



# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

December 10, 2004

Anne Petit, Superintendent  
Ohio Division of Real Estate and Professional Licensing  
77 South High Street, 20<sup>th</sup> floor  
Columbus, Ohio 43215-6133

Dear Ms. Petit:

Thank you for your cooperation and your staff's assistance in the November 8-9, 2004 Appraisal Subcommittee ("ASC") follow-up review of Ohio's appraiser regulatory program ("Program"). In our June 7, 2004 field review letter, we advised the Ohio Division of Real Estate and Professional Licensing ("Division") and the Real Estate Appraiser Board ("Board") that Ohio's Program was deficient in three areas, and that corrective actions were necessary. During our follow-up review, we focused on these three concerns. In summary, we are pleased with Ohio's progress in addressing our concerns. This letter sets forth the ASC's findings and recommendations.

## **Previous Findings, Current Status, and Necessary Actions**

- **Temporary practice provisions do not comply with Title XI and ASC Policy Statement 5.**

**Previous Finding:** Under Ohio law, temporary practice permits are issued on a per property basis, not on an assignment basis as required by Title XI and ASC Policy Statement 5. Ohio's temporary practice provisions have never complied with Title XI and the Policy Statement. We informed the Division of our concerns in 1997, 1998, and 2001.

**Current Status:** The Division had drafted legislative language to bring Ohio law into compliance with Title XI and ASC Policy Statement 5. The Division intends to include this language in legislation making Ohio a fully mandatory State. On September 10, 2004, the ASC wrote to Ohio regarding the risks of including the temporary practice changes in such a significant, and potentially controversial, legislative package.

During the follow-up review, the Division's Legislative Liaison informed ASC staff that this legislative package is expected to pass, at least through the House of Representatives. She stated that she is considering splitting the temporary practice provisions from the package. It, however, may be too late to submit a separate bill for consideration during the November/December 2004 session. If so, the separate bill could be submitted in the January/February 2005 session. She also stated that it might be possible to attach the temporary practice language to the Budget Bill. In any event, the Legislative Liaison believes that, through one of these three methods, the legislature will pass the temporary practice changes by July 2005.

**Action:** We appreciate the Division's efforts to making the necessary legislative changes to bring Ohio's temporary practice provision into compliance with Title XI and ASC Policy Statement 5.

We urge you to take whatever steps are necessary to secure prompt passage of these changes. Please keep up advised about the status of your legislative efforts.

- **There is a significant backlog in the complaint investigation and resolution process.**

*Previous Finding:* During the February 2004 field review, we noted that approximately 100 cases had been in process more than a year, and several were more than two years old.

*Current Status:* Shortly after our February review, the Division took several effective steps to address this concern. The Chief Division Legal Counsel and Deputy Division Legal Counsel performed an expedited investigative process on all cases over six months old. This process included limited or brief investigative reports, streamlined legal reviews, and increased use of subpoenas. Cases closed with no disciplinary action were sent directly to the Superintendent for review. As a result, during the follow-up review, we found that the number of cases unresolved for more than one year was reduced from approximately 100 to 12. We appreciate your efforts in this area.

To help avoid future delays, the Division recommended that the Board establish a Probable Cause Committee. This Committee would evaluate complaints and make recommendations regarding complaints that warrant full investigation. You hope this process will help focus the limited investigative resources where they are most needed.

In the Division's August 26, 2004 field review response letter, the Division stated that it had initiated rulemaking to provide for settlement agreements in cases involving minor, technical violations and uncontested cases. During the follow-up review, Division staff provided ASC staff a copy of the rule proposals and informed us that the proposals currently are out for public comment. We will review the copy provided to us and provide comments regarding the proposal's consistency with Title XI and our Policy Statements.

*Action:* Please keep us informed about whether the Board establishes the Probable Cause Committee, and, if so, whether it is having a beneficial effect on case processing.

- **The online credential renewal process, as proposed, does not include an adequate verification process to ensure appraiser compliance with Title XI and Appraiser Qualifications Board criteria.**

*Previous Finding:* The Department was transitioning to an online credential renewal process. The November 2003 Board meeting minutes indicated that, as part of this process, renewing appraisers would respond affirmatively or negatively to a question about the requisite hours of continuing education. We understand that the State had not developed an audit or other alternative method of verifying claimed continuing education.

*Current Status:* Division staff assured ASC staff that the online renewal process, which had yet to be implemented, would be based on education providers having submitted electronic evidence of courses completed by appraisers. The Division's renewal system would evaluate this electronic information as part of the credential renewal process. Therefore, every renewal application would be reviewed by the electronic system to determine compliance with continuing education criteria.

**Action:** Please keep us advised of your progress in implementing the online renewal system.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time or the receipt of your response, we consider this follow-up 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 follow-up review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director

cc: Margaret Hambleton, Board Chairperson  
Ohio Real Estate Appraiser Board  
77 South High Street, 20<sup>th</sup> floor  
Columbus, Ohio 43215-6133

Sylvia Keberle, Administrative Assistant  
Ohio Division of Real Estate  
615 Superior Avenue, N.W.  
Cleveland, Ohio 44113