



STATE OF WASHINGTON
DEPARTMENT OF LICENSING

PO Box 9020 • Olympia, Washington 98507-9020

September 26, 2003

Mr. Ben Henson
Executive Director
Appraisal Subcommittee
2000 K Street, NW
Suite 310

Dear Mr. Henson:

Thank you for your September 8, 2003 letter expressing concerns after reviewing thresholds and efficiency measures discussed in Mr. Borner's letter. As you noted, the Department is giving serious attention to your findings and is making every effort to find solutions to address the complaint backlog in our Appraiser Program. I will attempt to address each of your concerns in the order they were presented.

We would not allow an appraiser to perpetrate fraud in an appraisal assignment. We do and will continue to evaluate all complaints filed with the Department. If there is an indication of potential fraud or serious USPAP violation(s) there will be a complete investigation. We recognize that the Record Keeping Section of the ETHICS RULE of USPAP requires an appraiser to retain the work file for only five years or two years after final disposition of a judicial proceeding, thus it may not be possible to obtain the necessary documentation to validate that fraud occurred.

For clarification, when Mr. Borner discussed "closing complaints that are ancillary to other civil litigation already in progress", we were thinking of non-federally related transactions that are going through the court system, such as divorce settlements, estate settlements and partnership dissolutions. It has been our experience that these complaints normally involve the dissatisfied party disagreeing with the opinion of value presented by the prevailing party and accepted by the court.

As you are aware, other state appraiser regulatory agencies issue public, private reprovals or letters of reprimand for minor violations of USPAP. We also considered these means of addressing violations as it was felt that such means could result in a speedier resolution of complaints in lieu of more timely and costly formal

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disciplinary procedures. However, upon consultation with our attorney general advisors, we were advised that in Washington State such informal methods would, in all likelihood, trigger the recipient's due process right to the formal disciplinary process. Accordingly, the use of less formal sanctions, other than the Notice of Correction, does not appear to be feasible given our state laws.

It is our opinion that issuing a Notice of Correction is consistent with USPAP Policy Statement 10. Our rationale is that a Notice of Correction describes observed conduct and asks for the licensee to explain how and when the problem will be corrected. It is not considered a dismissal of the alleged violation but rather a timely and cost effective method of educating the licensee and correcting the problem.

We are continuing to explore different approaches to eliminate the backlog of complaints and resolving complaints within one year of receipt by the Department.

Please advise if you have any questions or other concerns.

Sincerely,

Sydney W. Beckett
Acting Assistant Director
Business and Professions Division

cc: Fred Stephens, Director, Department of Licensing
Cleotis Borner, Program Manager, Real Estate Program