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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 21, 2002

Lynne Heiden, Chair
Nebraska Real Estate Appraiser Board
P.O. Box 94963
Lincoln, NE 68509-4963

Dear Ms. Heiden:

Thank you for your cooperation and your staff's assistance in the April 15-16, 2002 Appraisal Subcommittee ("ASC") review of the Nebraska real estate appraiser regulatory program ("Program"). Based on our review, Nebraska appears to have an effective Program. Board actions appeared to be fair. In particular, temporary practice applications were processed quickly, often within a day of receipt, and complaints were investigated and resolved in a timely manner.

While the Program functions in a manner that is generally consistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"), we identified four areas that need to be addressed to bring your Program into full compliance.

- **The Board is not reporting disciplinary actions to the ASC as specified by Policy Statement 9, Information Sharing.**

As provided in ASC Policy Statement 9, it is very important for States to report expeditiously to the ASC any disciplinary action taken against licensed or certified appraisers. While Nebraska provided information regarding disciplinary actions taken during or before 1998, it has reported only two actions since this initial effort. Our review of your files and complaint log revealed that at least 20 actions, ranging from warning letters to voluntary surrenders in lieu of disciplinary action, were taken against Nebraska appraisers between 1999 and 2002. The Board should have reported these actions to the ASC.

Within 60 days of this letter's date, please submit a report to the ASC identifying all disciplinary actions since the inception of your program. Also, please establish a mechanism to promptly report future disciplinary actions to us on at least a monthly basis. The National Registry's value and usefulness are largely dependent on the quality and timeliness of State-submitted data. Accurate and frequent data submissions from all States are necessary to maintain an up-to-date Registry.

- **Some complaint files lacked documentation regarding the Board's considerations supporting its final decisions.**

While enforcement actions by the Board appeared fair and equitable, some enforcement files did not reflect the reasoning behind the final action taken by the Board. We recognize that these actions frequently were taken after the Board conducted an informal conference with the appraiser and/or engaged in extensive deliberation among its members. In some cases, however,

neither the file documentation nor meeting minutes reflected the persuading factors that led to the Board's final decision. As a result, some final actions did not appear to be consistent with other evidentiary information in the file. Your enforcement files should include a brief explanation supporting the specific action taken, and why it was deemed appropriate.

- **Nebraska does not always conform to Appraiser Qualifications Board ("AQB") Criteria when granting upgrades from the Registered appraiser classification to the Licensed classification.**

We identified three Registered appraisers who were granted upgrades to the Licensed classification three to four years after passing the State Licensed examination. Effective April 28, 2000, the AQB stated that successfully completed State licensure or certification examinations are valid for only 24 months. We understand that the Board requires an applicant for the Registered classification to pass the Licensed classification examination. Registered appraisers able to demonstrate that they possess the requisite hours of education and experience may upgrade their credential to the Licensed level without retaking the examination. To conform to AQB Criteria, the Board should require the applicant to "re-take" the examination if the more than 24 months have elapsed since the examination was initially passed.

- **The Board has not yet begun to address the 2003 AQB Changes.**

The AQB adopted revisions to its Criteria that become effective January 1, 2003. Many of these revisions will require State statutory and/or regulatory amendments. The Board has not begun initiating the necessary changes to ensure that these revisions can be implemented by January 1, 2003. During the field review, ASC staff provided each member of the Board and your staff copies of the revised Criteria and related implementation guidance. We understand that you have agreed to take the appropriate steps to initiate the necessary changes to conform to the revised Criteria by the effective date. Please keep us informed of your progress to adopt and implement the revised Criteria.

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 contact us.

Sincerely,

Jesse G. Snyder
Chairman

cc: Marilyn Hasselbalch, Director
Nebraska Real Estate Appraiser Board