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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

December 20, 2006

Gail Anderson, Administrator  
Nevada Department of Business and Industry  
Real Estate Division  
788 Fairview Drive, Suite 200  
Carson City, Nevada 89701-5453

Dear Ms. Anderson:

Thank you for your October 24, 2006 letter responding to our September 26<sup>th</sup> field review letter. In that letter, we identified three concerns regarding Nevada's appraiser regulatory program ("Program"). As discussed below, the Department of Business and Industry, Real Estate Division ("Division") resolved our first concern and has taken definitive steps to resolve the other two concerns.

- **Nevada accepted affidavits regarding applicant experience and failed to ensure that applicants for certification met the Appraiser Qualifications Board ("AQB") criteria requiring that experience be obtained over at least a 24 or 30-month period, as the case may be.**

Our review of application files revealed that experience logs provided by certified residential and certified general applicants did not always reflect qualifying experience that spanned the required 24 or 30-month period. AQB criteria require that qualifying experience be obtained over specified, minimum time frames: 24 months for certified residential credentials, and 30 months for certified general credentials.

Nevada's application process required each applicant to complete an experience log and provide an affidavit of experience signed by the applicant's supervisor attesting to the date the applicant began working with the supervisor and noting the approximate hours worked per week. While supervisor affidavits reflected a 24 or 30-month work period for applicants, the associated experience logs did not always document that qualifying experience was obtained during the required time frame.

In your October 24<sup>th</sup> letter, you stated that Nevada conducted an audit of all appraisers issued certifications since January 1, 2004. Several of the 126 audited persons had to submit additional documentation supporting their experience claims. All but four certified appraisers were able to support that their experience was earned within the appropriate time frames. The four certified appraisers were able to document that they had earned sufficient experience since the issuance of their certifications, and their effective dates have been corrected to reflect that fact. The Division reported those new effective dates to us, and the National Registry includes that new information. No certifications needed to be downgraded to the license level. To ensure that this concern does not recur, the Division adopted new written procedures and checklists specifically designed to measure applicants' compliance with the AQB experience criteria. The new procedures and checklists were implemented on July 6, 2006.

We appreciate your prompt and effective actions to remedy our concern.

- **Complaints are not investigated and resolved in a timely manner.**

As stated in our field review letter, although the timeliness of Nevada's complaint investigation and resolution program improved since our previous field review, we remained concerned that a large percentage of complaints remained outstanding for more than one year. This was the third field review in which we had noted this deficiency.

In your letter, you stated that you expect "to continue to make great progress in complaint and investigative process." Since 2001, 41 cases have been resolved through the Appraisal Advisory Review Committee. This Committee was created following our 2000 field review to resolve cases through an expedited and cost effective process. And, in October 2005, you were able to hire an investigator dedicated to the appraiser regulatory function. You noted that, since this investigator has come on board, the number of case investigations has increased substantially. In fiscal year 2005, 54 investigations were completed. In fiscal year 2006, 86 investigations have been completed.

We, too, expect you to continue to make progress towards ensuring that the backlog of complaints and any newly received complaints are investigated and resolved in a timely manner. Towards that end, beginning in January 2007, please email each month to Ms. Vicki Ledbetter of our staff a copy of your complaint log detailing the status of all outstanding complaints.

- **Regulatory changes adopted in June 2006 to implement the 2008 AQB criteria changes failed to address one criteria provision regarding acceptable experience.**

As noted in our field review letter, effective January 1, 2008, AQB criteria will require applicants for certified residential and certified general credentials to have qualifying experience that is USPAP-compliant and earned on or after January 30, 1989. On June 20<sup>th</sup>, the Commission conducted a public hearing to approve proposed rules intended to address the 2008 AQB criteria changes. The adopted proposal, however, did not include the changes to the experience requirements. To remedy this situation, we directed the Division to amend its regulations accordingly, and asked that you forward to us a copy of your draft proposal for our review.

In your response letter, you stated that the Division, during 2007, intends to propose the necessary amendatory language to comply with this aspect of the AQB's certification criteria. Please ensure that this language has been adopted and implemented by January 1, 2008, when the new AQB criteria become effective. Please keep us informed about the status of this necessary regulatory change. We would appreciate an opportunity to review the proposed regulatory language to ensure its compliance with Title XI.

Again, thank you for your response and your efforts to address our concerns. Please contact us if you have further questions. Our field review letter, your response, and any other previous correspondence between us regarding the field review now will become publicly available on our Web site.

Sincerely,

Ben Henson  
Executive Director