

Ernie Fletcher
Governor

JUN 5 2007



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Kentucky Real Estate Appraisers Board

May 30, 2007

Ms. Virginia M. Gibbs, Chair
The Appraisal Subcommittee
2000 K Street, N.W., Suite 310
Washington, DC 20006

Dear Ms. Gibbs:

On behalf of the Kentucky Real Estate Appraisers Board and staff, I thank The Appraisal Subcommittee ("ASC") Policy Managers for their professional and cooperative assistance during the Kentucky Board field review in January 2007.

Your letter, dated April 20, 2007, listed two areas for corrective action the Kentucky Board should address and correct for bringing the Kentucky Program into substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI").

The following lists the two items in bullet form, followed by the specific "ASC" request for action by number, followed by the Board statement of corrective "*action*" for each of the numbered items:

- **Kentucky's complaint investigation and resolution program does not comply with Title XI and ASC Policy Statement 10 E. because complaints are not investigated and resolved in a timely manner.**
 1. Eliminating delays in complaint investigation and resolution when subsequent complaints are filed against an appraiser already subject to complaint investigation;

Action: The Board has directed the staff and legal counsel that from the date of the review response no case, prior, current, or future, will be delayed for any reason other than a mandate or order by a judicial action, a State or a Federal law, regardless of the number of pending complaints for an individual credential holder.



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2. Not suspending the complaint investigation and resolution process because of: (a) pending civil actions arising out of the same facts and circumstances; or (b) existing or potential criminal actions arising out of the same facts and circumstances, unless a delay in processing is necessary to guarantee the respondent due process under Federal or State law;

Action: As noted in item 1 above, from the date of the review letter no delay will be permitted unless there is a pending judicial order or a reason under State or Federal law. All complaint actions will be immediately dealt with in accordance with the Kentucky Attorney General's Division of Administrative Hearings schedule.

3. Completing the resolution of the 22 aged complaints as soon as possible;

Action: Since the date of ASC review the Board has successfully closed all but six of the twenty-two aged cases:

The cases that remain open, and their scheduled disposition, are:

CASE #	ACTION SCHEDULED
03-111, 06-01	Scheduled for hearing on July 17 and 18, 2007
02-75	Awaiting a hearing date from the Division of Administrative Hearings
03-82	Awaiting a hearing date from the Division of Administrative Hearings
04-63	Awaiting a hearing date from the Division of Administrative Hearings
04-14	Awaiting a hearing date from the Division of Administrative Hearings

4. Providing the ASC with a plan to resolve the aged cases expeditiously. That plan needs to specifically address ways to ensure that hearing officers are assigned promptly and hearing dates are set promptly when a continuance is granted.

Action: The Kentucky Board now contracts the services of an independent contractor for investigative services with instructions the contractor must employ a sufficient number of investigators under his/her direct supervision to ensure all complaints are investigated, and the completed investigation reports are submitted to the Board within a minimum of eight months (absent extenuating circumstances).

The Kentucky Board Executive Director has been directed to work with the Board Legal Counsel to ensure all complaints that cannot be resolved by agreed order, are ready for filing with the Division of Administrative Hearings no later than 10 months from the date of original complaint answer by the responding appraiser.

The Board also requested the Executive Director discuss the hearings process, and hearing schedules with the Division of Administrative Hearings. Based upon that discussion the Board received a pledge for fast track appointment of hearings when requested by the Board. The Attorney General's Office does recognize the importance of hearings being scheduled as soon as possible for both the best interest of federally regulated financial institutions, and for affording the respondents adequate due process under Federal and State laws.

Also, as a result of the review suggestions the Board further pledges to take whatever action necessary for having all cases, absent those delayed by judicial order or Federal and State laws, settled and closed within a reasonable time period of no longer than twelve months.



- Kentucky's previous policies and practices allowed a tax assessor to be granted a certified appraiser credential without documented conformance to Appraiser Qualifications Board ("AQB") experience criteria.
 1. Within 15 days from the date of this field review letter, send a letter to the appraiser who was issued an appraiser credential based on mass appraisal experience in 2002, requesting that the appraiser immediately submit the appropriate documentation to support the claim of experience;

Action: Upon receiving the ASC letter, the appraiser who was credentialed as a "Certified Residential Appraiser" was notified that the experience log and demonstration appraisal reports must be submitted using the Board's current experience log.

2. Within 45 days from the date of this letter, determine whether the appraiser has sufficient qualifying experience under the AQB certification criteria;

Action: The individual was most cooperative and submitted a current version of the experience log from which the Board can identify the specific property location, the steps completed in developing the opinion of value, the total number of hours for each assignment listed, and a signed/dated certification.

The individual also submitted copies of three residential appraisal reports that were reviewed by the KREAB staff and verified to contain the information required of all individuals who apply for Certified Residential Real Property credential in Kentucky.

3. If the appraiser fails to document the necessary experience, begin the necessary steps to downgrade that appraiser expeditiously to the licensed level. Provide to ASC staff the appraiser's name and credential number and instructions to list that appraiser on the National Registry as non-AQB compliant. Alternatively, the Board could recall the existing certification and conspicuously over stamp it with wording similar to "Not eligible to appraise federally related transactions." In this case, the appraiser's record on the National Registry would be changed from "Active" to "Inactive"; and

Action: No action is believed necessary for this item, based upon the response in 1 and 2 above.

4. Keep ASC staff advised about the status of this appraiser until the situation is resolved.

Action: The individual has complied with the Board request to complete the current experience log, and did submit demonstration reports for satisfying the Board expectation that appraiser candidates for credential demonstrate a basic understanding of the current methods and techniques for real property appraising. Therefore, it is believed that the Board has taken the steps necessary for resolving this issue in a satisfactory manner .

Notice: It must be noted that the Kentucky Board issued only one credential that was contrary to the experience log and demonstration reports that were required for initial credential applicants. Therefore, the issue was nonexistent as of the ASC review date; therefore, the matter can be considered settled in this one case, and will not be an issue in future cases, as exhibited by the current policy and experience requirements for all applicants.



Page 4 of 4

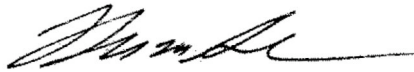
Ms. Virginia M. Gibbs, Chair
The Appraisal Subcommittee
May 30, 2007

The Kentucky Real Estate Appraisers Board takes great pride in striving to be totally compliant with all expectations of The Appraisal Subcommittee, the Policy Statements, and in demonstrating evidence of effective enforcement of Title XI and FIRREA in real property appraiser regulation.

Therefore, on behalf of the Board and staff I trust that you will find the above information sufficient to satisfy, and answer the concerns expressed.

If additional information is required or other questions exist, please direct all requests for information to me at the Board address.

Sincerely,



Russell Sloan
Chair

Cc: Larry Disney, KREAB Executive Director

File



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