

OCT 29 2008



COMMONWEALTH OF PENNSYLVANIA
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October 17, 2008

Virginia M. Gibbs, Chairman
Appraisal Subcommittee
Federal Financial Institutions Examination Council
2000 K Street, N.W., Suite 310

Dear Ms. Gibbs:

I am writing in response to your letter of August 21, 2008, which sets forth the Appraisal Subcommittee's ("ASC") report of its field review of Pennsylvania's appraiser regulatory program on June 9-10, 2008.

The ASC's report identified two areas of concern that the State Board of Certified Real Estate Appraisers ("Board") and the Bureau of Professional and Occupational Affairs ("Bureau") need to address as part of carrying out their duties and serving certificateholders and the public pursuant to Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("Title XI"). The areas of concern are (1) lack of timeliness in the investigation and resolution of complaints; (2) inconsistencies between the regulations of the Board and the criteria of the Appraiser Qualifications Board ("AQB").

On behalf of the Board and the Bureau, I offer the following comments to address the concerns raised by the ASC.

I. Lack of Timely Investigation and Resolution of Complaints

The ASC noted that Pennsylvania's complaint investigation and resolution process did not comply with Title XI and ASC Policy Statement 10E because complaints were not investigated and resolved in a timely manner. ASC Policy Statement 10 provides that "[a]bsent special documented circumstances, final State agency administrative decisions regarding complaints should occur within one year of the complaint filing date." The ASC noted that Pennsylvania was cited for this deficiency in the 2006 field review.

The ASC noted that the Bureau had implemented a new screening process to triage complaints and added a number of prosecuting attorneys after the 2006 field review. The ASC commended the Bureau for its efforts and noted that the new process appeared to be working, as the current number of complaints outstanding or in process is half that as compared to the previous field review despite receiving the same number of complaints during the review period.

The ASC noted that the Board and the Bureau must continue efforts to reduce the backlog of aged complaints and forward quarterly complaints logs to ASC staff to monitor Pennsylvania's progress in addressing this concern.

The Board and the Bureau are committed to continuing their efforts to decrease the backlog of aged complaints and ensure the health, safety and welfare of the citizens of the Commonwealth of Pennsylvania. The triage system continues to be refined and staff changes have been made to allow the Board's attorneys to focus on specialized aspects of the Board's work. The former Board counsel is now assigned to work in the sole role as regulatory counsel to the Board to update and draft new regulations as needed. A new Board counsel has been appointed to oversee the general legal work of the Board including the hearing process. The compliment of prosecuting attorneys continues to be evaluated as the complaints are processed and assigned to attorneys to file charges.

The Bureau's Prosecution Division will continue to provide the ASC with a log of appraiser complaints on a quarterly basis.

II. Regulatory Inconsistency with AQB Criteria

The ASC noted that several sections of the existing regulations conflict with current AQB criteria. The regulations at sections 36.11(b)(2) and 36.12(b)(2) allow qualifying education credit for teaching. Sections 36.11(b)(5) and 36.12(b)(5) allow challenge examinations taken prior to 1991. Further section 36.42(e) does not limit the number of hours allowed for non-traditional continuing education options.

The Board's regulatory counsel has begun drafting regulations to update the Board's regulations to be consistent with AQB criteria. The Board will provide ASC with a copy of the updated regulations once they are published as proposed and final regulations.

Thank you for allowing me to respond to the ASC's concerns on behalf of the Bureau and the Board. Please do not hesitate to contact me if the ASC should require additional information.

Sincerely,

Basil L. Merenda
Commissioner

BLM:CLC/bnb

cc: The Honorable Pedro A. Cortés
Secretary of the Commonwealth

Robert F. McRae, Chairman
State Board of Certified Real Estate Appraisers

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