



STATE OF NEW YORK
DEPARTMENT OF STATE
DIVISION OF LICENSING SERVICES
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RANDY A. DANIELS
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DEPUTY SECRETARY OF STATE

November 13, 2001

Mr. Thomas E. Watson, Jr., Chairman
Appraisal Subcommittee
Federal Financial Institutions Examination Council
2000 K Street, NW
Suite 310
Washington, DC 20006

Dear Mr. Watson:

I am in receipt of the Appraisal Subcommittee's findings and recommendations made in consequence of its review of New York's real estate appraiser regulatory program (program). Before addressing the issues raised therein, I would like to express my appreciation for the professional manner in which this audit was conducted. Your staff is to be commended for their unfailing courtesy and thoroughness.

The Appraisal Board has striven to provide a regulatory framework and guidance for New York State's appraisal community consistent with that provided by the Subcommittee pursuant to Title XI. We are delighted that you have found our program improved since your last review. We are also pleased to have already begun addressing several of the issues you have raised:

- Beginning in August of 2001 all physical files are being maintained one in one central location. Additionally, as funds become available, it is our intention to image all complaint files, including attachments. The issue of misplaced (albeit, closed) files will then become moot.
- Appropriate backup documentation will be included in each and every file. Additionally, with respect to value disputes, all files are first sent to a regional advisor in the geographical area where the complaint originates and are reviewed by appraisers who are familiar with the market conditions of the relevant area. When warranted these files are then reviewed by two individuals familiar with appraisal law and practice. Relevant documentation of such review will be included in each such file.
- We were successful in negotiating the use of the year 2001 version of USPAP. We will endeavor to negotiate the upcoming year's version, as well. However, you should know that prior to 2001, the Department was repeatedly rebuffed in its efforts to secure the use of updated USPAPs. While I trust that that unfortunate situation will not recur, I cannot guarantee our success.

Mr. Thomas E. Watson, Jr.

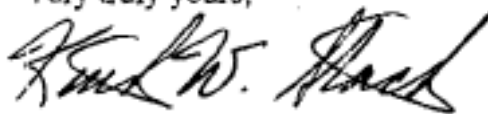
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- All courses recommended for disapproval by your staff have been disapproved. Additionally, using the criteria provided by your staff, additional courses have been denied. A list of all approved, disapproved and denied courses (for August and September) is attached. You should be aware that the action taken by the Department to disallow certain courses has proven controversial, and that it is our understanding that the issue will be broached by the public at the December 3, 2001 meeting of the New York State Board of Real Estate Appraisal.
- Regulations disallowing experience credit granted for teaching an appraisal course is under draft and will be taken up at the December 3 meeting.

Thank you for your assistance.

Very truly yours,



KWS:DES:md
Enc.

Keith Stack