

Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 16, 2008

Mr. Francois K. Gregoire, Chairman
 Florida Real Estate Appraisal Board
 Division of Real Estate
 Department of Business and
 Professional Regulation
 400 W. Robinson Street, Suite N801
 Orlando, FL 32801

Dear Mr. Gregoire:

Thank you for the Florida Real Estate Appraisal Board's ("Board") and the Department of Business and Professional Regulation's ("Department") cooperation and assistance in the November 30 through December 5, 2007 Appraisal Subcommittee ("ASC") review of Florida's real estate appraiser regulatory program ("Program"). Based on our review, Florida has made significant progress since our previous field review towards attaining substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). As discussed below, Florida is very close to remedying the last outstanding concern from previous field reviews.

- **Florida's complaint investigation and resolution program did not comply with Title XI and ASC Policy Statement 10.**

Florida's complaint investigation and resolution process did not comply with Title XI and ASC Policy Statement 10 E. because complaints were not investigated and resolved in a timely manner. ASC Policy Statement 10 E. provides that State appraiser regulatory agencies need to process complaints on a timely basis and that, absent special circumstances, final State administrative decisions regarding complaints should occur within one year of the complaint filing date.

The following table summarizes Florida's complaint statistics:

Field Review or Follow-up Review	Complaints received	Complaints outstanding	Complaints outstanding more than 1 year
April 2001	914 (305/yr.)	Unknown	Unknown
April 2004	923 (308/yr.)	452	232 (51%)
October 2005	752 (501/yr.)	388	145 (37%)
Nov/Dec 2006	578 (533/yr.)	357	169 (47%)
Nov/Dec 2007	645 (645/yr.)	377	48 (13%)*

* The total number and percentage of aged cases was 64 and 17%. Sixteen of the aged cases were complex mortgage fraud schemes involving the involvement of other State and Federal agencies. As such, those cases fall within ASC Policy Statement 10 E.'s special documented circumstances exception.

We cited the State for this deficiency in our 2004, 2005, and 2006 field review letters and our 2005 follow-up review letter. During our 2006 field review, we found that Florida improved the investigation process. All but four of the aged complaints had been completely investigated and referred to legal staff. The Department hired two additional full-time attorneys dedicated to the Program, bringing to four the number of attorneys dedicated to the Program. At the time of our 2006 field review, the benefits from the increased legal resources had not become apparent because of staff turnover.

During the current field review, we found that Florida had taken additional steps to improve its complaint investigation and resolution program. The Department refined the complaint investigation and resolution process by mapping out each step of the process and then streamlining it to be the most efficient. The Department hired two additional investigators and one additional attorney. Also, the Department put into place a three-year training program for all Program employees. Recently, 50 Florida staff members took the 15-hour National Uniform Standards of Professional Appraisal Practice course. In March, the same staff is scheduled for 60 hours of basic appraisal courses.

ASC staff found that these steps resulted in continued progress towards improving the timeliness of complaint investigation and resolution. As noted above, Florida reduced the number of aged outstanding cases from 169 to 48, recognizing that an additional 16 cases pertain to complex fraud cases. At the time of our review, all of the complaints outstanding for more than one year had been investigated and were awaiting settlement or hearing. While Florida has made progress, we encourage Florida to continue its efforts to reduce the complaint backlog.

Please respond to our findings and recommendations within 60 days following the receipt of this letter. Until the expiration of that 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: Holly Benson, Secretary, DBPR
Thomas O'Bryant, Jr., Director, Division of Real Estate
Beverly Ridenauer, Regulatory Specialist