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Appraisal Subcommittee

Federal Financial Institutions Examination Council

March 15, 2006

Mr. John Fowler, Chairperson
Maryland Commission of Real Estate
Appraisers and Home Inspectors
500 N. Calvert Street, Room 302
Baltimore, MD 21202

Dear Mr. Fowler:

Thank you for the cooperation and assistance of the Maryland Commission of Real Estate Appraisers and Home Inspectors (“Commission”) and Division of Labor, Licensing and Regulation (“Division”) in the February 13-14, 2006 Appraisal Subcommittee (“ASC”) review of Maryland’s real estate appraiser regulatory program (“Program”). Based on our review, Maryland needs to address one concern to bring the Program into substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”).

- **Maryland issued certified appraiser credentials to persons failing to document that their qualifying education conformed to Appraiser Qualifications Board (“AQB”) certification criteria and ASC Policy Statement 10.**

Maryland issued certified credentials from January 1, 2005, through February 14, 2006, relying on affidavits attesting to the required hours of education. Supporting documentation was not required or provided. Each affidavit identified the course title, name and location of course provider, date completed, instructor name, number of hours for each course, and the total number of education hours claimed. The Commission reviewed the affidavits to ensure the courses claimed had been Commission-approved and met AQB criteria.

At its August 2004 meeting, the ASC adopted new paragraph F. to Policy Statement 10 that, among other things, prohibits States from accepting affidavits for qualifying education to support the issuance of certifications. The new paragraph became effective date of January 1, 2005.

During the ASC field review, the Commission agreed to begin immediately requiring adequate documentation to support the qualifying education claimed by applicants for both licensure and certification. Shortly after the on-site portion of our field review, Commission staff provided ASC staff with a listing of 61 certified appraisers whose credentials were issued since January 1, 2005, and supported by affidavits.

To ensure compliance with Title XI and ASC Policy Statement 10 F., the Commission needs to:

1. Stop issuing certified credentials supported by education affidavits;
2. Within 30 days of receiving this letter, contact the appraisers who were issued

- certified credentials based on unsupported affidavits since January 1, 2005, and request education certificates or other documentation supporting their education claims;
3. Within 60 days of receiving this letter, review the education certificates or other documentation received in response to the Commission's request for documentation to determine whether the education claimed by the appraisers conform to the AQB's certification criteria;
 4. Within 90 days of receiving this letter, determine whether any appraiser's failure to conform to AQB criteria resulted from a good faith mistake on the appraiser's part, or whether the appraiser knowingly misrepresented his or her eligibility for certification. Intentional falsification of a government document (appraiser credential application) is a serious matter which calls into question the individual's ethics, a core requirement for impartial appraisal practice. Should any instances of intentional falsification be determined, we expect the State to take equally serious disciplinary action; and
 5. Also within 90 days of receiving this letter, begin the process to downgrade to the appropriate classification appraisers who cannot support their certified credentials or who fail to submit supporting documentation. Alternatively, the Board could recall existing certifications and over stamp them with wording, "Not eligible to appraise federally related transactions." In this case, the appraiser's status on the National Registry would change from "Active" to "Inactive."

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 any questions.

Sincerely,

Virginia M. Gibbs
Chairman

cc: Patricia Schott, Administrator,
Commission of Real Estate Appraiser and Home Inspectors
Harry Loleas, Deputy Commissioner, DLLR
Joseph Sliwka, Commissioner, DLLR