

June 27, 2023

Via Email

Grace Arnold, Commissioner
MN Department of Commerce
Real Estate Appraisal Advisory Board
85 – 7th Place East, Suite 280
St. Paul, MN 55101
grace.arnold@state.mn.us

RE: ASC Compliance Review of Minnesota’s Appraisal Management Company (AMC)
Regulatory Program

Dear Grace Arnold:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Minnesota AMC regulatory program (AMC Program) on February 28, 2023 to March 2, 2023, to determine the AMC Program’s compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

The ASC considered the preliminary results of the Review and the State’s response to those results. The AMC Program has been awarded an ASC Finding of “Good.” The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following area of non-compliance:

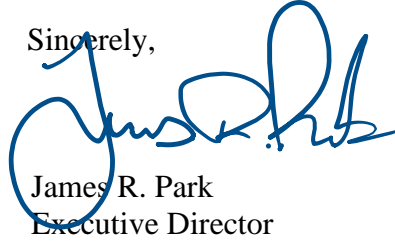
- States must ensure the accuracy of all data submitted to the AMC Registration.¹

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Minnesota will remain on a two-year Review Cycle.

¹ Legal citing. Title XI § 1118, 12 U.S.C. § 3347; Policy Statement 9.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

A handwritten signature in blue ink, appearing to read "James R. Park", is written over the word "Sincerely,". The signature is fluid and cursive.

James R. Park
Executive Director

Attachment

cc: Peter Bratsch, Licensing Director, peter.bratsch@state.mn.us
Tim Jahnke, Deputy Commissioner/COO, tim.jahnke@state.mn.us
Jackie Olson, Assistant Commissioner, jacqueline.olson@state.mn.us
Matt Boyer, Audit Director, matthew.boyer@state.mn.us
Sheldon Klugman, Internal Controls Director, sheldon.klugman@state.mn.us.

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure 	2-year
Good	<ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure 	2-year
Needs Improvement	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure 	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure 	1-year
Poor**	<ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure 	Continuous monitoring

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

**An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, Reciprocity; see also Policy Statement 8, Interim Sanctions.



ASC State AMC Program Compliance Review Report

ASC Finding: Good
Final Report Issue Date: June 27, 2023

Minnesota AMC Regulatory Program (State)					
Real Estate Appraisal Advisory Board (Board)		PM: N. Fenchietti		ASC Compliance Review Date: February 28 to March 2, 2023	
Umbrella Agency: Minnesota Department of Commerce			Number of AMCs on AMC Registry: 101		Review Period: September 2021 to March 2023
Review Cycle: Two Year					

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None
National Registry:		X		The State failed to report 5 AMCs to the AMC Registry.	On May 02, 2023, the State reported that the Department updated its internal process and amended its AMC National Registry Eligibility and Fee Calculation form to ensure that all AMCs will be reported appropriately to the AMC Registry.	The State must monitor its amended process and forms to ensure all AMCs are reported to the AMC Registry.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 9.
Enforcement:	X			No compliance issues noted.	N/A	None	None