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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

December 12, 2005

Nicholas Rhoad, Director  
Indiana Real Estate Appraiser Licensure and Certification Board  
Indiana Professional Licensing Agency  
402 W. Washington Street, Room W072  
Indianapolis, IN 46204

Dear Mr. Rhoad:

Thank you for your letter of October 20, 2005 regarding the Appraisal Subcommittee's ("ASC") October 5, 2005 field review response. We will address each of our concerns as identified in our July 18, 2005 field review letter below.

- **Indiana's complaint investigation and resolution process does not comply with ASC Policy Statement 10.**

You stated that Indiana's complaint investigation and resolution process falls under the Indiana Attorney General's jurisdiction, and that the Attorney General would respond separately to our October 5<sup>th</sup> letter. It, however, appears that we already received that response. On September 23, 2005, we received a September 18, 2005 letter from Sheila O'Bryan McGrath of that office. Indeed, we responded in detail to Ms. McGrath's letter in our October 5<sup>th</sup> letter. We continue to encourage the Indiana Real Estate Appraiser Licensure and Certification Board ("Board") to work closely with the Attorney General office regarding this concern. Furthermore, should we not see substantial improvement in this area by the time of our 2006 field review, ASC staff will recommend that the ASC consider initiating a non-recognition proceeding against Indiana.

- **The Board does not process temporary practice permits in accordance with Title XI and ASC Policy Statement 5.**

Thank you for informing us via Internet email that Indiana no longer requires temporary practitioners whose assignments take longer than six months to obtain and pay for new temporary practice permits covering the same assignments. In addition, you advised us that Indiana now allows temporary practitioners to apply in writing for one easy permit extension at no additional fee.

In your October 20<sup>th</sup> letter, you attached proposed amendments to your regulations that, if adopted, would extend the time period of temporary practice permits from six months to a maximum of one year, depending on the length of the assignment. While this change is consistent with ASC Policy Statement 5, we note that the proposed amendments did not include language relating to providing easy extensions at no cost. Please ensure that the amendments, as adopted, accomplish those results. Also, it is important that these amendments are adopted expeditiously. Please keep us informed about their status in the rulemaking process. In addition, please promptly provide us with a copy of the amendments once they are adopted.

- **Indiana accepts affidavits to support continuing education without a reliable means of validation, inconsistent with ASC Policy Statement 10 F.**

We are in receipt of the results of your continuing education audit. We understand that of the 151 certified appraisers audited, 17 (11%) failed to provide proof of compliance with continuing education requirements. Those 17 cases have been forwarded to the Office of the Attorney General for possible disciplinary action. We further understand that once disciplinary actions are taken regarding these appraisers, you will forward copies of the relevant orders so that we can include that information on the National Registry.

Because 11% of the audited certified appraisers failed to provide proof of compliance with the AQB criteria's continuing education requirements, Indiana must take appropriate remedial action to address the apparent weakness of its affidavit process. ASC Policy Statement 10 F. states, in part, that, "if a State determines that more than ten percent of the audited appraisers failed to meet the AQB Criteria, the State must take remedial action to address the apparent weakness of its affidavit process. Possible actions could include: auditing the affidavit submissions of every certified appraiser in the renewing population; abandoning the affidavit process; and/or prominently publishing the names of appraisers failing the audit to improve deterrence. The ASC will determine on a case-by-case basis whether remedial actions were effective and acceptable."

Please provide us, by December 23, 2005, a plan regarding how you propose to address this situation. We will review your proposal and notify you promptly about whether the plan appears effective and acceptable, or whether other remedial actions will be necessary.

- **Indiana does not submit disciplinary action data to the ASC for inclusion in the National Registry.**

In your October 20<sup>th</sup> letter, you stated that you now will be forwarding all disciplinary actions on a timely basis to the ASC via Internet email. That action, if effectively implemented, will solve this problem and ensure compliance with ASC Policy Statement 9.

This letter and any other correspondence between you and the ASC regarding this field review are now publicly available on our Web site.

Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director

cc: Greg Zoeller, Chief Deputy  
Indiana Office of the Attorney General

David Stewart, Deputy AG  
Indiana Office of the Attorney General

Mr. Brian F. Conley, Chairperson  
Indiana Real Estate Appraiser Licensure and Certification Board

Sheila O'Bryan McGrath, Director and Chief Counsel  
Indiana Office of the Attorney General

Wade Lowhorn, Deputy Director  
Indiana Professional Licensing Agency