



Indiana Real Estate Commission
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MAY 21 2007

Governor Mitchell E. Daniels, Jr.

May 15, 2007

Dear Ms. Gibbs:

Thank you for your most recent letter concerning the field visit to the Real Estate Appraiser Licensure and Certification Board ("Board") occurring December 12, 2006 through December 14, 2006.

You requested that Indiana audit 10% of all Licensed Residential appraisers by April 30, 2007. This resulted in 64 licensees being audited. Three, failed to respond; four were returned as undeliverable; and six are believed to not be in compliance with their continuing education. The Board has begun the necessary disciplinary process for those who are believed to be in non-compliance; who had their letters returned; or who have not responded.

The five certified appraisers believed to be in non-compliance with the 2006 continuing education have been forwarded to the Attorney General's office. On May 2, 2007 their office informed the Board that Board Summaries are being reviewed by the Board Liaison for two of the appraisers. The Attorney General's office has opened litigation files on three of the appraisers. The Board cannot take further action until an administrative complaint is filed by their office, which has not occurred as of today's date.

Indiana has made great improvements in the approval of Qualifying Education (QE) and Continuing Education (CE). Senate Enrolled Act 377 amends our CE and QE statutes, to require CE (IC 25-1-4-0.5) and all QE (IC 25-34.1-8-13) to be approved by the Appraisal Qualification Board ("AQB"). This statute also allows the Board to approve certain CE courses through rule promulgation that may not be suited for the AQB approval program.

During the field review, your investigators may have encountered courses that they believed "appeared inconsistent with AQB criteria". Unfortunately, Appraisal Subcommittee ("ASC) staff did not provide criteria to the Board outlining the parameters on which they evaluate CE, making it exceedingly difficult to appropriately address their questions. After having a conversation with Board members and PLA staff, your field investigators agreed that some of the courses they selected for appearing inconsistent should not have been, and agreed the Board did comply with the ASC's policy statements.

Indiana is concerned that obscure standards may have been used in the CE course evaluation review. The burden of proof does not rest on the sovereign State of Indiana, but rather rests on the ASC to specifically define the principles and metrics for reviewing CE. Records retention policy 2002-22 allows the agency to destroy course material after review by the State Board of Accounts, therefore, the Board did not produce documentation to ASC staff.

The courses "appearing inconsistent with AQB criteria" were approved for Real Estate Broker and Salesperson CE. Indiana Administrative Code 876 IAC 3-5-10 allows for courses from other professions to be accepted for appraiser continuing education as long as it applies with the guidelines established in Section 1. Section 3-5-1(c)(5) states, "Credit may be granted for education offerings which cover real estate appraisal and *related topics* (emphasis added) which are consistent with the following continuing education requirements." Item (E) is, "Ethics and Standards of Professional Practice."

The licensees and courses in question comply with Indiana Administrative Code. Therefore, the Board considers the licensees and education providers in compliance. Indiana law prohibits the Board from disciplining licensees retroactively, therefore, the board will not be taking further action in this matter.

As referenced above beginning July 1, 2007, some CE courses must be AQB approved and the circumstances surrounding the CE that "appear inconsistent with AQB criteria" should be minimized in the future.

In regards to Board regulations regarding appraiser reinstatement from Inactive Status not conforming to AQB criteria, the State has begun the rule promulgation process that will require an appraiser to makeup the CE for all years they held an inactive license. It should be noted that this regulation does not conform to the consistency with the other professionally regulated licenses in Indiana and is an extreme anomaly to general license law and defeats the State's purpose of Inactive Status.

Finally, as it was absent from your March 16, 2007 letter, but yet a substantial portion of your March 16, 2006 letter, stating 68% of the complaints on file were greater than one-year-old. During the remaining part of 2006 the Board members and staff dedicated countless hours to resolve this. Our Board members were extremely committed by doing the following:

- Holding more than one meeting per-month
- Dedicating over 3,500 hours
- Holding necessary rule hearings to make necessary changes
- Participating in over 80 settlement conferences

By the time your field staff returned for their December 2006 visit this matter was completely resolved and the board should be applauded for their hard work not only to the appraisal profession but to the State of Indiana.

Indiana continues to work to bring our State into compliance with the consistently changing ASC policy statements.

Sincerely,

Lowell K. Griffin, Chairman
Real Estate Appraiser Licensure and Certification Board