



STATE OF FLORIDA  
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

June 21, 2005

JUN 24 2005

Florida's Future...  
**DBPR**  
*Right Here,  
Right Now.*

Jeb Bush  
Governor

Diane Carr  
Secretary

Ben Henson, Executive Director  
Appraisal Subcommittee  
2000 K Street NW, Suite 310  
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Dear Mr. Henson:

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Thank you for taking the time to visit our state to discuss Florida's real estate appraiser regulatory program. We also would like to thank Denise Graves, Appraisal Subcommittee (ASC) Policy Manager, for her recent follow-up review. Subsequent to the follow-up review on February 15 & 16, 2005, the Department (DBPR) has completed the following actions:

- The pre-certification education audit was completed by the March 31, 2005, deadline, with the exception of 3 licensees.
- The experience audit was completed by the March 31, 2005, deadline.
- The continuing education (CE) audit was completed by the March 31, 2005, deadline.
- The USPAP audit was fully underway as of the March 31, 2005, deadline.
- Division of Real Estate (DRE) staff continues to provide the ASC a quarterly enforcement log.
- The legal staff continues making strides in reducing the backlog.

**Recommended Actions and Current Status**

- ▶ The Department's process for issuing initial appraiser certifications does not have a reliable means of validating qualifying education and experience claims of applicants.

DBPR has implemented a new review process for all applications. Beginning April 30, 2004, the Bureau of the Central Intake Unit (CIU) began requiring proof of course completion prior to application approval. DRE staff has trained CIU staff to accurately review appraiser experience logs. Effective February 23, 2005, all applicants are required to submit an experience log for review and verification of appraisal experience.

To address the concerns of the ASC regarding education and experience claimed prior to the implementation of the above-mentioned changes,

DBPR performed a pre-certification education audit and an experience audit.

**Pre-certification education audit**

- Provided to the ASC a list of certifications issued after August of 2001.
- Audited a random 10 percent sampling of all certifications issued between February of 2002 and April of 2004.
- Proof of the education claimed by the notarized affidavit submitted with the application was required to be submitted by 129 licensees.
- DRE completed the audit by March, 31, 2005, with the following exceptions:
  - o Staff continued to work with three licensees and their course providers to obtain the required proof of education. One licensee has since come into compliance and Notices of Non-Compliance ("NNC") were issued to the other two licensees requiring them to provide proof of enrollment and course completion.
- The education audit resulted in 125 licensees in compliance, two NNC's, and two cases pending legal action.

**Experience audit**

- Provided the ASC with a list of certifications issued after August of 2001.
- Audited a random 10 percent sampling of all certifications issued between August of 2001 and August of 2004.
- An experience log proving the experience claimed by the notarized affidavit submitted with the application was required of 151 licenses.
- DRE completed the audit by March 31, 2005.
- The experience audit resulted in 136 licensees in compliance and 15 cases pending legal action.

► **The Department has no reliable means of validating continuing education claims of appraisers applying to renew certified credentials.**

DBPR has implemented a 100 percent CE monitoring system which requires course providers to electronically report all course completions to the department. A licensee is unable to renew his or her license if the required CE credits are not reflected in our database. The 2004 appraisal renewal was the first renewal period to utilize this technology; therefore, no appraisers were allowed to renew without the proper education.

**CE audit**

- Provided the ASC with a list of certifications renewed within the 2000 to 2002 renewal period.
- Audited a random 10 percent sampling of all certifications renewed in 2002.
- DRE and the Bureau of Education & Testing (BET) completed the audit by March 31, 2005.
- Of the 440 licensees audited:
  - o 427 are in compliance
  - o 20 have been issued a NNC

- 3 cases are pending legal action
- 1 licensee filed a Consent to Cancel License form
- 9 licensees are deceased

- ▶ Florida had not adopted the AQB criteria that became effective January 1, 2003.

15-hour National USPAP

At the time of the February 16, 2005, follow-up review, the department had not taken any steps to verify completion of the required 15-hour National USPAP.

The ASC required all certified appraisers to present proof of the required USPAP course. Appropriate action will be taken by DRE on all licensees not found to be AQB compliant by July 15, 2005.

Thus far the division:

- Submitted a list of all certifications issued on or after January 1, 2003.
- Continues to verify completion of the 15-hour National USPAP course for 100 percent of all certifications issued on or after January 1, 2003.
- A total of 672 licensee files were reviewed to verify education. If the USPAP course was not included in the application package, letters were mailed to the licensee requesting proof.
- By July 31, 2005, DRE will identify all certifications failing to conform to the AQB criteria and action will be taken. The current status of the 15-hour USPAP audit is:
  - 647 licensees in compliance
  - 2 cases pending legal action
  - 3 NNC's issued
  - 11 licensees provided proof of course enrollment
  - 9 cases pending review and evaluation
- DRE will submit a detailed report to the ASC no later than August 15, 2005.

7-hour National USPAP update

The completion of the required 7-hour National USPAP update course for the 2004 renewal was assured by the implementation of 100 percent CE monitoring.

- ▶ Given the substantial backlog of complaint cases, Florida's complaint investigation and resolution process does not comply with ASC Policy Statement 10.

DRE's Complaint Section has implemented a new process which identifies and immediately assigns all incoming appraisal complaints upon receipt. Investigations shall be completed within 6-months or less and assigned to an attorney. DRE now has two full time attorneys dedicated to appraisal prosecution. The goal is to maintain consistent appraisal case resolution and to eliminate the backlog. DRE will continue to provide a quarterly enforcement report to the ASC.

**Florida's regulations and approval process for distance education courses are not consistent with AQB criteria.**

DBPR and BET worked with all Florida course providers to assure all distance education courses received the required approval of their delivery methodology by the International Distance Education Certification Center (IDECC).

▶ **Temporary practice permits are not issued within five business days as prescribed by ASC Policy Statement 5.**

Temporary practice permits are now being issued within five business of receipt.

▶ **New Development – Extension of November 30, 2004, Credential Expiration Date**

As a result of the 100 percent CE monitoring, it became apparent to the department that a large number of licensees could not meet the renewal deadline for reasons ranging from non-reporting providers to those who had taken distance education courses that had not received the proper IDECC approval. DBPR chose to extend the November 30, 2004, expiration date to April 15, 2005.

- The ASC agreed to recognize all non-IDECC approved courses taken by licensees on the condition that the courses were later granted IDECC approval.
- DBPR submitted a registry file which reflected the renewed date of November 30, 2006 for all AQB compliant licensees; the file would reflect April 15, 2005 for all licensees without the required AQB compliant education.
- Paper credentials were issued to all licensees correctly reflecting the expiration date of either November 30, 2006 or April 15, 2005.
- All appraisers with an invalid November 30, 2006, expiration date met the required education on or prior to April 15, 2005.

I trust that the information in this letter serves to assure you of Florida's commitment to total compliance. I am confident that the field review, scheduled for September 27 & 28, 2005, will reveal a serious concentrated effort by the Department and the Florida Real Estate Appraisal Board to ensure that Florida is in compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Sincerely,



Diane Carr

DC/awd

cc: Jay Small, Chairman, Florida Real Estate Appraisal Board  
Andy Edwards, Deputy-Secretary, DBPR  
Michael Martinez, Special Counsel, DBPR  
Elizabeth Vieira, Director, DRE