

April 3, 2025

Via Email

Grace Arnold, Commissioner
Minnesota Department of Commerce
85 – 7th Place East, Suite 280
St. Paul, MN 55101
Grace.Arnold@state.mn.us

RE: ASC Compliance Review of Minnesota’s Appraiser Regulatory Program

Dear Grace Arnold:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Minnesota appraiser regulatory program (Appraiser Program) on March 4-6, 2025, to determine the Program’s compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.¹

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

The ASC identified the following area of non-compliance:

- States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances.²

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

The final ASC Compliance Review Report (Report) of the Minnesota Appraiser Program is attached.

¹ 12 U.S.C. §§ 3331-3356.

² 12 U.S.C. § 3347; Policy Statement 7 B.

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 black ink, appearing to read 'M Ponzar', written in a cursive style.

Matt Ponzar
Acting Executive Director

Attachment

cc: Tim Jahnke, Deputy Commissioner/COO, Tim.Jahnke@state.mn.us
Jackie Olson, Assistant Commissioner, Jacqueline.Olson@state.mn.us
Sarah Adam, Senior Director, Sarah.Adam@state.mn.us
Peter Bratsch, Licensing Director, Peter.Bratsch@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 12, Interim Sanctions.



ASC State Appraiser Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: April 3, 2025

Minnesota Appraiser Regulatory Program (State)			
Real Estate Appraisal Advisory Board (Board)	PM: N. Fenochietti	ASC Compliance Review Date: March 4-6, 2025	Review Period: February 2023 to March 2025
Umbrella Agency: Department of Commerce		Number of State Credentialed Appraisers on Appraiser Registry: 1931	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
Temporary Practice:	X			No compliance issues noted.	N/A	None	None
National Registry:	X			No compliance issues noted.	N/A	None	None
Application Process:	X			No compliance issues noted.	N/A	None	None
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:		X		No compliance issues noted.	N/A	None	None
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State had 24 aged complaints, all of which were unresolved for more than 1 year. During the period under review, the State received 122 new complaints and successfully closed a total of 178 complaints.	On March 28, 2025, the State reported it has a plan in place to streamline its process to address the aged complaints, which were a result of an increase in the volume of complaints received.	The State must monitor its revised process to ensure complaints are resolved timely and the backlog of aged complaints is eliminated.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance.