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Appraisal Subcommittee

Federal Financial Institutions Examination Council

June 12, 1998

Ed Morse, Chairman
Idaho Real Estate Appraisers Board
Owyhee Plaza
1109 Main Street, Suite 220
Boise, ID 83702-5642

Dear Mr. Morse:

Thank you for your cooperation and your staff's assistance in the May 20-21, 1998 Appraisal Subcommittee ("ASC") review of the Idaho Real Estate Appraisers Board ("Board") and appraiser regulatory program ("Program").

Our review revealed that, in most respects, the Program is efficient and well operated. Several areas, however, need attention. We are pleased that the Board had identified most of these areas before our review and was addressing them.

- **Complaints are not investigated and resolved in a timely manner.**

The Board received 44 complaints in 1996, 16 of which were open at the time of our review. Of 32 complaints received in 1997, 27 remained open. And, all eight complaints received in 1998 were open. One full-time investigator is assigned to investigate complaints received by the Board and several other boards within the Bureau of Occupational Licenses. This single investigator has not been able to handle the complaint investigation workload. We are pleased that the State recently authorized the Board to hire two more investigators and the hiring process is underway. The addition and training of these two investigators should help resolve the complaint investigation backlog.

The Board uses volunteer appraisers, called "Pro Reviewers," to review appraisal reports as part of the complaint process. We do not believe that the Board provides adequate guidance or direction to the Pro Reviewers. This lack of direction has led to incomplete or inaccurate reviews, which has contributed to significant delays in the complaint resolution process. The Board should formalize its program for Pro Reviewers, including the establishment of pre-qualification standards. Pro Reviewers need to be provided with written guidelines and instructions for completing reviews (including time frames for completing reviews) and processing/handling reviews once they are completed.

- **The Board's regulations (Administrative Code) contain provisions that do not conform to the Appraisal Qualifications Board's ("AQB") criteria.**

The Board's regulations provide educational credit for "challenging" a course without attending the course and experience credit for teaching courses. These practices are not recognized in the AQB's criteria for certified residential and certified general classifications. The Board must amend its regulations to eliminate these practices.

Regulations, effective July 1, 1998, will require an associate college degree for a Licensed Residential and Certified Residential classifications and a four-year college degree for a Certified

General classification. Also, the regulations require more experience hours (3,000 in 36 months) to qualify for the Certified Residential classification than those required by the AQB (2,500 hours in 24 months); and a longer time period (3,000 hours in 36 months) to qualify for the Certified General classification than that required by the AQB (3,000 hours in 30 months). While the Board may establish minimum standards that exceed the AQB criteria, the Board cannot apply such “supplemental standards” when awarding temporary practice permits. During our review, we found that temporary practice applicants have been awarded temporary practice permits if they meet the AQB minimums. For Board requirements that exceed the AQB minimums, the Board must continue to ensure that these additional requirements not hinder temporary practice.

Idaho has entered into one reciprocal agreement (with Wyoming) because appraisers from other States do not meet Idaho’s higher standards (college degree and/or experience). The Board should consider amending its regulations to match the AQB minimum criteria for certified and licensed appraisers. For Board requirements that exceed the AQB minimum, we encourage you not to allow these additional requirements to hinder reciprocity between Idaho and other States.

- **Board regulations do not conform to ASC Policy Statement 5 - Temporary Practice.**

The Board’s regulations limit temporary practice permits to four months and do not provide for extensions. ASC Policy Statement 5, in part, provides that limiting the valid time period of a temporary practice permit to less than six months after its issuance date or not providing a temporary practitioner with an effortless method of obtaining an extension is burdensome. The Board must amend its regulations to provide that temporary practice permits are valid for at least six months and may be extended easily at least once.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time 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.

If you have any questions, please do not hesitate to contact us.

Sincerely,

Herbert S. Yolles
Chairperson