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Appraisal Subcommittee

Federal Financial Institutions Examination Council

November 3, 2006

Anthony F. Majewski, Acting Director
Office of Real Estate Appraisers
1102 Q Street, Suite 4100
Sacramento, CA 95814

Dear Mr. Majewski:

Thank you for your September 26, 2006 email and spreadsheet responding to our August 14th letter, our most recent correspondence regarding our January 2006 field review of California's real estate appraiser regulatory program ("Program"). Your email and spreadsheet updated information regarding one of the concerns identified in our March 15, 2006 field review letter.

- **OREA (Office of Real Estate Appraisers) approved distance education courses that fail to conform to Appraiser Qualifications Board ("AQB") certification criteria.**

As directed in our March 15th letter, OREA reviewed its approved distance education courses to identify those that failed to conform to AQB criteria. OREA identified several courses that failed to have their delivery methodologies approved by one of the approval sources authorized in AQB criteria, including the International Distance Education Certification Center ("IDECC").

On the spreadsheet you provided, OREA identified 137 certified appraisers whose credentials were renewed between April 1, 2004, and July 1, 2005, relying on continuing education obtained from courses that might not have been acceptable. Based on the information provided in your spreadsheet, it appears that 15 certified appraisers did not have sufficient continuing education to support renewal of their certifications. You asked for guidance on the next steps OREA needs to take.

In our August 14, 2006 letter, we directed OREA to take a number of steps. Only the first step has been completed. The following steps need to be completed within the following time frames:

1. Within 15 days from the date of this letter, advise each of the 15 identified appraisers in writing of the number of hours of unacceptable continuing education and that he/she must take the necessary education within 60 days to maintain his/her certified appraiser credential. NOTE: This "make up" education cannot be used to meet the requirements for another continuing education cycle;
2. Within 10 days after the close of the 60-day period to obtain the necessary education, determine which certified appraisers have not earned the necessary hours of education and either promptly downgrade the appraisers to a non-certified classification or recall their certifications and reissue them over stamped with the phrase, "Not Eligible to Appraise Federally Related Transactions." Appraisers choosing over stamped credentials will be removed from the National Registry; and

3. Within 15 days after the close of the 60-day period, provide the ASC a spreadsheet listing:
 - a. Each of the 15 appraisers;
 - b. The results of each appraiser's continuing education audit, including the number of unacceptable hours of education;
 - c. Whether the appraiser has taken any necessary "make up" education;
 - d. If the appraiser failed to obtain the necessary education, whether the appraiser's credential had been downgraded to a non-certified level or overstamped; and
 - e. What disciplinary action, if any, is being taken for each non-compliant appraiser.

Please contact us if you have any questions.

Sincerely,

Ben Henson
Executive Director