



STATE OF WASHINGTON  
DEPARTMENT OF LICENSING  
PO Box 9020 • Olympia, Washington 98507-9020

May 5, 2006

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Ms. Virginia M. Gibbs  
Appraisal Subcommittee  
2000 K Street NW, Suite 310

Dear Ms. Gibbs:

Thank you for your letter regarding your visit on February 16-17, 2006. We recognize your concerns and have initiated processes and procedures to ensure that Washington State is in substantial compliance with Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

**The Department began accepting continuing education affidavits in July 2005, and failed to implement a reliable method of validation as required by ASC Policy Statement 10F.**

Upon completion of your visit, Washington State immediately implemented a random audit program to validate the continuing education submitted by our appraisers on-line. On March 2, 2006, audit letters were sent to 16 certified appraisers who had renewed on-line requiring them to submit copies of their completion certificates/transcripts to the department for validation. All 16 appraisers responded within 30 days and were in compliance with the continuing education requirement.

- A list of the 168 certified appraisers and an audit log were provided to your office via email on April 21, 2006.
- Audits were completed as of March 31, 2006 and all appraisers were in compliance.
- No disciplinary action is warranted.
- If future disciplinary action is initiated, we will attempt to determine whether the appraiser intentionally misrepresented his or her continuing education status.
- This office has implemented a monthly random audit program. Ten percent of appraisers who renew on-line will be audited to verify their compliance with the continuing education requirement. This also includes the State-Licensed level.

**The Department allowed continuing education credit for attending more than one Commission meeting per renewal cycle.**

- The Washington State Real Estate Appraiser Commission meetings are normally a minimum of three hours in length.
- A rule change must be enacted to limit continuing education credit to one commission meeting. A CR-101 Preproposal Statement of Inquiry will be filed with the Code Reviser's Office to effect this change. Proposed wording is as follows: "The director may approve continuing education credit for attendance at one commission meeting during the term of certification or licensure immediately preceding renewal."
- All attendees are required to sign the attendance register prior to the start of the Commission meeting and are required to remain until the end of the meeting to receive the attendance certificates.
- Washington State would recommend that maximum credit be based on number of hours rather than number of meetings. This would eliminate any disproportionate allowance between those states whose meetings last longer and those whose meetings last less. We plan to comment on the exposure draft that relates to this issue.

**Washington failed to retain adequate documentation to substantiate that appraiser credentials were issued in compliance with AQB criteria.**

- This office has implemented new retention procedures to retain all experience logs that are received between Appraisal Subcommittee visits until the subsequent visit has been completed.
- Files that are identified for inspection will include a copy of the experience log.
- The experience logs will be kept alphabetically and separate from the actual licensing file to facilitate disposition after the visit.

If you have further questions or concerns you may contact Lee Malott, Administrator for Real Estate/Appraisers/Camp Clubs/Time Shares, at (360) 664-6525 or by mail at Post Office Box 9015, Olympia Washington 98507-9015.

Sincerely,

Ralph C. Osgood  
Assistant Director  
Business and Professions Division

RCO:tb

cc: Liz Luce, Director  
Lee Malott, Administrator  
Brent Palmer, Chairman, Real Estate Appraiser Commission