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Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 13, 2007

Mr. Gerald Farrell, Jr.
Commissioner, Department of Consumer Protection
165 Capitol Avenue
Hartford, CT 06106-1630

Dear Mr. Farrell:

Thank you for the cooperation and assistance of the Real Estate Appraisers Commission (“Commission”) and the Department of Consumer Protection (“Department”) in the July 10-11, 2007 Appraisal Subcommittee (“ASC”) review of Connecticut’s real estate appraiser regulatory program (“Program”). Based on our review, Connecticut needs to address two concerns to bring the Program into substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”).

- **Connecticut’s temporary practice procedures do not conform to Title XI and ASC Policy Statement 5.**

Title XI and ASC Policy Statement 5 require States to recognize on a temporary basis the appraiser certification or license issued by another State if the property to be appraised is part of a federally related transaction, the appraiser’s business is of a temporary nature, and the appraiser registers with the State of temporary practice. Connecticut failed to comply with ASC Policy Statement 5 in two ways.

First, the Department often failed to issue temporary practice permits within five business days of receipt of a completed application. ASC staff reviewed 13 complete temporary practice permit applications. Only two of those applications were issued within five business days.

Second, the Department refused to issue temporary practice permits to licensed appraisers unless the applicant could demonstrate sufficient experience, education, and examination results to qualify for a certified level credential. The Department based this action on the fact that Connecticut eliminated its licensed level credential in 2003. Although Connecticut does not issue licensed-level appraiser credentials, it must recognize such credentials when they are held by a temporary practice applicant from another State. The Department and Commission must issue temporary practice permits to qualifying licensed-level applicants.

To resolve these concerns, the Department and Commission need to:

1. Revise their procedures to ensure that temporary practice permits are issued within five business days of receipt of a completed application;
2. Issue licensed-level temporary practice permits to out-of-State licensed appraisers in good standing in their home States; and

3. Provide ASC staff a copy of the procedural or other changes taken to comply with the above items.

- **The Commission and Department did not investigate and resolve all complaints in a timely manner as required by ASC Policy Statement 10.**

Under Title XI and ASC Policy Statement 10E, States need to investigate and resolve complaints in a timely manner. Complaint resolution generally should occur within one year of complaint receipt. At the time of our field review, three cases had been outstanding for more than one year. Although the cases were in the Attorney General's office and progress was being made, resolution needs to be achieved as quickly as possible.

To address this concern, the Commission needs to ensure that complaints are investigated and resolved in compliance with ASC Policy Statement 10 E's one year time frame.

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
Chairman

cc: Christopher A. Italia, Chairperson
Connecticut Real Estate Appraisal Commission