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Appraisal Subcommittee

Federal Financial Institutions Examination Council

September 12, 2003

Barry Shea, Chairman
New Hampshire Real Estate Appraiser Board
25 Capitol Street, Room 426
Concord, NH 03301-6312

Dear Mr. Shea:

Thank you for your cooperation and your staff's assistance in the August 11-12, 2003 Appraisal Subcommittee ("ASC") review of New Hampshire's real estate appraiser regulatory program ("Program"). We identified several areas that need your attention to ensure that your Program operates in a manner consistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI").

- **Board regulations impose excessive fees for temporary practice permits.**

Title XI prohibits a State from imposing "excessive" fees for temporary practice permits and charges the ASC with determining what fees are excessive. As provided in ASC Policy Statement 5, the ASC has determined that fees exceeding \$150 per assignment are excessive. The Board's fee structure for temporary practice permits is based on appraisal reports. The fee for one report is \$150, \$250 for two reports, and \$350 for three reports. Fees are charged for each report, regardless of whether they are part of the same assignment. This fee structure creates situations in which the fees assessed by the Board exceed \$150 per assignment.

The Board needs to amend its regulations to comply with Title XI and ASC Policy Statement 5 regarding temporary practice.

- **New Hampshire does not investigate and resolve complaints in a timely manner.**

At the time of our review, there were 41 open complaints, 16 of which were more than one year old. Failure to investigate and resolve complaints in a timely manner significantly diminish the effectiveness of your enforcement program. Generally, as discussed in ASC Policy Statement 10, complaints should be investigated and resolved within 12 months of receipt. We understand that you have been receiving an increased number of complaints during the past few years.

Section 1117 of Title XI provides that State appraiser certifying and licensing agencies are to assure effective supervision of the activities of certified and licensed appraisers. As discussed in *ASC Policy Statement 10 – Enforcement*, users of appraisal services must rely on the States to effectively regulate, supervise, and discipline their certified and licensed appraisers – in other words, to assure their professional competence. An enforcement program that does not resolve cases in a timely manner does not constitute effective supervision.

To address this concern, the Board needs to:

1. Review its complaint investigation and resolution program and identify ways to process the increasing number of complaints in a timely manner;
 2. Within 90 days of receiving this letter, inform the ASC of its plan to reduce the backlog and address future complaints in a timely manner; and
 3. Send to us quarterly complaint case logs that include the dates cases were opened, the dates actions were taken, action codes, and the dates cases were closed.
- **The Board lacks a tracking system to ensure compliance with the Appraiser Qualifications Board's ("AQB") revised criteria regarding USPAP education.**

Effective January 1, 2003, the AQB implemented revised criteria that require certified appraisers to take the 7-hour National USPAP Update Course every two calendar years. New Hampshire has three-year credential and continuing education cycles. The two-year USPAP update cycle does not correspond readily to New Hampshire's three-year continuing education cycle. New Hampshire needs to develop a tracking system to ensure that certified appraisers meet this AQB requirement prior to credential renewal.

Please respond to our findings and recommendations within 90 days from the date 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 90-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,

Steven D. Fritts
Chairman