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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 18, 2008

Mr. Stephen P. Giocondo
New Jersey State Real Estate Appraiser Board
P.O. Box 45032
124 Halsey Street
Newark, New Jersey 07101

Dear Mr. Giocondo:

Thank you for your June 20, 2008 response to the Appraisal Subcommittee's ("ASC") May 2, 2008 field review letter regarding New Jersey's appraiser regulatory program ("Program"). In your letter, you responded to the two areas of concern discussed in our letter. In addition you responded to the request to amend certain statutes and regulations to correct certain references. As discussed in more detail below, it appears New Jersey has taken the appropriate steps to resolve our concerns.

- **New Jersey's temporary practice procedures did not conform to Title XI and ASC Policy Statement 5.**

In our May 2008 letter, we noted that New Jersey failed to comply with Title XI and ASC Policy Statement 5 in three respects. First, temporary practice permits were not being issued within five business days after the receipt of a completed application. Second, in at least half of the temporary practice files reviewed, ASC staff found that the State did not assign the appropriate permit term. We found that some permits were issued for less than six months and others were backdated to reflect the applicant's requested "start" date, despite actually being issued well after that date. Lastly, New Jersey did not have procedures in place to allow for an easy extension, should the temporary practice holder need additional time to complete the assignment.

In your June 20th letter, you advised that you have administratively made changes to your process to issue temporary permits in accordance to Policy Statement 5. Additionally, you provided a draft amendment to your regulations allowing the issuance of a temporary practice permit for six months and an effortless method for temporary practice permit holders to obtain an easy extension. We appreciate your prompt actions to address this concern.

- **New Jersey regulations allow renewing appraisers additional time to complete the required continuing education in certain circumstances, which did not conform to AQB criteria.**

As noted in our May 2nd letter, in September 2005, the AQB adopted an Interpretation to its criteria stating that waivers may not be granted to credential holders who failed to meet the continuing education requirements at the time of renewal. In May 2006, the AQB amended that

Interpretation slightly to allow State appraiser regulatory agencies to renew credential holders returning from active military duty for a period of up to 90 days pending completion of all continuing education requirements.

In our May 2nd letter, we noted that while on site, ASC staff discussed with the Board, Program staff and legal counsel, that the regulation at §13:40A-5.10 was not AQB compliant. That regulation enables the Board to grant renewing appraisers facing an incapacitating illness, military assignment or other extraordinary circumstance additional time to complete the required continuing education. Program staff identified two individuals who were granted an extension since the Interpretation's effective date of September 2005. These appraisers were not returning from active military duty. Program staff provided us with copies of the letters that were sent to these certified appraisers, as part of their approval, advising them that they will remain inactive on the National Registry until the continuing education requirements have been met. This approach is appropriate until the State amends the regulation. We note, however, the State may keep those returning from active military duty active for 90 days after the renewal date, while completing the necessary continuing education.

In your June 20th letter, you provided a draft amendment to your regulations changing your regulations to no longer allow an extension of time to satisfy continuing education requirements, except where deferral is authorized by the AQB criteria. Thank you for your prompt attention to resolving this concern.

- **Statutory and regulatory “housekeeping” amendments should be made for correction and further clarification.**

Our May 2nd letter discussed in detail the various amendments that needed to be made to New Jersey's statutes and regulations. Your June 20th letter included an attached memorandum requesting the initiation of the process to amend specific statutes and requested our comments on such. We support the proposed amendments as they reflect our comments on the same.

Additionally, you provided a draft of proposed regulatory amendments and requested our comments. We support the draft of proposed regulatory amendments as they reflect our comments on the same. We appreciate your quick response in initiating the statutory and regulatory amendments.

Turning now to your request for our legal rationale for instructing New Jersey to amend its regulation at §13:40A-5.10 to conform with AQB criteria by not granting extensions or waivers to credential holders who fail to meet continuing education requirements at time of renewal. ASC General Counsel Alice Ritter will respond to you in a separate letter.

Again, thank you for your efforts to resolve our concerns and bring your Program into compliance with Title XI. This letter and any other correspondence between you and the ASC regarding this field review are now publicly available on our Web site.

Please contact us if you have any questions.

Sincerely,

Vicki Ledbetter
Acting Executive Director

cc: James Hsu, Executive Director