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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

June 26, 2000

Reese Perkins, Chairperson  
Nevada Commission of Real Estate Appraisers  
Department of Business and Industry  
788 Fairview Drive, Suite 200  
Carson City, NV 89701-5453

Dear Mr. Perkins:

Thank you for your cooperation and the staff's assistance in the May 17-19, 2000 Appraisal Subcommittee ("ASC") review of the Nevada Commission of Real Estate Appraisers ("Commission") and appraiser regulatory program ("Program").

While your Program generally is effective, the following issues need to be addressed to bring your Program into compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI").

- **Complaint Investigation and Resolution**

While the Commission's actions in disciplinary matters appear fair, equitable, and well reasoned, many complaints are open for excessive time periods before resolution. The Commission received 154 complaints from October 1996 through April 2000. More than one third remain unresolved. Of the 57 cases open at the time of our review, most had been in process for more than a year, and several had been outstanding more than two years. It appears that a lack of investigation resources significantly contributes to the excessive time needed to investigate and resolve complaints.

Title XI requires State appraiser regulatory agencies to supervise their certified and licensed appraisers. Adequate supervision includes an effective and timely complaint investigation and resolution process. The Commission needs to initiate the necessary actions to implement a more rapid investigation process to dispose of the backlog of open complaints and to resolve future complaints expeditiously. At a minimum, it appears that the Commission needs additional investigation resources to accomplish this goal. As discussed with you during our review, your complaints are increasing in number and complexity every year. Failure to address this need promptly will cause this situation to worsen.

The Commission's practice of using formal disciplinary hearings in almost all complaints of appraiser misconduct also contributes to processing delays. In an effort to resolve complaints involving minor violations, the Commission recently began permitting the staff, in limited circumstances, to issue letters of admonishment. The Commission may wish to consider, among other things, delegating more authority to the Division staff or to a new enforcement committee of Commission members and staff. Enforcement committees have been used effectively in many States. These committees usually are authorized to negotiate consent agreements with respondents and, where successful, eliminate the need for formal hearings.

- **Distance Education**

The Nevada Administrative Code sets forth a detailed listing of characteristics required of providers of correspondence courses. This provision fails to include one necessary requirement. AQB criteria require distance education courses for certified real estate appraisers to be:

- a. Offered by an accredited college or university;
- b. Accepted for college credit through the American Council on Education's College Credit Recommendation Service (formerly the ACE/PONSI program); or
- c. Approved through the AQB Course Approval Program.

To date, all distance education courses approved by the Commission have meet this criterion. The Commission, however, needs to incorporate it into the Nevada Administrative Code.

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,

Thomas E. Watson, Jr.  
Chairman

cc: Sydney H. Wickliffe, Director, Department of Business and Industry  
Joan Buchanan, Administrator, Real Estate Division  
Brenda Kindred-Kipling, Appraisal Officer