



DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION

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February 10, 2009

FEB 20 2009

Virginia Gibbs, Chair
Appraisal Subcommittee
1401 H Street, NW
Suite 760

RE: June 16-18, 2008 field review and subsequent correspondence dated December 22, 2009

Dear Ms. Gibbs:

Thank you for the opportunity to meet with your staff, Denise Graves and Jennifer Tidwell, to review Nevada's appraiser regulatory program.

By way of background, the State of Nevada has recent and current authority to employ three staff members to run its Appraisal Program: a Program Officer III, a Compliance/Audit Investigator II and an Administrative Assistant II. The Program Officer, Brenda Kindred Kipling, is a fourteen year member of the State's Appraisal Section and takes great pride in serving the constituents of the State, the State's licensees, its applicants and those who file a complaint with the Real Estate Division ("Division"). Ms. Kipling is a resource not only to the real estate industry in Nevada but is sought after for advice and counsel within the industry on a national level. We utilize every resource and work diligently, fastidiously and conscientiously to ensure that the State's appraisers are adequately supervised and, as a result, they are.

The following serves as the Divisions' response to the issues addressed in the above-referred correspondence:

Nevada's complaint investigation and resolution process did not comply with Title XI and ASC Policy Statement 10E.

As you stated in your correspondence, Nevada experienced unique circumstances in the period before and including the time of the field review, which caused a delay in the processing of complaints. Prior to May 2004, the Real Estate Division had legislative approval for two staff members to run its Appraisal Program. The appraisal investigator position was first filled in May, 2004. Unfortunately, the incumbent was an individual that had no appraisal experience. The incumbent then vacated the position in approximately May, 2005 and it remained unfilled,

due to a lack of any qualified applicants, until January, 2008. During the time that this essential position remained unfilled, the funds that the State receives and utilizes to review cases for violations of Nevada law and USPAP by contracted certified appraisers was exhausted for two fiscal years in order to conduct a review of a very complex commercial condemnation case. Thus, funds that could have been utilized to review multiple cases were not available to assist with the Division's overall investigative efforts. Concurrently, the Division received 101 anonymous complaints in fiscal year 2007 (July 1, 2006 – June 30, 2007). This was an increase of approximately 50% over the prior fiscal year. This overwhelming surge in complaints, which required investigation, coupled with the complete lack of contract review funds, created a significant backlog of complaints.

At present, the appraisal investigator position has been filled since January 28, 2008, by an investigator with an appraisal background. The contract review funds have once again become available for expenditure on more than one complaint. Specifically, in fiscal year 2008, fifty five (55) cases were reviewed by contract reviewers and in fiscal year 2009, sixty two (62) cases have been reviewed. Thus, the number of cases pending has been substantially lowered. Further, the Division has implemented a new policy which will address the issue of anonymous complaints. Should the Division receive a significant number of anonymous complaints in the future, the respondents name will be redacted from the file and an Appraisal Advisory Review Committee (AARC) will be appointed to complete an initial review of each complaint to determine if violations of Nevada Law or USPAP have occurred and make a recommendation to the Division regarding the disposition of the complaint.

The Division has made a monumental turnaround in its investigative times since the time of the Appraisal Subcommittee's review last June. At that time, there were ninety eight (98) complaints that were outstanding more than one year. At present, there are only forty two (42) complaints that have been opened more than one year: ten (10) of which are pending hearing before the Appraisal Commission (7 scheduled for Feb 24-26, 2009); eight (8) are pending hearing before AARC (6 scheduled for February 18, 2009) and four (4) of the cases are in the process of negotiating a settlement. Of the nineteen (19) remaining cases, thirteen (13) have been reviewed by contract reviewers and are currently being processed, six (6) are pending investigation. With the investigator position filled and the new procedure for anonymous complaints we are confident we will continue to make progress in processing complaints in a timely manner.

Nevada's statute regarding reinstatement of an inactive credential did not conform to AQB criteria.

The Division became aware of the necessity for this clarification after the time in which requests for statutory changes could be made to the Governor's Office for changes to be implemented by the 2009 Legislature. Nevada's statutory amendments to NRS 645C.430 regarding the reinstatement of inactive credentials will be submitted for review and consideration for the 2011 legislative session which is the next opportunity the State may request changes to legislation since the legislature meets on a biennial basis. The Division will keep you informed of the progress.

Regulatory amendments should be made for correction and further clarification.

At its December 9, 2008, hearing the Nevada Commission of Appraisers of Real Estate adopted changes to the following regulations: NAC 645C.235, 645C.240, NAC 645C.300 and NAC 645C.231 regarding the reference to the National USPAP course. Please find enclosed below a copy of the amended regulations.

Regarding the electronic complaint log, Ms. Kipling will send it in, as requested, to denise@asc.gov on a quarterly basis, commencing on the date of this letter.

Should you have any additional questions or require any additional information, please do not hesitate to contact me directly at (702) 486-4034.

Sincerely,

Ann McDermott,
Administrator