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Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 10, 2011

Mr. James Collins, Director
Department of State, Division of Professional Regulation
Council on Real Estate Appraisers
Cannon Building, Suite 203
861 Silver Lake Blvd.
Dover, DE 19904

RE: ASC Compliance Review of Delaware's appraiser regulatory program

Dear Mr. Collins:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of Delaware's appraiser regulatory program (Program) on March 14-15, 2011. This is the final ASC Compliance Review Report (Report) on that Review.

The ASC has considered the preliminary findings regarding the Review and the State's response. Although the attached Report references areas of concern, the ASC has determined the Program is in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

Please be advised this letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



Deborah S. Merkle
Chairman

Attachment

cc: Mr. Brad Levering, Council Chair

ASC Compliance Review Report

Finding: In Substantial Compliance

Report Issue Date: August 10, 2011

Delaware Appraiser Regulatory Program (Program)

Council on Real Estate Appraisers (Council) / Decision Making	PM: N. Fenochietti	ASC Compliance Review Date: March 14-15, 2011	Review Period: January 2009 to March 2011
Umbrella Agency: Division of Professional Regulation (Division)		Number of State Credentialed Appraisers on National Registry: 671	Issue: FINAL

Requirement/Guidance	ASC Finding Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Delaware Statutes, Regulations, Policies and Procedures:			X					
States must adopt and/or implement all relevant AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				<p>A review of the Delaware Administrative Code revealed the following inconsistencies with the Appraiser Qualifications Board's (AQB) Real Property Appraiser Qualification Criteria (AQB Criteria):</p> <p>(1) AQB Criteria requires continuing education credit be granted for education offerings that are consistent with the purpose of continuing education and cover real property related appraisal topics. 24 DE Administrative Code 2309 2.5.6 includes "Business Courses Related to Real Estate Appraisal" as an acceptable continuing education topic. This topic was removed by the AQB and is no longer part of the AQB Criteria.</p> <p>(2) AQB Criteria provides that up to one half of an individual's continuing education requirement may be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities that are determined to be equivalent to obtaining continuing education. 24 DE Administrative Code 2309 2.5.7.1 allows teaching, including preparation time up to the number of hours spent teaching.</p>	<p>On May 12, 2011, the Council reported to ASC staff the following:</p> <p>(1) The Council will immediately work with their legal counsel to promulgate a change to Rule 2.5.6 to delete "business courses related to real estate appraisal"; and</p> <p>(2) amend Rule 2.5.7.1 to delete the preparation time for teaching as creditable hours of continuing education.</p>	None	Delaware should continue the process to amend its rules to bring them into compliance with AQB Criteria, and provide the ASC staff with a copy of the final rules once adopted.	Upon adoption, please provide ASC staff with copies of these regulation changes.

ASC Compliance Review Report

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	YES	NO	AC					
Temporary Practice:	X							
States must issue temporary practice permits within five business days of receipt of a completed application. (Title XI § 1118 (a), 12 U.S.C. 3347; Title XI § 1122 (a), 12 U.S.C. 3351; ASC Policy Statement 5.)				Delaware failed to process requests for temporary practice permits within five business days of receipt of a completed application. ASC staff reviewed 41 temporary practice permit applications and found that 22 of the 41 were not issued timely. None of the files contained documentation of circumstances that would delay issuance.	On March 29, 2011, the Council submitted documentation demonstrating that since the Review, temporary practice permits are being issued within five business days in compliance with ASC Policy Statement 5. On May 12 2011, the Council reported to ASC staff that the Division took internal steps through staff training and work prioritization to ensure that temporary practice permits are immediately processed, thereby ensuring future compliance.	None	None	The Council's resolution addresses the concern. During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 5.
National Registry:	X							
				No compliance issues noted.	N/A	None	None	None
Application Process:	X							
				No compliance issues noted.	N/A	None	None	None
Reciprocity:	X							
				No compliance issues noted.	N/A	None	None	None
Education:	X							
				No compliance issues noted.	N/A	None	None	None
Enforcement:	X							
				No compliance issues noted.	N/A	None	None	None