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Appraisal Subcommittee

Federal Financial Institutions Examination Council

November 3, 2005

Ms. Karen Oberman, Chair
Iowa Appraiser Examining Board
Professional Licensing Division
1920 S.E. Hulsizer Road
Ankeny, IA 50021-3941

Dear Ms. Oberman:

Thank you for the Iowa Appraiser Examining Board's ("Board") cooperation and assistance in the September 14-15, 2005 Appraisal Subcommittee ("ASC") review of Iowa's real estate appraiser regulatory program ("Program"). As discussed below, Iowa needs to address two deficiencies to bring the Program into full compliance with Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI").

- **Iowa issued certified appraiser credentials supported by examination results that were more than two years old, which is inconsistent with AQB criteria.**

In April 2000, the AQB issued an Interpretation to its criteria specifying that the results from an examination were not valid for more than two years. The AQB made this Interpretation effective July 1, 2000. Both the AQB and the ASC sent letters to all States in 2000 to make them aware of the Interpretation and the need for States to conform their operations to the Interpretation. Iowa failed to do so.

While on site, we reviewed records of 40 appraisers certified between November 2003, and July 29, 2005. We identified four persons who apparently were issued certified credentials based on outdated examination results. Excluding certifications issued via reciprocity, the Board issued approximately 175 certified credentials since July 1, 2000, that might be based on outdated examination results.

To address this concern, the Board needs to:

1. Identify and review its records regarding all certifications, other than reciprocal certifications, issued since July 1, 2000;
2. Within 30 days of receipt of this letter, determine whether the examination used to support each certified credential was passed more than 24 months prior to issuance of the credential;
3. Require all certified appraisers identified in step two to successfully complete the appropriate examination within 90 days from the Board's receipt of this letter;
4. Take the necessary steps to downgrade to the associate level any certified appraiser who fails to take or pass the appropriate examination within the 90-day period. Alternatively, the Board could recall existing certifications and over stamp them with wording similar to "Not eligible to appraise federally related transactions." In this case, the appraiser's status on the National Registry would be changed from "Active" to "Inactive";
5. Within 120 days of receipt of this letter, submit to the ASC a spreadsheet listing by

- name and credential number the appraisers identified in step 1; whether the certified credential was issued within 24 months of the appraiser having taken the examination; what action is being taken regarding each appraiser whose credential was based on examination results more than 24 months old; and
6. Refrain from issuing appraiser credentials that rely on outdated examination results.

- **Iowa did not maintain documentation to support the decision-making process for education course approvals or disapprovals.**

The Board's Executive Officer reviews all qualifying and continuing education course offerings and makes recommendations to the Board regarding their approval. The Board, however, did not maintain documentation supporting the decision-making process.

While on site, we reviewed the Program's approved course list for qualifying education and continuing education. We identified six continuing education courses that appeared inconsistent with the AQB criteria's provision that, "the purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his/her skill, knowledge and competency in real estate appraising." These courses were: Ethics, #502; Ethics, #926; CMA's for the Next Millennium, #942; Advanced CMA's for the Next Millennium, #947; Exceptions to the Rules, #502; and Neighbor vs. Neighbor/Real Estate Disputes, #502. Subsequent to our field review, the Executive Officer provided us with outlines for some of these courses. Those outlines, however, did not contain sufficient information substantiate their compliance with AQB criteria.

To document whether these six courses meet AQB criteria, the Board needs to obtain the necessary documentation to support their compliance. Should the Board determine that any of the courses fail to meet AQB criteria, the Board would need to rescind approval. Finally, the Board must retain copies of all material supporting Board decisions to approve or disapprove educational courses.

Unless otherwise noted above, 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: Susan Griffel, Executive Officer