outdated application forms was an anomaly and the issue has been addressed and corrected.	None	None	None

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Umbrella Agency: Department of State, Bureau of Professional & Occupational Affairs (Bureau)	PM: V. Ledbetter	Number of State credentialed appraisers on National Registry: 3305	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					
Reciprocity:	X							
States are encouraged to develop reciprocity agreements that readily authorize appraisers who are licensed or certified in one State (and who are in good standing with their State appraiser regulatory agency) to perform appraisals in other States. (Title XI § 1122 (b), 12 U.S.C. 3351; ASC Policy Statement 6.)				Pennsylvania does not have reciprocity agreements with all of its contiguous jurisdictions; nor does it readily accept other States' certifications and licenses without re-examining the applicants' education and experience.	The Bureau reported to ASC staff on May 10, 2010, that it submitted proposed reciprocal agreements to the States of Delaware, Maryland and California. On April 8, 2010, the Board approved the reciprocity agreement accepted by California. The Bureau further reported to ASC staff that the Board will review its processing of reciprocity applications to eliminate unnecessary or duplicative procedures.	None	To strengthen the Program, Pennsylvania should pursue reciprocity agreements with all of its neighboring jurisdictions.	None

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Umbrella Agency: Department of State, Bureau of Professional & Occupational Affairs (Bureau)

PM: V. Ledbetter

Number of State credentialed appraisers on National Registry: 3305

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					
Education:		X						
States must ensure appraiser continuing education courses are consistent with AQB Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				<p>Pennsylvania approved education courses that appear to be inconsistent with AQB Criteria for continuing education. The courses were professional appraisal organizations ethics courses.</p> <p>Several distance education courses were identified that appeared to not have proof of secondary provider delivery mechanism approval from the International Distance Education Certification Center (IDECC).</p> <p>Pennsylvania does not assign expiration dates to approved courses. Once the course is approved, it stays on the approved list indefinitely.</p> <p>ASC staff's review of the application files did not indicate that the State relied on these courses to satisfy continuing education requirements.</p>	<p>The Bureau reported to ASC staff on May 10, 2010, that the courses identified by ASC staff were no longer being offered, even though their approval had not expired.</p> <p>The Bureau further reported that the Board will: (1) consider adopting a procedure that purges or terminates approval of courses that are no longer consistent with AQB Criteria or no longer offered by providers; and (2) adopt procedures to ensure distance education providers hold the necessary approvals.</p>	<p>Pennsylvania must review its approved course listings for both qualifying and continuing education to ensure all courses approved meet current AQB Criteria, including the proper IDECC distance education approvals. Courses that do not meet AQB Criteria must be removed from the approved list or reported on the list as "expired."</p>	<p>To strengthen the Program, Pennsylvania should establish expiration dates for appraiser courses to ensure the course content remains current and appropriate, and also to eliminate confusion, particularly for those who may rely on the approved list.</p>	<p>During the Follow-up Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.</p>

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Umbrella Agency: Department of State, Bureau of Professional & Occupational Affairs (Bureau)	PM: V. Ledbetter	Number of State credentialed appraisers on National Registry: 3305	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					
Enforcement:		X						
States should resolve all complaints filed against appraisers within one year, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				<p>Pennsylvania had 185 outstanding complaints; of which 67 were unresolved for more than one year. Seven of those cases fall under the exemption for special documented circumstances.</p> <p>Complaint resolution delays have been an ongoing concern with the Program. Untimely complaint investigation and resolution has been cited in every Compliance Review conducted for the Program since 2000.</p>	<p>On May 7, 2010, the Bureau reported to ASC staff that the Commonwealth has taken numerous steps over the years in an attempt resolve complaints timely, but concurs more needs to be done. Therefore the Department has:</p> <p>(1) assigned a fourth prosecutor to the Board, despite a hiring freeze;</p> <p>(2) identified three other prosecutors to provide additional legal support when needed;</p> <p>(3) assigned legal staff and their appraisal review expert to meet with respondents to discuss allegations, which may result in a withdrawal of the charges or more focus on the issues for litigation;</p> <p>(4) continued its triage system to expeditiously determine which files have legal merit and close those that do not; and</p> <p>(5) expanded its pool of appraisal review experts by eliminating an established internal criterion that required expert reviewers have experience as instructors.</p>	<p>The Bureau must continue sending quarterly complaint case logs to ASC staff to allow monitoring of the Board and Bureau's progress towards addressing this situation.</p> <p>The ASC Policy Manager assigned to Pennsylvania will work with Bureau staff to determine the timing and content of the complaint log.</p>	None	<p>During the Follow-up Review, ASC staff will pay particular attention to this area for compliance with Title XI and Policy Statement 10E, especially in light of Pennsylvania's history of non-compliance in this area.</p>