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Appraisal Subcommittee

Federal Financial Institutions Examination Council

September 10, 2004

Ms. Anne Petit
Superintendent, Ohio Division of Real Estate
and Professional Licensing
77 South High Street, 20th floor
Columbus, Ohio 43215-6133

Dear Ms. Petit:

Thank you for your August 26, 2004 response to our June 7th field review letter and for your prompt attention to our concerns. In your response, you addressed the three concerns discussed in our field review letter.

- Temporary Practice Permits

We appreciate your commitment to seek legislative changes to the temporary practice provisions to bring them into compliance with Title XI and ASC Policy Statement 5. We are concerned, however, with the approach that is being taken. It appears that the Division of Real Estate and Professional Licensing (“Division”) and the Real Estate Appraiser Board (“Board”) are attempting to obtain the needed legislative change by including that change in legislation containing significant legislative amendments that might prove controversial. For example, you stated that the curative temporary practice language has been included in expected legislation to make the licensure of appraisers in Ohio mandatory, and that this legislation would provide a comprehensive modernization of the appraisal program. We are concerned that the temporary practice provisions could be defeated for reasons associated with those other provisions. Many States have achieved success by introducing proposed legislation directed solely at bringing the State’s laws into compliance with Federal law. We encourage you to consult with the appropriate legislative analysts with the goal of maximizing the successful passage of the temporary practice provisions. Please keep us advised of your efforts regarding the legislation.

- Enforcement Case Backlog

It appears that you already have initiated practices to address the complaint case backlog. We look forward to seeing whether those initiatives are successful. We are pleased that the Board has initiated the process to draft and adopt rules to provide for settlement agreements and advisory letters. Many States have found these tools to be effective in helping to address large and increasing complaint investigation and resolution workloads. Please provide us a copy of the regulatory proposal, when available, and the final regulations, when adopted.

- Online Renewal Process

Regarding the online credential renewal process, our reviewers were reacting to comments in the November 2003 Board meeting minutes. From your description, it appears that your online renewal process will be based on education providers having submitted electronic evidence of

courses completed by appraisers. Your renewal system would evaluate this electronic information as part of the credential renewal process. Several States are attempting to implement such an automated renewal process. While the process appears to hold considerable promise, it also appears that its early stages will be fraught with challenges. One significant challenge will be ensuring that all education providers submit the necessary electronic data. We wish you well in your endeavor.

As you transition to online renewals, you might find that you need to consider the acceptance of affidavits regarding continuing education. If so, please be mindful of the newly revised ASC Policy Statement 10 regarding the acceptance of affidavits. We have enclosed a copy for your convenience.

To be better able to review your progress toward addressing our concerns, ASC staff plan to return for a follow-up review before the end of this year. We will contact you in advance to establish mutually agreeable dates. 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.

If you have any questions, please contact us.

Sincerely,

Ben Henson
Executive Director