

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

August 13, 2007

Mr. Jerome Farrow, Chair  
 District of Columbia Board of Real Estate Appraisers  
 Department of Consumer and Regulatory Affairs  
 941 North Capitol Street, N.E., Suite 7W50  
 Washington, DC 20002

Dear Mr. Farrow:

Thank you for the cooperation of the Board of Real Estate Appraisers (“Board”) and the assistance of the Department of Consumer and Regulatory Affairs (“Department”) and Promissor during the Appraisal Subcommittee’s (“ASC”) May 2-3, 2007 field review of the District of Columbia’s (“District”) real estate appraiser regulatory program (“Program”).

Based on our review, the District needs to resolve one long-standing concern 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”).

- **The Board failed to investigate and resolve complaints in a timely manner.**

As in our previous field reviews, we again found that most complaint cases have been outstanding for more than one year, thus failing to comply with ASC Policy Statement 10 regarding prompt, effective complaint investigation and resolution.

The following table summarizes complaint information from recent years.

Field Review Cycle	Complaints Received	Complaints outstanding	Complaints outstanding more than 1 year
June 2004	39	32	30 (94%)
May 2005	2	34	32 (94%)
March 2006	2	34	32 (94%)
May 2007	5	35	33 (94%)

We were pleased to see that the changes implemented in late 2005, particularly the use of contract review appraisers, have had a positive effect on the complaint process. We noted an improvement in file documentation, specifically the investigative reports prepared by the contract reviewer. In addition, the Board and staff appear to have improved their working relationship with the Office of the Attorney General.

Despite these improvements, the Board closed only four complaints since our previous review, leaving 33 of 35 cases outstanding for more than one year. Except for one case, these cases have been outstanding for two or more years.

We understand that the staff and prosecuting attorney conducted hearings on 11 of the 33 aged cases in January and February 2006, and referred them to the Administrative Law Judge (“ALJ”) for disposition. We also understand that the ALJ who heard the cases in 2006 left his position without issuing findings of fact and conclusions of law. Responsibility for the cases changed hands several times before being assigned to the current ALJ. At the time of our field review, this ALJ had not taken any action on the cases.

We also understand that the remaining 22 aged cases have been reviewed by the contract reviewers and await action by the Board. The Board needs to take appropriate action as expeditiously as possible.

Under ASC Policy Statement 10 E, State appraiser regulatory agencies need to investigate and resolve complaints on a timely basis. Decisions regarding complaints should occur within one year of the complaint filing. The Board and Department need to pursue resolution with the new ALJ.

To address this concern the Board needs to:

1. Within 60 days from the date of this letter, provide the ASC with a written plan to resolve the aged cases expeditiously, including how the Board will obtain opinions from the ALJ assigned to hear the cases;
2. Immediately begin action on the complaints that have been investigated by the contract review appraisers; and
3. Continue to submit monthly complaint logs to ASC staff reflecting the current status of all outstanding complaints.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time or the receipt of your response, we consider this 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 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 any questions.

Sincerely,

Virginia M. Gibbs  
Chairman

cc: Clifford Cooks, Program Manager  
Patsy Lockett, Program Officer