

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS



STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
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July 17, 2003

Steven D. Fritts, Chairman
Appraisal Subcommittee
Federal Financial Institutions Examination Council
2000 K Street, NW, Suite 310
Washington, DC 20006

Dear Mr. Fritts:

I am writing on behalf of the State Board of Certified Real Estate Appraisers in response to your letter of May 21, 2003, setting forth the Appraisal Subcommittee's report of its field review of Pennsylvania's appraiser regulatory program on April 9-10, 2003.

The ASC's report identified two areas of concern: the complaint investigation and resolution process and inconsistencies between the Board's regulations and the criteria of the Appraiser Qualifications Board. The Board offers the following comments to address the concerns raised by the ASC.

A. Complaint Investigation and Resolution

The ASC expressed ongoing concern with the amount of time it takes to resolve many complaints. The ASC noted that while overall timeliness has improved since its last review in June 2000, of the 168 complaint cases that were open at the time of this year's review, 115 were more than one year old. The ASC encouraged the Board to continue its efforts to streamline, to the extent possible, the complaint investigation and resolution process. In order to be able to continue monitoring the status of the Board's program, the ASC requested that the Board continue to provide the ASC with a quarterly log of all complaint cases and offered the assistance of its data processing staff to discuss how the log might be submitted in an electronic format.

The Prosecution Division will continue its efforts to resolve complaints more quickly. To that end, the Prosecution Division has been working diligently with the Council of Pennsylvania Real Estate Appraisers to identify qualified expert appraiser consultants to assist the prosecuting attorneys in the review and evaluation of complaints. Many of the complaints that the Board receives involve detailed allegations of substandard appraisal work. In such cases, prosecuting attorneys are frequently unable to

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file formal charges until an expert appraiser consultant determines that the appraiser complained of has violated one or more standards of the Uniform Standards of Professional Appraisal Practice. Until recently, the number of expert appraiser consultants under contract with the Department of State's legal office was small in comparison to the number of complaints being filed; the consultants also lacked geographical diversity. As a result, there was often a significant lapse of time between the date a complaint was received and the date the prosecuting attorney had sufficient information, including the results of an expert evaluation, to determine whether to proceed with the filing of formal charges or to close the matter as not warranting prosecution- With the Council's assistance, the Prosecution Division has nearly doubled the number of expert appraiser consultants under contract with the Department's legal office. The Board anticipates that the increased availability of expert appraiser consultants will result in complaints being resolved more quickly than in the past.

The Board will continue to provide the ASC with a quarterly log of all complaint cases. Board staff has communicated with Ray Seward, ASC's information management specialist, about how to submit the log in an electronic format. The log will be e-mailed in Excel format to ascregistry@asc.gov.

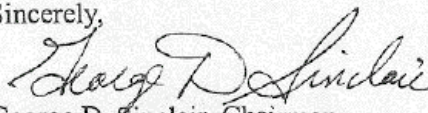
B. Regulatory Inconsistency with AQB Criteria

The ASC noted that the Board's regulations are inconsistent with AQB criteria in the areas of the acceptability of distance education courses and teaching experience.

The Board, as part of a general updating of its regulations, is drafting amendments that will remove these inconsistencies. A preliminary draft of the amendments was provided to the ASC's staff during its field review in April. By the end of summer, the Board will submit a revised draft of the amendments to the ASC's general counsel for review and comment.

Thank you for allowing the Board to respond to the ASC's report. The Board looks forward to working with the ASC to improve Pennsylvania's appraiser regulatory program.

Sincerely,



George D. Sinclair, Chairman

State Board of Certified Real Estate Appraisers