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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

September 2, 2008

Ms. Elizabeth Luce, Director  
Department of Licensing  
P.O. Box 9035  
Olympia, WA 98507-9035

Dear Ms. Luce:

Thank you for the cooperation and assistance of the Department of Licensing ("Department") and the Washington Real Estate Appraisers Commission ("Commission") in the May 14-16, 2008 Appraisal Subcommittee ("ASC") review of Washington's real estate appraiser regulatory program ("Program"). Based on our review, Washington needs to address one concern to bring the Program into substantial compliance with Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"), as discussed below.

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

Washington's complaint investigation and resolution process did not comply with Title XI and ASC Policy Statement 10E. ASC Policy Statement 10E provides that State agencies need to process complaints on a timely basis, and that, absent special documented circumstances, final State administrative decisions regarding complaints should occur within one year of the complaint filing date.

Washington had 156 outstanding complaints, 44 of which had been outstanding for more than one year. Of the 44 aged complaints, 17 fell within the "special documented circumstances" exception under ASC Policy Statement 10. Of the 27 remaining aged cases, two are more than two years old.

We understand that the Department was understaffed by one investigator and the Attorney General's office had a great deal of staff turn-over during the past two years. We further understand that both sections are now fully staffed and have had training in the Uniform Standards of Professional Appraisal Practice. The Department believes that now that it is fully staffed and trained, it will be able to complete the aged cases and process future complaints in compliance with Policy Statement 10E.

Further, while the Department's complaint log contained all appropriate data elements (i.e., name of respondent and complainant, type of complaint, case number, date received, current status, and method of disposition), the log was not kept current. Many of the cases that had been referred to the legal department had been disposed of in some manner, but the log still showed these cases as pending.

In order to address these concerns, the Department needs to:

1. Within 60 days of receiving our field review letter, develop and implement specific plans to reduce the backlog of outstanding complaints and to process all complaints on a timely basis, and provide the ASC a copy of those plans;
2. Implement and maintain an effective complaint tracking system to ensure that all complaints are tracked accurately.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time period or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

Please contact us if you have further questions.

Sincerely,

Virginia M. Gibbs  
Acting Chairman

cc: Cheryl Farivar, Chair  
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