

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

November 18, 1996

Mr. Charles White, Chairman  
Maryland Real Estate Appraisers Commission  
501 St. Paul Place, 9th Floor South, Room 902  
Baltimore, MD 21202

Dear Mr. White:

Thank you for your cooperation in the April 29-30, 1996 Appraisal Subcommittee ("ASC") review of the Maryland Real Estate Appraisers Commission ("Commission") activities as part of the Department of Licensing and Regulation Division of Occupational and Professional Licensing ("Department"). As a result of the field review, we have the following recommendations.

- **Maryland is close to losing its ability to achieve a quorum of its Commission members.**

We note that the Commission, which under Maryland's appraiser regulatory statute ("Statute") must consist of nine members, has functioned for some time without three members due to term expirations. We further note that the term of yet another member will expire on December 31, 1996. Because the Statute specifically requires a five-member quorum, all members would have to be present to do business. We, therefore, strongly urge the Commission to advise the Department Director and the Governor of the need to make the necessary appointments to ensure the Commission is able to fulfill its obligations under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

- **Maryland's Statute and regulations do not recognize the most current version of the Uniform Standards of Professional Appraisal Practice ("USPAP").**

Final approval of the regulatory amendment to adopt the 1995 edition of USPAP was announced at the Commission's April 1996 meeting. Because USPAP is revised annually, the result of the Commission's almost year-long effort to amend its regulations was the adoption of an outdated version of USPAP. We, therefore, must restate this as a concern and recommend that the Commission make the necessary proposals to amend its enabling legislation to incorporate, by reference, the most current version of USPAP.

- **The State does not transmit the National Registry ("Registry") fees and information to the ASC in a timely manner.**

According to our records, Registry information has been received by the ASC on only four occasions, twice in 1992 and once each in 1995 and 1996. Included in the 1995 and 1996 submissions were Registry fees acquired in late 1992, 1993 and 1994. These back payments, in addition to differences in the information provided and the manner in which our Registry program accepted that information, resulted in a series of inconsistencies that have been difficult to reconcile. The following is a reconciliation based primarily on the hard-copy listings you provided with each submission and other correspondence.

**Reconciliation**

Year	State Paid	State Owed	Difference
1992	\$128,025	\$128,625	\$ 600
1995	\$220,490	\$191,475	(\$29,015)
1996	\$ 14,835	\$ 43,850	<u>\$29,015</u>
			\$ 600 owed by State

As indicated, based on the ASC staffs best analysis, we conclude that \$600 appears to be owed by Maryland for a deficiency identified from the 1992 submissions. Because the difficulties encountered during the reconciliation process prevent us from concluding that this figure is firm and because further analysis is not worth the cost, we will not pursue collection of this debt. To assist in avoiding future discrepancies, we request that the Commission staff: (1) set up a meeting with the ASC staff to ensure the response format is correct and that the appropriate conversion programs are in place to account for differences in our classification numbering systems; and (2) transmit to the ASC a tape containing information for all currently active and inactive appraisers to ensure the accuracy of our system.

We recognize that the “as of” date for the April 1996 submission was October 15, 1995. We, therefore, further request that fees for appraisers who obtained an original or renewed license or certificate between October 16, 1995, and September 30, 1996, be transmitted to the ASC immediately. We emphasize that Registry submissions (data and fees) must be submitted to us in a timely manner.

The Commission did not notify the ASC about the one license it revoked in 1995. One function of the Registry is to track revocations and suspensions of one year or more. This information is shared with other States. The Commission staff should ensure that the names and information regarding revoked or suspended appraisers are transmitted to the ASC as soon as possible so that they may be removed from the Registry and other States may be notified on a timely basis.

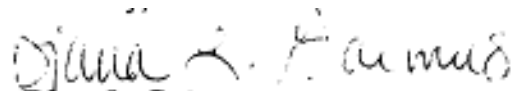
- **The time required to perform an investigation of alleged violations is lengthy.**

At the time of review, two cases involving complex and egregious allegations of appraiser misconduct had been awaiting a full field investigation since early 1995. The State needs to provide adequate investigative resources for the Commission to carry out its enforcement responsibilities. This could be accomplished by hiring additional staff, contracting for this service or using volunteer certified or licensed appraisers.

In closing, we commend Maryland on being one of the few States that does not charge a fee for out-of-State appraisers to obtain a temporary practice permit and further acknowledge its one-day turn around time. The Commission also should be proud of its efforts to maintain reciprocal agreements with each of the surrounding States in addition to other jurisdictions. With respect to the re-examination requirements in section 16-507 (c) of the Statute, we ask the Commission to ensure that it is not exercised in a manner that poses an inappropriate barrier to reciprocity.

We would appreciate a response to our findings and recommendations within the next 60 days. If you have any questions, please do not hesitate to contact us.

Sincerely,

  
**Diana L. Garmus**  
**Chairperson**

cc: Charles Kazlo, Executive Director  
Patty Shotts, Commission Secretary