



District of Columbia Real Estate Appraisers Board

December 27, 2005

Mr. Ben Henson
Executive Director
Appraisal Subcommittee
Federal Financial Institutions
Examination Council
2000 K Street, NW, Suite 310
Washington, DC 20006

Dear Mr. Henson:

Thank you for the opportunity to update you and the Subcommittee regarding the concerns expressed in your November 17, 2005 letter. I would like to assure you that the D.C. Real Estate Appraisers Board (Board) takes your comments very seriously and will continue to work towards actively addressing all the issues. We believe that we have taken definitive steps in each area to see that the issues are not only resolved but also done so in a manner that should prohibit future relapses. Below is a description of the actions taken thus far regarding each point. We look forward to having an opportunity to demonstrate to you and your staff, the progress made in each area during the March 1315, 2006 field review.

DISCUSSION of CONCERNS and NECESSARY ACTIONS

Concern: The Board has been unable to attain a quorum on a regular basis, which has seriously undermined substantive portions of the District's Program. While the Board resumed its meeting schedule, a statutory amendment restructuring the Board's composition must be adopted to effect a more lasting change.

Necessary Action: Please ensure that the Board and/or the Department provide Vicki Ledbetter of our staff weekly updates via Internet email regarding the status of this legislation, beginning with your receipt of this letter. After the amendments adoption, we expect the Department and the Board to adopt any necessary implementing regulations on an emergency basis. We encourage you to solicit the assistance of Director Collins, who offered his help during our November 2004 meeting, to facilitate movement of the amendment through the Council and, if necessary, through the rulemaking process that would follow.

Response: The proposed statute was introduced and referred to the Committee on Consumer and Regulatory Affairs on December 6, 2005. This Committee is chaired by Councilmember Jim Graham. We have had regular conversations with Councilmember Graham's Legislative staff in order to respond to any questions or provide clarification on any parts of this legislation as necessary. We contacted Councilmember Graham's office on Friday, December 22, 2005 and was told that the Councilmember has requested that all three pieces of the legislation (emergency, temporary and permanent) be agendaized for the January 4th Legislative Agenda. (Copy attached). Although the rules have been drafted, we cannot introduce them until after the Statute is signed.

Vickie can log onto www.dc.council.washington.dc.us and click on legislation to receive updates on the legislation as often as she likes. The Bill numbers are Bill 16-0522, the "Non-Health Related Occupations and Professions Licensure Emergency Amendment Act of 2005"; Bill 16-0523 "Non-Health Related Occupations and Professions Licensure Temporary Amendment Act of 2005"; and Proposed Resolution 16-0525, the "Non-Health Related Occupations And Professions Licensure Emergency Declaration Resolution Act of 2005."

We will email Vicki with a status update the week of January 4th legislative session. We will also provide a monthly report regarding the legislation after the 4th along with the monthly complaint log.

Concern: The District does not investigate and resolve complaints against appraisers in a timely manner.

As directed in our August 19, 2005 follow-up review letter, the Board/Department has been providing us with complaint logs on a monthly basis. You, however, have failed to address any of the other curative steps listed in our August 18th letter. Your October 3, 2005, letter only detailed the status of the now 42 cases received by the Board. Based on a November 7, 2005, email from the Program.

Necessary Actions: Please continue sending us monthly complaint logs. Also, in a written response to us by December 31, 2005, please address in detail:

- a. What formal complaint investigation and resolution procedures have been developed and implemented?
- b. What resources you are devoting to the complaint investigation process to elimination the backlog of aged cases; and
- c. What changes have been implemented to ensure a close working relationship between the Board, Department, and AG Office to ensure that adequate documentation and support is provided to the Attorney General to facilitate necessary actions.

Response: Attached is the December log for your review. Significant actions include the following:

- According to our review we have forty two (42) complaints.
- As of December 1st, thirty three (33) of the forty two (42) complaints had been assigned to our Appraiser reviewers; one out of the forty two (42) accepted the consent order, twelve of the forty two have been assigned hearing dates; six are awaiting Board direction; five have been sent to corporation council for charges and specifications, and nine are still being investigated and, of the nine (9) two have been closed (one deceased, one revoke, and seven no violations).
- In regards to our formal complaint procedures, the Appraiser Board is required to follow the process as outline by law in Chapter 33 section 3314 Complaints and Investigation of our Administrative procedures Act. The Board may not deviate from the complain procedures prescribed by the regulations.

The Board has addressed the issue of the investigative process by instituting the following procedures:

- Securing the resources to hire contract investigators that are real estate appraisal professionals.
- Distributed the request for proposal to all DC appraisers and reviewed responses and selected reviewers in August.
- Entering into annual agreement with three individuals in September 2005 which call for them to (review the appraisal in question, visit the property and comparables if necessary, serve as an expert witness if it goes to hearing. etc., prepare written report).
- The Board distributes cases to those individuals and requesting responses within one month.
- As the reports come in staff prepare them for monthly Board meeting.
- The reviewer come in and discuss findings and recommendations in detail
- The Board acts on investigation usually at same meeting. The report is sent to Attorney General Office.
- The Attorney General assigns one or two attorney's in the office on the cases – and our staff work very closely with any necessary follow up.
- The first of the backlog of cases have been returned and we have not received any new cases.
- The Department has assigned a liaison to the Office of Administrative Hearing to improve the process between the two Agencies.
- So far the first set of backlog cases that we have forwarded to them have been assigned hearing date.
- The new process includes the Administrative Judge calling us to set up a telephone conference with the appraiser.
- The Appraiser at that time has to decide whether they want a hearing or want to settle the case.

Concern: The District's temporary practice fee is not consistent with ASC Policy

Statement:

Necessary Action: The temporary practice fee is not established by statute. It appears that you intend to incorporate the temporary practice fee change into an "omnibus" rule package that would address all rule changes needed to implement the legislation discussed previously. That approach is unnecessary and unacceptable. The temporary practice fee must be lowered to \$150.

Response: Effective January 1, 2006, the temporary practice fee will be lowered to the recommended fee of \$150. We will send you a copy of the application materials that reflect that change in January.

Concern: The Statute and/or regulations do not conform to the AQB certification criteria changes. According to your October 3, 2005 response, the curative legislation is included in the proposal submitted on September 27, 2005, to the Mayor's office.

Necessary Action: As noted regarding concern #1 addressed in this letter, please provide Vicki Ledbetter of our staff weekly updates via Internet email regarding the status of this legislation, beginning with your receipt of this letter. After the amendments adoption, we expect the Department and the Board to adopt any necessary implementing regulations on an emergency basis.

Response: See response #1.

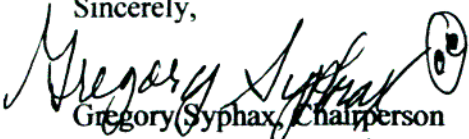
Concern: The District experienced problems with automated credential renewals, relying on appraiser affidavits for continuing education.

In our August 18th letter, we directed the Board and Department to take certain action regarding three appraisers who failed the continuing education affidavit audits. In your October 3, 2005 response, you reported that the three appraisers were put on Inactive status on the National Registry and in the Department's licensing system. In September 2005, the Board voted to discipline the individuals and will seek a consent order including a 90-day suspension and \$1,500 fine for the certified general appraiser. The Board also will discipline the two licensed appraisers. In addition, the Board and Department developed a process for the February 2006 on-line credential renewal cycle that appears consistent with ASC Policy Statement 10.

Necessary Actions: During our March 2006 field review, we will work closely to analyze how these procedures worked during the February 2006 renewal cycle, and we will evaluate your actions regarding the three non-compliant appraisers discussed above.

Response: In general the renewals are going very well on line. We instituted the process as submitted to you in October, 2005. As usual we look forward to your staff March 2006 field review.

Sincerely,


A handwritten signature in black ink, appearing to read "Gregory Syphax". The signature is written in a cursive style and is positioned to the left of a circular stamp.

Gregory Syphax, Chairperson
D.C. Real Estate Appraisers Board

cc: The Honorable Anthony A. Williams, Mayor
Ronald Collins, Director, Office of Boards and Commissions

Attachments

COMMITTEE ON CONSUMER AND REGULATORY AFFAIRS
COUNCIL OF THE DISTRICT OF COLUMBIA
COUNCILMEMBER JIM GRAHAM, WARD 1

TO: LINDA CROPP, CHAIRMAN
FROM: COUNCILMEMBER JIM GRAHAM 
SUBJECT: REQUEST TO AGENDIZE EMERGENCY AND TEMPORARY LEGISLATION
DATE: 12/21/05
CC: ALL COUNCILMEMBERS; SECRETARY TO THE COUNCIL; BUDGET DIRECTOR; GENERAL COUNCIL

The purpose of this memorandum is to request that you agendize the following items, which I append for your information, for consideration at the January 4, 2006 legislative meeting:

- **Bill 16-0522, the "Non-Health Related Occupations And Professions Licensure Emergency Amendment Act Of 2005";**
- **Bill 16-0523, the "Non-Health Related Occupations And Professions Licensure Temporary Amendment Act Of 2005"; and**
- **Proposed Resolution 16-0555, the "Non-Health Related Occupations And Professions Licensure Emergency Declaration Resolution Of 2005".**

On December 2, 2005, you introduced this emergency and temporary legislation, together with the permanent bill, on behalf of the Mayor. The proposed legislation is designed to address issues concerning the Board of Real Estate Appraisers and the Board of Accountancy, as well as regulatory issues wider the purview of these two Boards and the Board of Real Estate.

Specifically, the emergency measure would allow the Board of Real Estate Appraisers' to comply with the minimum regulatory requirements set forth by the federal government **Noncompliance will result in the suspension of federal certification of District of Columbia Appraisers.**

The legislation also reinstate the Appraisal Education Fund, which was eliminated when the Council repealed the "District of Columbia Real -Estate -Appraisers Act-of 1990" through the "Non-Health Related Occupations and Professions Licensure Act of 1998". **This fund, and the monies associated with it, are critical to ensure that Real Estate Appraisers have the ongoing professional education to satisfy minimum District and federal requirements.**

This emergency legislation would also change the composition of the Board to four Certified Public Accounting members, from what are currently three CPA members, as well as eliminate the registration requirement for "Public Accountants," because **Public Accountants are no longer an active class of licensees in the District.**

This emergency legislation would also bring District regulation of Certified Public Accountants and Certified Public Accounting firms in line with surrounding jurisdictions. **This will ensure that the District can continue to benefit from reciprocity agreements with these jurisdictions.**

Finally, the emergency would amend the Real Estate license law to clarify the definition of "person" for licensing purposes. **This will prevent corporations and other entities from avoiding District licensing requirements through an exemption meant for natural persons who manage their own real property.**